

# Affordable housing



Planning and Building Standards Services

## South Lanarkshire Local development plan

supplementary  
guidance **7**



Community and Enterprise Resources





1	Introduction	2
2	Context	4
3	Requirements for affordable housing	8
4	Delivering affordable housing	10
5	Monitoring and review	20
	Appendix 1 - Housing sites	21
	Appendix 2 - Priority client groups	26
	Appendix 3 - Glossary	28
	Appendix 4 - Acronyms	30
	Appendix 5 - Contacts	31

## Introduction



### 1.0 Introduction

#### Consultation process

**1.1** This Supplementary Guidance (SG) was approved for consultation by South Lanarkshire Council at its meeting on 8 April 2014 and was subject to public consultation for six weeks from 15 May to 27 June 2014. No comments were received.

#### Background

**1.2** This SG has been prepared under the provisions of Section 22 of the Planning etc. (Scotland) Act 2006 and Regulation 27 of the Town and Country Planning (Development Planning) (Scotland) Regulations 2006. It is part of the development plan for South Lanarkshire and as such will be used for decision making in accordance with section 25 of the Planning Act.

**1.3** The SG supports Policy 13 in the South Lanarkshire Local Development Plan (SLLDP) by providing more detailed guidance for developers on the requirements for affordable housing and housing choice within South Lanarkshire. In addition, developers should be aware that a further supplementary guidance dealing with Community Infrastructure Assessment should be considered alongside the requirements for affordable housing contributions.

**1.4** The Council is aware that following the global economic downturn, the housebuilding industry has experienced difficulties in securing and delivering developments. In response, the UK Government has sought to intervene to enable credit and investment flows for development through its Funding for Lending and Help to Buy Schemes.

**1.5** This SG provides guidance for land owners, land agents and developers to factor an affordable housing contribution, from an early stage of valuation, into cost calculations regarding land purchase and development. It should be read in conjunction with relevant text and policy relating to Affordable Housing and Housing Choice and other policies contained in the SLLDP.

### Strategic Environmental Assessment

**1.6** In accordance with the Environmental Assessment (Scotland) Act, 2005, the Council prepared and submitted a Strategic Environmental Assessment (SEA) screening report to the statutory consultation authorities, summarising its view that this SG is unlikely to have significant environmental effects. The consultation authorities agreed with the Council's view and the Council made a formal determination that a SEA is not required for this SG. The Council reached this view because the SG sits under the hierarchy of the Glasgow and the Clyde Valley Strategic Development Plan and the South Lanarkshire Local Development Plan, both of which have undergone SEA. The SG does not seek to change or amend policies in these plans, including Policy 13 Affordable Housing and Housing Choice or identify new ones.

### Habitats Regulations Appraisal

**1.7** A Habitats Regulations Appraisal (HRA) screening exercise, undertaken in compliance with the EC Habitats Directive (Council Directive 92/43/EEC), and the Conservation (Natural Habitats, &c.) Regulations 1994 as amended has been carried out for this SG. This is included in the HRA Record for the SLLDP. The HRA screening concludes that there are no likely significant effects from this SG on Natura sites in the area, and no appropriate assessment requires to be undertaken.

### Equalities Impact Assessment

**1.8** An Equalities Impact Assessment of the SLLDP Affordable Housing and Housing Choice Policy and SG has been carried out and concluded that there are no adverse impacts on any of the community covered by equalities legislation or on community relations.

### Community Infrastructure Assessment

**1.9** The Council has developed an approach for assessing the level of community benefits to address the impact a development may have on a specific area, for example, on the road network, educational provision or recreational areas and/or facilities. Policy 5 of the SLLDP covers this matter and additional guidance can be found in the Community Infrastructure Assessment SG.

## Context



### 2.0 Context

#### National, strategic and local policy

**2.1** The Scottish Government's Housing and Regeneration Outcomes Framework sets out the outcomes it aims to achieve for housing and communities in Scotland. In 2011, it set a five year target to deliver 30,000 affordable houses, of which two thirds should be social rent.

**2.2** South Lanarkshire Council adopted a quota policy in 2009, which requires developers to provide up to 25% of units on a site, of 20 units or more, as affordable housing. This does not preclude the developer

offering, or the Council seeking a higher percentage in exceptional circumstances. This quota policy follows the current Scottish Planning Policy (SPP) and PAN 2/2010 Scottish Government advice regarding developments. It is supported by the Glasgow and the Clyde Valley Housing Need and Demand Assessment (HNDA2) (2015) which was confirmed as 'robust and credible' by the Scottish Government. In allocating sufficient land to meet overall housing requirements, the development plan should ensure that, where possible, affordable housing is provided within the housing market area where a need has been identified.

**2.3** SPP and PAN 2/2010 provide working definitions of affordable housing which inform South Lanarkshire's Affordable Housing Policy.

#### Defining affordable housing

SPP defines affordable housing as "housing of a reasonable quality that is affordable to people on modest incomes" (paragraph 126). Affordable housing is typically housing available at non-market prices that meets the needs of those unable to afford to buy or rent on the open market.

PAN 2/2010 identifies different categories of affordable housing and these are reflected in the South Lanarkshire Local Development Plan. All of the housing types identified in some way meet the affordable housing needs of specific market areas. These subsidised housing schemes are defined as follows:

- **Social rented housing** - housing provided at an affordable rent and usually managed locally by a Registered Social Landlord (RSL) (such as a housing association or housing

co-operative), the local authority or other housing body regulated by the Scottish Housing Regulator.

- **Shared ownership** - under this scheme the owner purchases part of the dwelling (in tranches of 25%, 50% or 75% of the property value) and rents the remainder usually from a RSL.
- **Shared equity** - the owner purchases the majority share of the dwelling, with the remaining stake purchased usually by a RSL or local authority under a shared equity agreement. Unlike shared ownership, the owner pays no rent for the equity stake and owns the property outright.
- **Subsidised low cost sale** - a subsidised dwelling sold at an affordable level. Discounted serviced plots for self build can also contribute, particularly in rural areas. A legal agreement (such as a 'rural housing burden') can be used to ensure that the housing remains affordable in perpetuity to eligible buyers.

The PAN also notes that some housing built without subsidy may be classed as affordable housing, defining this as follows:

- **Housing without subsidy** - non-subsidised affordable housing is likely to take the form of entry level housing for sale, some built at higher densities and with conditions attached to the missives designed to maintain the houses as affordable units to subsequent purchasers. Homes delivered without subsidy may be considered to fulfil part of the overall affordable housing requirement where it can be clearly demonstrated that they will meet the needs of, and be affordable to, groups of households identified through the Housing Needs and Demand Assessment.
- **Shared equity** - the owner purchases part of the dwelling, with the remaining stake held by a developer for a fixed period after which the owner must pay the share or sell the property.

### Development plan policy

**2.4** In addition to national policy and housing policy, the Affordable Housing Policy sits within a framework of strategic and local development planning policies and housing plans.

**2.5** The development plan for South Lanarkshire comprises the Glasgow and the Clyde Valley Strategic Development Plan 2012, the South Lanarkshire Local Development Plan 2015 and the South Lanarkshire Minerals Local Development Plan 2012. The latter plan deals purely with minerals planning in South Lanarkshire.

### Glasgow and the Clyde Valley Strategic Development Plan

**2.6** The Strategic Development Plan (SDP) sets out the vision and framework for land use development across the Glasgow and the Clyde Valley area. A key component in this plan is the Housing Need and Demand Assessment which provides a comprehensive assessment of the housing system and projects future housing needs based on its 'robust and credible' evidence and approach. A second HNDA was given 'robust and credible' status in 2015. This forms part of the evidence base being used for the second SDP (Clydeplan).

## Context

**2.7** A key finding of the HNDA is the level of affordable housing required. This takes account of a number of different elements that are used to determine the need for affordable housing:

- **Backlog need:** This is the current backlog of households who require social rented housing since they cannot afford to meet their housing needs in the market.
- **Newly arising need:** These are the newly forming households and households moving into an area who cannot afford to meet their housing need in the market.
- **Affordable housing supply:** This is the number of social rented housing properties (provided by the Council and registered social landlords) available for relet annually, taking account of turnover, demolitions and any new supply.



**2.8** The net annual surplus or shortfall is calculated by adding together the backlog and newly arising need and deducting the affordable housing supply. This determines the extent of annual affordable housing need in the area.

**2.9** Across South Lanarkshire affordable housing is required in all four housing market areas (Clydesdale, Hamilton, East Kilbride and Cambuslang/Rutherglen). For further details on the findings of the HNDA can be found at [Clydeplan HNDA2](#).

### South Lanarkshire Local Development Plan

**2.10** The South Lanarkshire Local Development Plan includes a policy related to the provision of both affordable housing and ensuring housing choice. Policy 13 seeks affordable housing contributions from developers and to ensure an appropriate mix of house size and type.

#### Policy 13 Affordable Housing and Housing Choice

The Council will expect developers to contribute to meeting affordable housing needs across South Lanarkshire by providing, on sites of 20 units or more, up to 25% of the site's capacity as serviced land for the provision of affordable housing, where there is a proven need. If on-site provision is not a viable option the Council will consider off-site provision in the same Housing Market Area.

The provision of a commuted sum will only be acceptable if on or off site provision cannot be provided in the locale or there are no funding commitments from the Scottish Government. The Council will require developers to make a contribution to fund social rented affordable housing on alternative locations within the same Housing Market Area.

In addition, developers must provide a range of house size and types to give greater choice in meeting the needs of the local community whilst recognising the demands of the wider housing market area.

Development proposals must also take account of other relevant policies and proposals in the Development Plan and within appropriate supplementary guidance.

### Housing policy

#### Local Housing Strategy

**2.11** The Local Housing Strategy (LHS) 'Better Homes, Thriving Communities' outlines how the Council and its partners intend to meet housing need and demand and improve the quality of housing across all tenures in South Lanarkshire over the period 2012-2017.

**2.12** The HNDA provides an evidence base for setting affordable housing targets in the LHS. The LHS sets out current targets for delivering affordable housing and balancing housing needs, which are both challenging and realistic.

#### Strategic Housing Investment Plan (SHIP)

**2.13** The Scottish Government requires local housing authorities to set out in a Strategic Housing Investment Plan (SHIP) how investment in affordable housing is to be directed over a five year period to support the LHS priorities, targets and outcomes. The Scottish Government also produces guidelines for how often the SHIP is to be reviewed, which are periodically updated.

**2.14** The Scottish Government produces an Affordable Housing Supply Programme (AHSP) which details available investment and Resource Planning Assumptions (RPA). The SHIP uses this information along with the HNDA evidence and development plan spatial framework to identify affordable housing priorities and associated funding.

**2.15** The SHIP is monitored continually to respond to any significant changes. A full review of the SHIP is undertaken every two years.



## Requirements for affordable housing



### 3.0 Requirements for affordable housing

**3.1** As a local housing authority, the Council is committed to maintaining and updating evidence of housing needs and demand on a regular basis. The annual affordable housing supply target is set out in the LHS and is reviewed on an annual basis. The current target is 180-200 units per year. Subsequent updates can be found in the annual reviews of the LHS.

**3.2** A new target is being set as a result of the findings in HNDA2. The Housing Supply Target (HST) will be used for the LHS review and will be reflected in the requirements for land supply across South Lanarkshire.

**3.3** Analysis across the four housing market areas (Hamilton, East Kilbride, Cambuslang/Rutherglen and Clydesdale) established that affordable housing need was greatest in East Kilbride and this area remains the most pressured (in terms of the ratio of housing need to estimated social housing lets). The assessment also established that there was significant need for affordable housing in Hamilton and in Rutherglen and Cambuslang. In addition, pressure for affordable housing was now being demonstrated in Clydesdale, where previously the housing market had been relatively balanced with need and demand being met by existing supply.

#### All tenure housing requirement

**3.4** The SDP included an indicative all-tenure housing requirement by adding together estimates for private sector new build (Schedule 7) and the affordable sector housing needs (Schedule 10). This gave an overall requirement of 32,900 for South Lanarkshire which was to be addressed through the LDP. Paragraph 4.86 and 4.86a of the SDP contains a number of ways an LDP justified variation from the requirements set out in Schedule 11A of the SDP. Local authorities had the opportunity to demonstrate that their housing requirement would not all come from new build and that there were other ways of meeting the all tenure housing requirement, for example, through making best use of existing housing supply. For South Lanarkshire the requirement was as follows:

# Requirements for affordable housing

Table 3.1 Indicative all-tenure housing requirement

2008/09 to 2020	29,100
2020 to 2025	3,800
TOTAL	32,900

**3.5** The Council does not intend to meet the 'all tenure housing requirement' through a large scale release of land for new building. The SLLDP identifies a generous supply of land for housing, including community growth areas, development framework sites, residential masterplan areas and brownfield sites. In addition, the LDP has made an allowance for small scale releases of greenfield sites to further increase the land available for housebuilding and ensure a high level of generosity. The figures used in the SDP will be significantly lower in Clydeplan (SDP2) which will be based on the revised HNDA2.

### New build and additional affordable houses

**3.6** The identified shortfall in affordable housing can be met through a combination of new build development and other methods which includes converting existing stock to affordable houses. The preferred method of delivery is on-site provision. However, where on-site delivery is determined by the Council not to be viable or effective, alternative methods such as off-site provision or commuted sums will be considered. The process of determination and delivery for a site's affordable housing contribution requirement is set out in section 4.

### Affordable housing definition

**3.7** For the purposes of meeting identified needs, all housing for social rent provided by a RSL is deemed to be affordable. The thresholds for determining the affordability of any housing for sale or for intermediate market rent are determined by the Council. The Council applies a formula calculation to gross household income using robust available datasets. The thresholds are shown on Table 3.2 and reviewed annually and updated as new data is made available.

Table 3.2 Affordability Thresholds

Area	Median quartile income (£)	Affordability threshold (£)
Cambuslang/Rutherglen	26,161	75,867
East Kilbride	29,569	85,750
Hamilton	29,946	86,843
Clydesdale	28,089	81,458
SLC area	29,300	84,970

**3.8** The data is from 2012 and uses CACI<sup>(i)</sup> Paycheck income data. Affordability thresholds are based on the Council for Mortgage Lenders (CML) average of two point nine times gross annual household income rates.

i CACI Ltd are a recognised provider of information to government and businesses on a wide range of industry sectors.

## Delivering affordable housing



### 4.0 Delivering affordable housing

**4.1** This section sets out the criteria and process which the Council will use to determine the most effective form of affordable housing contribution for a site. The guidance is intended to assist landowners, land agents and developers by providing a clear explanation of how its affordable housing contribution will be determined.

**4.2** The Council recognises that a range of factors affect the delivery of affordable housing on any given site including affordable housing need, site suitability, cost, and the availability and timing of public subsidy. To reflect these variables, the Council's Affordable Housing and Housing Choice Policy provides a flexible scope for delivery. The Council will seek up to 25% of a sites capacity as serviced land for provision of affordable housing. However, taking account of the factors above, where the Council determines on-site delivery is not the most effective means of delivery, other methods, including off-site, part exchange and commuted sum payment will be considered for an alternative determination.

**4.3** When assessing and determining the affordable housing contribution the Council aims to secure the delivery of its affordable housing targets and increase the provision of the right affordable housing, in the right locations at the right time. The assessment process is also intended to secure best value from the affordable housing contributions.

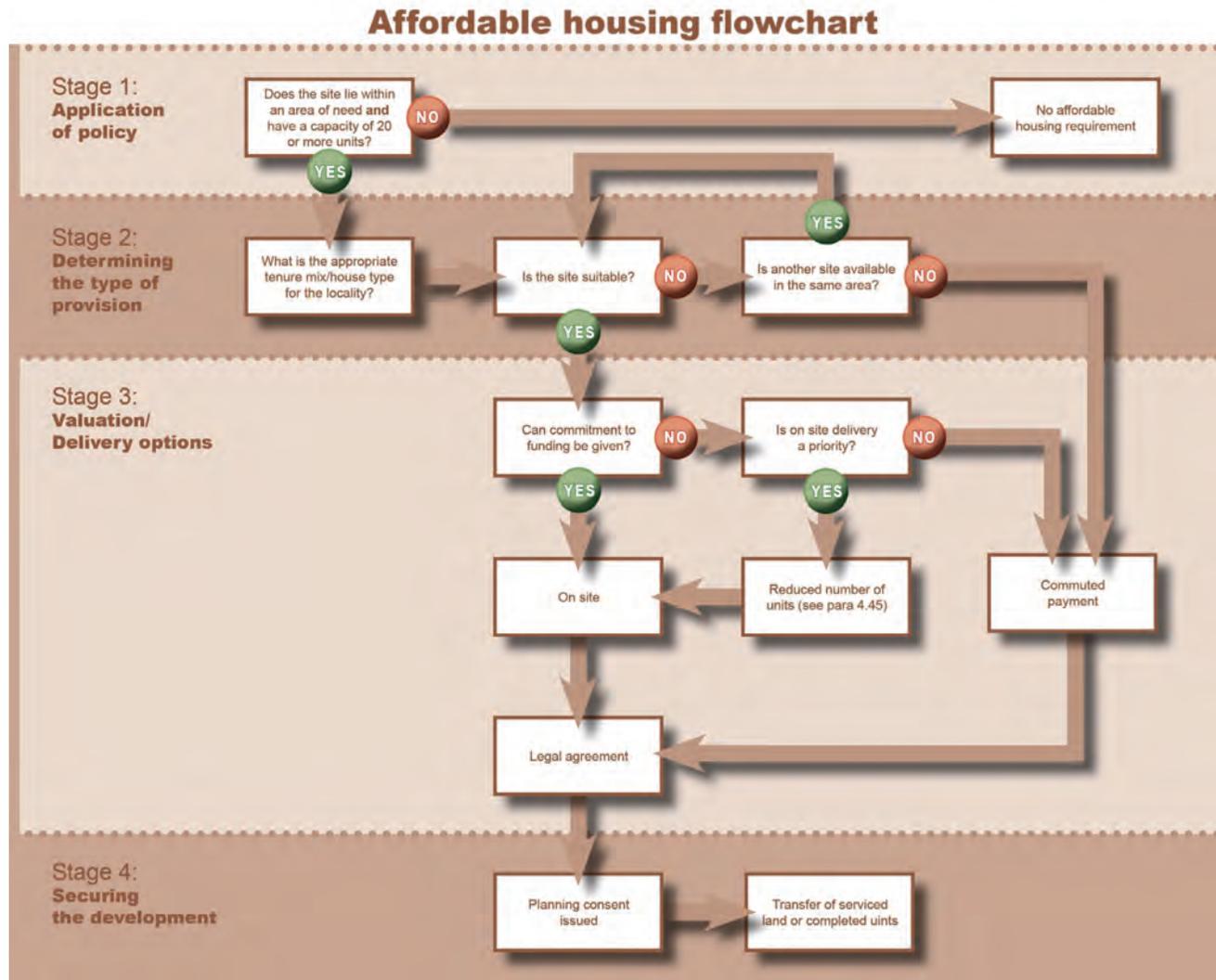
#### **Stage 1 : Application of policy**

**4.4** The following sections, which should be read in conjunction with the Council's Affordable Housing Policy, relate to the four different stages identified in the flow diagram below:

- Stage 1: Application of policy
- Stage 2: Determining the type of provision
- Stage 3: Valuation and delivery options
- Stage 4: Securing the development.

# Delivering affordable housing

Figure 4.1 Stages in the process of assessing a site for affordable housing



## Delivering affordable housing

**4.5** Policy 13 - Affordable Housing and Housing Choice applies to all residential development sites of 20 units or more across the whole of South Lanarkshire for which planning consent is sought. All of South Lanarkshire is considered as an area of need for affordable housing.



### Particular housing needs provision

**4.6** If particular needs housing is required within an affordable housing policy site/area, the Council and/or its nominated RSL will specify the mix of general and particular needs housing required within the overall

development and this will be included within the 25% affordable housing requirement. It is anticipated that the scale of any particular needs housing requirement will be small.

### Stage 2: Determining the type of provision

**4.7** The Council will advise on appropriate tenure mix, type and scale of affordable housing that is required on a site to meet identified housing need. This will be based on robust and credible data and analysis including, but not exclusive to, the Housing Need and Demand Assessment, Local Housing Strategy, Strategic Housing Investment Plan, regeneration plans and local housing systems analysis.

**4.8** The Council seeks to encourage balanced residential communities in terms of tenure, demographic range and income. The form of affordable housing contribution required will depend on the assessment of the housing needs identified in that locality and the Council's determination of the suitability of the site to meet the identified need. The main factors which the Council will take into account in its assessment and determination are detailed below.

### Factors determining site suitability

A site may be suitable for affordable housing where:

- **it is in an accessible location:** Affordable housing is generally required, although not exclusively, by those within the community who are more reliant on public transport through economic circumstance or due to health or age are less mobile. This factor, however, should not disadvantage them from accessing education, employment, community or recreation facilities, open space and health services. Affordable housing

## Delivering affordable housing

should be located close to amenities in accessible locations where it will be possible to walk, cycle or take public transport to local shops, town centres, employment locations and other facilities/services

- **the topography of the site facilitates easy access:** Site topography can be a factor for similar reasons of accessibility and mobility for housing for particular needs groups but also for the significance this can have for development costs and the financial viability of subsidised affordable housing developments
- **affordable housing can be integrated into the development:** The type of affordable housing required to meet the identified need in the locality can be integrated with the house types being proposed within the development. For example, the size and type of housing provided must be aligned with Council/RSL policies for allocation to the priority client groups to be housed. In addition, to be eligible for grant funding, subsidised affordable housing will be required to comply with the Scottish Government guidance in terms of design criteria such as Housing for Varying Needs and Secured by Design
- **the scale of development or proximity to other managed units is also suitable:** While the Council supports the view that affordable housing should be integrated with market housing, this must be balanced with the need for efficiency of development and housing management. Small numbers of affordable housing units or 'pepper potting' of rented housing can give rise to development cost and management issues for the social landlord. If the site is near other socially landlord managed units or is accommodating sufficient numbers on site, then these issues are less significant.

**4.9** These locational factors have been used to establish, in principle, requirements for delivery of affordable housing on the housing sites identified in the SLLDP. The analysis also informed the development of the SHIP. The locational factors will also be used to assess 'windfall' opportunities as they arise.

**4.10** Using these factors an 'in principle' view can be established on the preferred form of affordable housing contribution that will be required from any given site, and a valuation methodology for this contribution can then be agreed. This will enable affordable housing requirements to be given early consideration as part of site appraisal and land acquisition.

### Stage 3 : Valuation/delivery options

**4.11** Early consideration of the site valuation is important to allow a developer to assess the potential impact of the affordable housing requirement as part of the site appraisal. An agreed approach and methodology for valuation will assist both developers and the Council in forward planning and confirming the appropriate delivery option.

**4.12** PAN 2/2010 sets out guidance on valuation of land for affordable housing. At the point of preparing this SG, there continues to be a national level discussion about establishing a commonly acceptable methodology for valuing affordable housing. Affordable housing land should be transferred at a value determined by the District Valuer or other chartered valuation surveyor suitably experienced in the type of property and the locality, and appointed by mutual agreement between the parties, failing which the Chairman of the Royal Institute of Chartered Surveyors (RICS) in Scotland. The Council will expect that the brief to the appointed valuer will be to calculate the value in terms of paragraph 19 of PAN 2/2010 for on-site provision.

## Delivering affordable housing



**4.13** The valuation will be instructed by the developer, Council or nominated RSL. For commuted sums, PAN 2/2010 paragraph 22 states that payments should be "... of a value equivalent to the cost of providing the percentage of serviced land required by the policy". Where the Council agrees that the individual circumstances of a site lend themselves to an alternative valuation methodology being considered as part of the appraisal, such as a discount on market value, they will work with developers to agree on the approach. The Council will agree an upper and lower limit (cap and collar) for land valuation. Where agreement cannot be reached the methodology outlined above will apply. This will be reviewed appropriately taking into account revised affordability levels.

**4.14** The Council will expect the costs associated with abnormal ground conditions to be taken into account in the assessment of land value. However, where high costs associated with exceptional site conditions threaten the development as a whole, the Council will take account of these when assessing the affordable housing contribution. Only in exceptional circumstances will the affordable housing requirement be reduced or waived and developers will be expected to provide evidence of such costs if they wish to negotiate a reduction to the affordable housing contribution required by the policy. These costs will require to be validated by the Council and if required by a suitably qualified independent third party.

**4.15** Similarly, consideration will be given to reducing the affordable housing requirement where the cumulative costs of development, including infrastructure works necessary to secure planning consent, render the site financially unviable.

**4.16** In line with the guidance in PAN 2/2010 the Council expects to adopt a flexible approach to secure the most effective affordable housing contribution from each site. Subject to the individual circumstances of each site the Council considers that the affordable housing requirement could be met through one, or a combination of, the following delivery methods:

- **on-site provision:** Transfer of serviced land for development by, or for, the Council or nominated RSL, and/or procurement of affordable homes from the site developer in accordance with an agreed technical specification. **Off-site provision:** Transfer of serviced land for development by, or for, the Council or nominated RSL, and/or procurement of affordable homes from the site developer in accordance with an agreed technical specification.

## Delivering affordable housing

Discounted sale or transfer of former local authority housing purchased by developers in part exchange for new building sales

- **commuted payments:** Payment of a commuted sum where on-site/off-site provision is unsuitable or where insufficient funding is available to meet policy requirements.

**4.17** The following paragraphs illustrate the circumstances in which alternative delivery options may be considered as part of the assessment and determination process for the affordable housing contribution.

### On-site provision

#### A) Serviced land

**4.18** In general, where a financial commitment to fund the delivery of the affordable housing can be given by the Council or a nominated RSL, the Council's preferred delivery mechanism will be the transfer of serviced land. Land transferred should be serviced, free from constraint and developable within the agreed period of the development's proposed construction time frame and be within the Scottish Government's subsidy target and development cost benchmarks.

#### B) Design and build - transfer of complete units

**4.19** As an alternative to the transfer of serviced land, and subject to the agreement of the Council (being mindful of European Union procurement rules), the developer may wish to consider transferring completed units to the nominated RSL through a development partnership approach and negotiated 'Design and Build' contract within the Scottish Government's quality standards, subsidy target and development cost benchmarks.

**4.20** As well as contributing to the seamless integration of tenures, procurement in this way can facilitate cost effective delivery of the affordable housing contribution from some form of housing developments. All housing provided in this way would have to be built to an agreed technical and quality specification and comply with conditions of Scottish Government grant subsidy.

**4.21** Planning applications are likely to proceed more efficiently if proposals for the delivery for affordable housing contribution are set out as part of the initial planning application. Early discussions with the Council and/or its nominated RSL would be recommended.

**4.22** Where an RSL is involved, developers should enter into discussions with them at the earliest stage to ensure the development proposed meets the standard design specification required for subsidised housing development, and that the Scottish Government's conditions for grant funding can be met within cost benchmarks.

### Off-site provision

**4.23** PAN 2/2010 (paragraph 21) states, "Exceptionally a site may be unsuitable for affordable housing...developers may offer to provide the contribution on another viable site within their ownership...as long as the proposed alternative will help to meet an identified need in the same housing market area".

**4.24** Provision of the affordable housing on an alternative site within the same Housing Market Area may be considered by the Council where:

- the location or scale of provision on the original site would make it difficult or uneconomic for a social landlord to provide or manage affordable housing units

## Delivering affordable housing

- the original site was considered unsuitable on the basis of locational factors
- the provision of the affordable housing from the original site combined with the affordable housing requirement on the alternative site helps achieve more economic provision of affordable housing.

**4.25** Any alternative site proposed will have to meet the criteria for site suitability, be free from constraint, and deliverable within the agreed development timeframe of the original site and where a funding commitment is required, be deliverable at a cost within the published Scottish Government subsidy target and development cost benchmarks.

**4.26** The provision of affordable housing on the alternative site will be equivalent to the value of the contribution required on the original site and the alternative site must be capable of accommodating the transferred requirement for affordable housing as well as any requirement arising from its own development. The development of both sites will require to be linked by means of a legal agreement as set out in Stage 4: Securing the development.

**4.27** Developers may be able to meet the affordable housing policy requirement through participation in South Lanarkshire Council's innovative Right to Buy Part Exchange Plus Scheme.

**4.28** As an alternative to payment of a commuted sum where developers have purchased good quality former local authority housing in part exchange for a new build home, subject to certain criteria being met, the developer could transfer these properties to the Council in lieu of any affordable housing contribution due. Further details of the scheme are available from the Council's Housing and Technical Resources.



### Commuted payments

**4.29** Provision of a commuted sum in lieu of on-site or off-site provision will only be accepted in circumstances where:

- on-site or off-site provision is determined by the Council as unsuitable for the type of affordable housing required; and /or
- unsubsidised affordable housing is either financially unviable or will not meet identified need.

## Delivering affordable housing

**4.30** The Council's proposed approach to agree a valuation methodology is set out in paragraph 4.13. The valuation will be used to calculate a commuted payment where the Council has determined delivery options are not viable. The commuted sum required will be equivalent to the cost of providing 25% of the site's overall capacity in the form of serviced land for the provision of affordable housing by the Council or RSL.

**4.31** The Council will use commuted payments to support the delivery of subsidised affordable housing development within the same Housing Market Area. These pooled resources will be used in accordance with the priorities identified within the SHIP and the Council will work in partnership with the Scottish Government and RSLs to fund, secure and retain any such provision.

### Funding the provision

**4.32** The different mechanisms in which affordable housing provision can be met on-site and alternative means of funding provision are as follows.

### Subsidised affordable housing

**4.33** As highlighted in Section 3 of this SG, the Council will seek up to 25% of a site's capacity as serviced land for the provision of affordable housing.

**4.34** The Council sets out its plan for affordable housing development over a five year period within the SHIP. The SHIP details funding provided through the Scottish Government's Affordable Housing Supply Programme and uses the associated resource planning assumptions.

**4.35** The SHIP is based upon the current planned land use framework in the Local Development Plan. A site may be incorporated into the SHIP as part of the regular process of review subject to the Council's assessment and determination of the site's viability for delivering required affordable housing.

### Affordable housing provided without subsidy

**4.36** For sites where on site delivery would be a priority but a funding commitment cannot be given, as may be the case where significant windfall sites emerge in areas of priority need, then the Council's preference would be that the developer, working with the Council or a nominated RSL, will provide a reduced number of completed affordable units. These would be at the equivalent value of the cost of providing serviced land required by the Policy, or at a value derived from an alternative methodology as agreed through the consultation on this guidance, combined with any local authority or private finance raised by the nominated RSL.

### Affordable housing – developer models

**4.37** The Council has identified targeted priority purchase agreements to ensure that the affordable housing is directed towards households with an established local connection, on modest incomes who would be unable to purchase a property on the open market in the defined area.

**4.38** In some circumstances the Council may consider unsubsidised low cost home ownership models for meeting affordable housing need. Where it can be demonstrated that the affordable housing for sale can be delivered within the affordability thresholds for purchase set out as a baseline in Table 3.2 and updated annually, in conjunction with targeted priority purchase agreements.

## Delivering affordable housing

**4.39** Developers will be expected to put in place an appropriate priority purchase scheme to target affordable housing at identified priority client groups (see Appendix 2 Priority client groups) in all instances except where there are mechanisms already in place. Existing mechanisms include the allocations policies of the Council and RSLs which are regulated by the Scottish Government.

**4.40** Having established the requirement for affordable housing on a site, the price and valuation, the affordable housing contribution will be secured by means of a binding legal agreement between the Council and the developer/landowner seeking planning consent (usually under Section 75 of the Town and Country Planning (Scotland) Act as amended by the Planning etc. (Scotland) Act 2006). This will require to be concluded prior to the issue of planning consent.

### Stage 4 : Securing the development

**4.41** This legal agreement will have to take account of a range of different stages within the planning and development process at which point an applicant (developer or landowner) may seek planning consent, either in principle or in full.

**4.42** Key elements that the legal agreement will include are:

- the mechanism and timescale for the delivery of the affordable housing agreed between the developer/ landowner and the Council/ RSL
- the method of establishing/setting the purchase price for the land and any indexing
- an agreement to transfer specified areas of land or buildings to a RSL

- detailed conditions relating to appropriate assessment of costs associated with abnormal ground conditions which will be subject to future site investigation and warranty
- detailed conditions relating to provision of an alternative commuted sum payment if for any reason following more detailed site and development cost appraisal the specified affordable housing cannot be delivered
- standard specification and definitions for the scale, type and tenure of affordable housing to be provided
- an agreement on how any dispute will be resolved regarding valuation and exceptional site costs.



## Delivering affordable housing

**4.43** This is not an exhaustive list. Negotiations on the way in which affordable housing is provided within a site and the appropriate terms and conditions in the legal agreement will vary depending on specific site circumstances. It should be borne in mind that the Council is subject to EU procurement rules and these rules may apply to the procurement of any affordable housing element of a development.

## Monitoring and review



**5.2** The Strategic Housing Investment Plan, Local Housing Strategy Action Plan and Monitoring Framework and the Housing Land Audit for the Local Development Plan will be used for measuring the effectiveness and progress of the Council's policy on delivering affordable housing.

### 5.0 Monitoring and review

**5.1** The need to formally review this SG will be considered after two years of its approval and biennially thereafter. Any changes to legislation or policy direction that merits a refresh of this document or the biennial review of the document will be publicised and available by following the links to the planning pages on the Council website at [South Lanarkshire Council Planning Pages](#).



## Housing sites

Table 6.1 identifies all private sector housing sites identified in the South Lanarkshire Local Development Plan of, or greater than, a capacity of 20 units. The table presents the Council's initial view as to what type of provision it would pursue to satisfy affordable housing requirements. If a site currently estimated with a capacity of less than 20 units were to

be proposed for 20 units or more then the affordable housing policy would be implemented. Please note that the capacities on these sites are indicative only unless a planning application has been submitted for their development which includes site capacity. Table 6.1 is based on the 2014 Housing Land Audit.

Table 6.1 South Lanarkshire Local Development Plan identified private sector housing sites

Site ref	Location	Indicative capacity (whole site)	Affordable housing provision	No. of affordable units to be built on site
CR1391F	South Hallside, Cambuslang	71	All provision on-site	18
CR2100	Former Hoover Works, Cambuslang	300	On-site plus commuted sum	40
CR2025	Kirkconnel Drive, Rutherglen	99	All provision on-site	25
CR2065	Johnson Drive, Cambuslang	30	Commuted sum only	0
CR2092	Gilbertfield, Cambuslang	300	All provision on-site	75
CR2098	Hallside East, Hallside	180	Commuted sum only	0
CR2091	Newton Community Growth Area	1600	On-site plus commuted sum	180
CR2137	Lightburn Road, Cambuslang	80	Commuted sum only	0
CR2138	Greenlees Farm, Cambuslang	240	On site plus commuted sum	40
EK4059	Stroud Road, East Kilbride	34	Commuted sum only	0
EK4084	Millbrae, East Kilbride	20	Commuted sum only	0
EK4086	Rolls Royce, East Kilbride	100	All provision on-site	25
EK4089	East Kilbride Community Growth Area	3225	On-site plus commuted sum	375

## Housing sites

Site ref	Location	Indicative capacity (whole site)	Affordable housing provision	No. of affordable units to be built on site
EK4112	East Overton, Strathaven	480	All provision on-site	160
EK4115	Mavor Avenue(East), East Kilbride	108	All provision on-site	27
EK4141	Mounthilly Road, Chapelton	20	Commuted sum only	0
EK4142	Shields Road, East Kilbride	350	On-site plus commuted sum	50
EK4143	Strathaven West	300	On-site plus commuted sum	40
EK4148	Westpark, Strathaven	100	On-site plus commuted sum	25
HM0370	Annsfield Farm, Hamilton	30	Commuted sum only	0
HM3131	Stonehouse Hospital	155	All provision on-site	40
HM3217	Ashgill Road, Shawsburn	48	Commuted sum only	0
HM3241	Burnside Lane, Hamilton	30	Commuted sum only	0
HM3247	Cadzow Bing, Hamilton	100	All provision on-site.	25
HM3257	Uddingston Gas Works, Uddingston	76	Commuted sum only	0
HM3264	Ferniegair Community Growth Area A	157	Commuted sum only	0
HM3259	Ferniegair Community Growth Area B	20	Commuted sum only	0
HM3260	Ferniegair Community Growth Area C	79	Commuted sum only	0
HM3320	Ferniegair Community Growth Area D	40	Commuted sum only	0
HM3231	Bothwell Road, Hamilton	42	Commuted sum only	0
HM3261	Larkhall Community Growth Area West	500	On-site plus commuted sum	125

## Housing sites

Site ref	Location	Indicative capacity (whole site)	Affordable housing provision	No. of affordable units to be built on site
HM3262	Larkhall Community Growth Area East	1091	On-site plus commuted sum	150
HM3228	Kirklands Hospital, Bothwell	40	Commuted sum only	0
HM3263	Hamilton Community Growth Area	2221	On-site plus commuted sum	250
HM3265	Spittal Road, Stonehouse	60	Commuted sum only	0
HM3321	West Mains, Stonehouse	140	Commuted sum only	0
HM3254	Overton Road, Netherburn	25	Commuted sum only	0
HM3217	Ayr Road, Ashgill	40	Commuted sum only	0
HM3362	Bellshill Road, Uddingston	250	All provision on-site	60
HM3363	Shott Farm, Blantyre	200	All provision on-site	50
HM3364	Bothwellbank	70	Commuted sum only	0
CL5050	Carluke High School	20	Commuted sum only	0
CL5052	Lanark Grammar Annex	30	Commuted sum only	0
CL5070	Airdrie Road, Carluke	25	Commuted sum only	0
CL5084	Lanark Grammar	40	Commuted sum only	0
CL5088	Airdrie Road, Carluke	25	Commuted sum only	0
CL5094	Stanistone Road, Carluke	20	Commuted sum only	0
CL5095	Blueknowes Road, Law	40	Commuted sum only	0
CL5101	Brocketsbrae	30	Commuted sum only	0

## Housing sites

Site ref	Location	Indicative capacity (whole site)	Affordable housing provision	No. of affordable units to be built on site
CL5112	Wellburn Farm, Lesmahagow	56	Commuted sum only	0
CL5114	Edinburgh Road, Biggar	285	All provision on-site	28
CL5119	Manse Road, Carstairs	30	Commuted sum only	0
CL5121	Climpy Road, Forth	40	Commuted sum only	0
CL5124	Bellfield, Coalburn	200	Commuted sum only	0
CL5125	James Street, Carluke	20	Commuted sum only	0
CL5126	Moor Park Community Growth Area, Carluke	370	All provision on-site	90
CL5128	Carluke Community Growth Area	240	All provision on-site	60
CL5129	Avenue Road, Carstairs	20	Commuted sum only	0
CL5136	Balgray Road, Lesmahagow	100	Commuted sum only	0
CL5138A	Balgray Road Phase 2, Lesmahagow	80	Commuted sum only	0
CL5159	Boghall Road, Carluke	40	Commuted sum only	0
CL5160	Braehead Road, Coalburn	40	Commuted sum only	0
CL5163	Manse Road Forth	60	Commuted sum only	0
CL5187	Carlisle Road Kirkmuirhill	100	Commuted sum only	0
CL5189	Birks Farm, Law	80	All provision on-site	20
CL5190	Milton Farm, Lesmahagow	100	Commuted sum only	0

## Housing sites

Table 6.2 identifies all public sector housing sites within the South Lanarkshire Local Development Plan. The table presents the Council's initial view as to what type of provision it would pursue to satisfy affordable housing requirements.

Table 6.2 South Lanarkshire Local Plan identified public sector housing sites

Site ref	Location	Indicative capacity (whole site)	Affordable housing provision	No. of affordable units
CR2124	Cairnswell Avenue, Cambuslang	7	All provision on-site	7
EK4036G	Netherton, Lindsayfield, East Kilbride	50	All provision on-site	50
CL0414C	The Beeches Phase 3, Lanark	60	All provision on-site	60
HM3244	Buchan Street, Hamilton	20	All provision on-site	20
HM3246	Wellcroft Road, Hamilton	20	All provision on-site	20
HM3242	Fairhill Ave 1, Hamilton	10	All provision on-site	10
HM3243	Fairhill Ave 2, Hamilton	10	All provision on-site	10
HM3249	Sherry Drive, Hamilton	10	All provision on-site	10

## Priority client groups

Affordable housing provided for rent by South Lanarkshire Council or a Registered Social Landlord will be allocated to applicants with priority housing need in accordance with existing approved allocations policies.

Shared equity housing provided by RSLs will be sold in accordance with strict criteria as set out in the latest Scottish Government housing supply guidance notes on new supply shared equity.

For all types of affordable housing for sale being developed, priority will be given to the following categories of applicant:

- First time buyers – defined as applicants who have never owned or part owned a home before and who are seeking to step onto the home ownership ladder for the first time.
- 'Downsizing' households - households where children have left home or where residents have retired and wish to move from large family housing to a smaller dwelling.
- Those not presently home owners – consideration will be given to applicants who have previously been owner-occupiers where the personal circumstances warrant it (for example significant deterioration in the applicant's financial circumstances or relationship breakdown).
- Existing Council or RSL tenants within the South Lanarkshire area – where the effect of a successful sale/allocation will free up an affordable rented housing for another household in housing need.
- Council housing register applicants, or applicants on RSL housing register for South Lanarkshire.
- Serving members of the armed forces.
- Veterans who have left the armed forces within the past two years.
- Widows, widowers and other partners of service personnel who have been killed whilst serving in the armed forces.

In each of the cases applicants must demonstrate the following:

1. Their income is low enough that they are not able to compete on the open market to purchase housing to meet their housing needs.
2. The priority purchase property must be used as the applicant household's permanent home.
3. They have a local connection either through work, family or cultural networks.

The size of the property allocated should be appropriate to the size of the household as defined by the appropriate allocation policies or the Scottish Government Shared Equity Scheme. Applicants who can afford to buy a house on the open market are not eligible, The scheme is mainly aimed at first time buyers with a low income, with applicants' individual circumstances assessed on a case by case basis. All applicants must prove that they cannot buy a house suitable for their needs without help from the scheme. The scheme can also help people who are looking for a new home after a significant change in their circumstances (such as bereavement) or disabled people who live in a home which is no longer suitable for their needs. An assessment of the applicant's financial circumstances will take place, which requires verification from the applicants bank or building society that he/she can truly afford and sustain all the costs involved.

### **Priority purchase schemes**

Where unsubsidised forms of affordable housing are being provided, developers will be required to provide a marketing strategy to the Council (Housing and Technical Resources) for approval and inclusion in the legal agreement to secure the affordable housing contribution.

## Priority client groups

The marketing period for unsubsidised affordable housing for sale provided by private developers should be a minimum of six months. The Council will require developers to operate a cascade approach to targeting sales to the different priority client groups identified above over the course of the marketing period.

'Marketing' includes advertising, promoting and administering sales. If after this time period the properties cannot be successfully sold or allocated to anyone fulfilling the eligibility criteria A, B, C or D above then the developer (with written consent of the Council) will be able to sell the units on the open market with no occupancy restriction.

The Council will have to be satisfied that every reasonable effort was made on the part of the developer to successfully market the properties to the priority client groups.

There will be no centralised list held for unsubsidised forms of discounted sale housing and applicants will apply for each development separately.

## Glossary

**Affordable housing:** Housing of a reasonable quality that is affordable to people on modest incomes. In some places the market provides some or all of the affordable housing needed, while in other places it will be necessary to make housing available at a cost below market.

**Amenity housing:** A term used primarily in Scotland for rented accommodation provided by local authorities and RSLs that is designated and particularly suitable for occupation by older people and other particular needs groups with impaired mobility.

**Equity sharing:** The owner purchases the majority share of the dwelling, with the remaining stake purchased usually by a Registered Social Landlord, local authority or the Scottish Government under a shared equity agreement. Unlike shared ownership, the owner pays no rent for the equity stake and owns the property outright.

**Housing demand:** The quantity and type/quality of housing which households wish to buy or rent and are able to afford.

**Housing Market Areas (HMAs):** A relatively self contained geographical area (in terms of housing demand) within which most people move house when their needs or circumstances change.

**Housing need:** Households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance. (This means market partnerships need to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market and those whose needs cannot be met in situ).

**Housing Need and Demand Assessment (HNDA):** The HNDA provides the evidence base on which housing supply targets are defined in the Local Housing Strategy and suitable available land is allocated through Development Plans to meet the requirement for new housing to contribute to these targets.

**Housing requirements:** The total amount and type of housing necessary to accommodate a given (or projected) population at appropriate minimum standards. This includes both housing needs and housing likely to be demanded in the market.

**Housing for Varying Needs:** Guidance published by the former Scottish Homes on the design of housing and associated facilities to meet the widest range of housing needs of people throughout their lives .

**Local Housing Strategy (LHS):** Section 89 of the Housing (Scotland) Act 2001 requires local authorities to undertake a comprehensive assessment of housing needs and conditions, and to produce strategies to tackle the housing problems in their areas.

**Market housing:** Private housing for rent or for sale, where the price is set in the open market.

**Planning Advice Notes (PANs):** Planning Advice Notes are produced by the Scottish Government and provide advice and information on technical planning matters.

**Registered Social Landlords (RSLs)** – A not-for-profit housing provider for example, a housing association or housing co-operative, registered by the Scottish Government to provide social housing.

**Scottish Planning Policy (SPP):** A statement of the Scottish Government's policy on nationally important land use planning matters.

**Secured by Design:** Guidance on the design, layout and construction of housing published by the Police Authorities aimed at reducing the opportunity for crime in new development.

**Sheltered housing:** Housing specially designed to meet the needs of older people or other groups with special housing needs; usually has communal area and a warden provided.

**Strategic Housing Investment Plan (SHIP):** A document updated annually to illustrate how identified needs and priorities in relation to affordable housing will be tackled, with an emphasis on how projects will be delivered, having regard to available resources, partnership working and development constraints.

## Acronyms

AHSP	Affordable Housing Supply Programme
CML	Council for Mortgage Lenders
EC	European Community
EU	European Union
HRA	Habitats Regulations Appraisal
HNDA	Housing Need and Demand Assessment
LHS	Local Housing Strategy
PAN	Planning Advice Note
RSL	Registered Social Landlord
RPA	Resource Planning Assumptions
RICS	Royal Institute of Chartered Surveyors
SPP	Scottish Planning Policy
SLLDP	South Lanarkshire Local Development Plan
SDP	Strategic Development Plan
SEA	Strategic Environmental Assessment
SHIP	Strategic Housing Investment Plan
SG	Supplementary Guidance

### **Planning Headquarters**

South Lanarkshire Council  
Community and Enterprise Resources  
Planning and Building Standards Services HQ  
Montrose House  
154, Montrose Crescent,  
Hamilton ML3 6LB  
Telephone: 0303 123 1015 Email: [localplan@southlanarkshire.gov.uk](mailto:localplan@southlanarkshire.gov.uk)

### **Housing and Technical Resources**

Housing and Resources Manager  
South Lanarkshire Council  
Housing and Technical Resources  
Council Headquarters  
Almada Street,  
Hamilton ML3 0AA  
Telephone: 0303 123 1015 Email: [housing.strategy@southlanarkshire.gov.uk](mailto:housing.strategy@southlanarkshire.gov.uk)



**Key to Environmental layers**

- Special Area of Conservation
- Special Protection Area
- New Lanch World Heritage Site buffer zone
- New Lanch World Heritage Site
- Scheduled Ancient Monument
- Listed Building
- National Nature Reserve
- Site of Special Scientific Interest
- Gardens and Designed Landscapes
- Historic Bathhouse
- Special Landscape Area
- Conservation Area
- Local Nature Reserve
- Wigan Old Local Nature Reserve
- Ancient Semi-Natural Woodland
- Long Established and Other Woodland
- Country Park
- Water Access Point
- Core Path (urban)
- Right of Way
- Core Path
- Quiet Area
- Former Agricultural Land
- Green Belt (Outer Edge)
- Rural Area
- Settlement Boundary
- Ministry
- W Class Road
- Railway
- Railway Station
- Local Crossing
- Electric Vehicle Charging Point (Urban)
- Electric Vehicle Charging Point (Rural)
- Road Scheme



South Lanarkshire  
Local Development Plan

South Lanarkshire Council  
Community and Enterprise Resources  
Planning and Building Standards Services  
Montrose House, 154 Montrose Crescent  
Hamilton ML3 6LB  
[www.southlanarkshire.gov.uk](http://www.southlanarkshire.gov.uk)

If you need this information in another  
language or format, please contact us to  
discuss how we can best meet your needs.  
Phone 0303 123 1015 or email:  
[equalities@southlanarkshire.gov.uk](mailto:equalities@southlanarkshire.gov.uk)

