



How Effective are Affordable Housing Policies in South East Scotland?

A report for Shelter Scotland

Conor Watt (University of Glasgow) in collaboration with Shelter Scotland



University
of Glasgow

Shelter
Scotland

This report summarises the findings of a collaborative research project undertaken by the University of Glasgow and Shelter Scotland in 2019 which investigated the effectiveness of Affordable Housing Policies in three local authorities in South East Scotland. This report overviews the Affordable Housing Policy context, describes the research and its findings and

Introduction

The Planning System plays an important role in the provision of affordable housing in Scotland – perhaps greater than previously realised. However, unlike in England, there has been comparatively little research on Affordable Housing Policies (AHPs) in Scotland with only three studies to date¹²³. With a rising number of households in Scotland increasingly unable to afford adequate housing, there is a clear need for further research on the role of the planning system in delivering affordable housing and more specifically in investigating the effectiveness of AHPs and the factors which impact the outcomes they secure across different local authorities.

Research Project

This collaborative research project by the University of Glasgow and Shelter Scotland investigated the performance of AHPs in three local authorities in South East Scotland (City of Edinburgh, Fife and Scottish Borders). It sought to:

- Assess the effectiveness of Affordable Housing Policies within the case study local authorities.
- Identify and explore the factors which impact the outcomes secured through Affordable Housing Policies.
- Understand the influence of local policy practices and processes and their effect on the implementation of policy.

¹ McMaster, R., Uren, G., Carnie, J., Strang, G., Cooper, S. (2008). An Assessment of the value of Planning Agreements in Scotland. Edinburgh: Scottish Government [accessed: 12/07/2019]

² Chartered Institute of Housing in Scotland (CIOHIS). (2008). All Pain, No Gain? Finding the Balance: Delivering affordable housing through the planning system in Scotland [online]. Available at: <http://newhavenresearch.co.uk/pdf/allpainnogain.pdf> [accessed: 12/07/2019]

³ Shiel, L. and Battye, J. (2014). Planning to meet the need Delivering affordable housing through the planning system in Scotland [online]. Shelter Scotland. Available at: https://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_foilder/planning_to_meet_the_need_delivering_affordable_housing_through_the_planning_system_in_scotland [accessed: 12/07/2019]

With support from Shelter Scotland, this research was carried out by a University of Glasgow Masters student in partial fulfilment of the requirements for the degree of City Planning and Real Estate Development. The research was conducted between April and August, 2019 and involved:

- Desk research to review and trace the evolution of Affordable Housing Policy in Scotland and within the three case-study local authorities.
- Examination of material relating to thirty consented planning applications within the three case-study local authorities. The sampling strategy entailed purposefully selecting cases which required affordable housing contributions and were determined between late-2014 and mid-2019.
- Eight interviews with planning and affordable housing officers from the case study local authorities (City of Edinburgh, Fife and Scottish Borders) and stakeholders from Homes for Scotland, Scottish Federation of Housing Associations and two medium-large housebuilder companies.

Affordable Housing Policy Context

Under the Town and Country Planning (Scotland) Act 1997 section 75, where a local planning authority identifies and can evidence that affordable housing as a particular need in their district, they may incorporate an affordable housing policy into their local development plan. This means that the planning authority can oblige applicants seeking planning permission for new developments, on sites over a particular threshold, to contribute to the supply of affordable housing in their district typically through the provision of serviced land or a commuted sum. The objectives of affordable housing policy are chiefly to increase the supply of affordable housing, deliver more tenure choice for those on low incomes and create mixed communities by ensuring that affordable provision is, as far as possible, integrated and indistinguishable from general market provision.

Affordable Housing has been an explicit planning concern for Scottish administrations since 1993 and was first mentioned in National Planning Policy Guidance 3, although early policy has been described as 'permissive but relatively vague'⁴. In 2003, the Scottish Executive

⁴ Glen Bramley cited in Shiel, L. and Battye, J. (2014). Planning to meet the need Delivering affordable housing through the planning system in Scotland [online].

strengthened policy when it introduced a benchmark figure for the provision of affordable housing at 25% in Scottish Planning Policy 3. This was reaffirmed in 2005 when *Planning Advice Note (PAN) 74: Affordable Housing* reiterated the 25% benchmark, outlined affordable tenure types and set out the scale and form of contributions which could be sought. While PAN 2/2010 replaced PAN 74 in 2010 and Scottish Planning Policy was updated in 2014, the 25% benchmark figure and key policy principles remain largely unchanged. The prevalence of local authorities adopting AHPs has grown since the publication of PAN 74 in 2005 and currently 23 of Scotland's 32 local authorities operate Affordable Housing Policies. Local authorities which do not are typically situated in the west central area and tend to experience fewer affordability challenges being in lower pressured housing market areas. In South East Scotland, all local authorities operate AHPs and affordability is a particularly acute issue in many districts which experience high house prices and soaring private rents (see SESPLAN Housing Need and Demand Assessment, 2015). Given this, it was considered that South East Scotland was an appropriate region to investigate and in which to select case studies for the purposes of the research.

Key Findings: How Effective are Affordable Housing Policies?

From the analysis of the thirty consented planning applications and qualitative data from interviews, the following findings were identified:

Delivering all policy objectives?

In all thirty cases examined, the local authority secured full affordable housing contributions as required for policy compliance. In broadly numerical terms, AHPs therefore appeared quite effective in the examined cases.

- In twenty-six cases, contributions involved full, or majority, on-site provision.
- In six cases, commuted sums were used to secure contributions in full or part. Where commuted sums were accepted this was clearly outlined and typically due to high building costs, low number of affordable units and/or location making the proposal unviable or unmanageable for the council or Registered Social Landlord (RSL).

Despite this, a number of challenges were apparent. Planners from each council noted that layout was often the most challenging aspect as both developers and RSLs typically prefer that affordable units were kept together to make development and subsequent management easier.

- In eleven cases, the layout of affordable provision on-site was subject to criticism from either a council officer, urban design panel or another statutory consultee.

When laid out on one corner of a site, some participants expressed concern that even where the design and elevational treatment of affordable units made them appear initially indistinguishable from general provision, over time differences could become quite apparent given different housing management and maintenance approaches. Despite this, the external design of affordable units was not identified as a particular issue. Most participants suggested that design was improving.

- In only two cases in Edinburgh was design explicitly highlighted as a concern. In both cases, council officers argued that the affordable units were not 'tenure blind' i.e. they looked visibly different to general market provision.

Amenity, i.e. garden space, parking provision and proximity to main roads, was also a common challenge.

- In ten cases, there was a shortfall in parking provision or garden spaces were smaller or unprovided for affordable housing.

In the thirty cases examined, there was uncertainty surrounding the mix and tenure of affordable housing to be delivered as application profiles are not routinely updated to provide further information. However, both document analysis and interview data tentatively suggest that these may be issues which still require much discussion.

- In four cases, the council was unable to secure their preferred mix of units particularly for larger houses/flats with more bedrooms or special provision.
- In six cases, consents were granted while affordable tenure options were still being explored. No further information was provided to advise on what was eventually delivered.

Though this research does not indicate whether the units secured through AHPs represent additional supply, i.e. boosting the number of units above what would have been delivered anyway, in the examined cases, AHPs appeared relatively effective in garnering full, policy compliant contributions. Despite this, numerous challenges remain in ensuring that the objectives of varied tenures and creating mixed communities are promoted and secured in what is delivered.

Factors that influence the outcomes secured

Interview participants identified a range of factors which they suggested had a particularly important impact on policy outcomes.

Factors for success

Factors which reduced the requirement for, or quickly resolved, prolonged discussion were considered to support positive outcomes. Participants identified two key aspects:

- The policy substance - the simplicity, clarity and consistency of policy was regarded as being of chief importance. Planners advised that robust policy provided limited scope for negotiation while other stakeholders indicated that this provided them with much needed certainty for business planning purposes. All participants suggested that local policy was generally working well and had become clearer over time.
- Relationships matter - strong, honest relationships between stakeholders were regarded by participants as essential to delivering positive outcomes. Two relationships were frequently highlighted:
- The RSL/ Developer relationship was important in shaping how on-site provision was delivered. Most participants suggested that RSL/Developer relationships had become stronger over time with the house-building industry now better anticipating the requirements of RSLs. Four participants suggested that attitudes were changing from viewing RSLs as “poor cousins” to “preferred partners” although planners highlighted that encouraging some applicants to engage with RSLs early in the design process remained a challenge.

- The Planner/Councillor relationship was regarded as a bulwark against non-compliance and provided an important double-check in the application determination process. The support of councillors was seen as essential to enabling officers to take robust positions in negotiation and ensured policy objectives were followed.

Challenging Factors

Factors which created tension and caused confusion apparently made achieving policy objectives more difficult.

- Resources matter - Though the Affordable Housing Supply Programme was routinely cited as underlying the delivery of social and mid-market rental units on sites. Four participants advised that limited resources for development and subsequent management could make delivering affordable units in some areas and sites quite difficult i.e. rural areas, site constraints, conservation areas and listed buildings.
- Policy tensions – Five participants opined that affordable housing policies could harbour competing objectives which created a ‘trade-off between quality and quantity’. It was suggested that housing and planning departments would occasionally express different expectations to applicants which could cause confusion and delay.

The influence of local practices and processes in the outcomes of Affordable Housing Policy?

The practices and processes used by local authorities can influence policy outcomes. While the three local authorities employed broadly similar approaches, some subtle variations could lead to potentially different outcomes being secured.

Early Engagement

Council officers advised that some developers adopted the strategy of attempting to off-site contributions by failing to consult RSLs early and designing schemes in a way that made it difficult or non-viable from an RSL perspective. City of Edinburgh and Scottish Borders Council required written confirmation and evidence from applicants that they had engaged with RSLs while Fife Council did not.

- In the thirty cases, it would appear that the more formal processes adopted by City of Edinburgh Council and Scottish Borders Council were more successful in ensuring that partnership arrangements were secured before applications were determined by planning committee.

Partnership Arrangements for On-site Delivery			
Local Authority	RSL/Council Partner Required for On-Site Delivery		Partner Not Required for On-site Delivery (i.e. commuted sum or tenure without subsidy)
	RSL/Council Partner Identified	RSL/Council Partner not identified	
Fife Council	4	6	3
City of Edinburgh Council	6	2	2
Scottish Borders Council	4	1	2
	14	9	7

While there is no evidence to suggest that the failure to identify an RSL/Council partner before determination means that on-site provision is not delivered, this fails to provide the opportunity to pre-empt certain challenges which can cause problems for the RSL/Council and induce renegotiation. Nevertheless, where partnerships are not identified before determination there is uncertainty around delivery. Online application profiles are not routinely updated to provide the details of subsequent partnership agreements which makes it difficult to scrutinise the process.

The Cost of Convention

While in all thirty cases examined the local authority secured full affordable housing contributions as required for compliance, it was uncommon that the exact percentage stipulated in policy was delivered. Typically, the level of affordable provision required in an application, would also generate a fraction of a unit (e.g. 25% of 55 units would generate 13.75 affordable units).

Each Council adopts different conventions to rounding contributions. City of Edinburgh Council round down to the nearest lower whole, Fife Council rounds to the nearest whole number while Scottish Borders Council rounds to the nearest lower whole and seeks the remainder as a commuted sum.

- In the thirty cases examined, Fife Council and Scottish Borders Council conventions appeared more effective in securing a higher percentage of the affordable housing contributions required than in Edinburgh City Council.
- While this research is based on a relatively small sample, it is possible that these conventions may lead to materially different outcomes when the cumulative impact is considered. For instance, in the nine Edinburgh City Council cases that required on-site provision, had the Council applied a similar approach to Fife Council this may have delivered an extra unit in four cases. Similarly, applying a Scottish Borders Council approach could possibly have generated tens of thousands of pounds in commuted sum.

Conclusion

From the cases examined in this study, affordable housing policies appeared relatively effective insofar as they routinely garner full, policy compliant contributions. Despite this, challenges remain in ensuring that on-site affordable housing is, as far as possible, integrated with and has similar amenities to general housing in order that it appears indistinguishable and promotes the objective of creating mixed-income communities. While effective outcomes may rely on strong relationships between all stakeholders and resourcing from Scottish Government, what is apparent from this research is that robust affordable housing policies crucially rely on the practices and processes adopted by local authorities. How local authorities interpret and apply policy can have a significant impact both in terms of the quantity and quality of affordable housing that is to be delivered through section 75 agreements in their districts.

Policy Recommendations

- 1) Once an application has been granted, there is often limited further information provided with respect to on-site affordable housing delivery. This makes it very difficult for the general public to scrutinise planning decisions and agreements. Local authorities may wish to consider whether it would be possible to further update applications with information on affordable provision.

- 2) Given that the layout and amenity of affordable housing on-site presents a frequent challenge, local authorities may wish to consider how they convey their expectations on clustering/layout. Clearer guidance which provides visual examples of good practice could encourage more ambition and better integrated provision.

- 3) Local authorities which explicitly request that developers engage with RSLs/Council prior to application seem better able to influence plans for on-site delivery and to address the potential problems that RSLs/Councils may encounter. When reviewing supplementary guidance, local authorities may wish to consider how they outline their expectations as to how applicants demonstrate that they have considered on-site affordable provision.

- 4) It would seem that the different conventions local authorities use in relation to fractions of a unit may lead to material differences in the quantity of units or the relative level of commuted sum secured. When reviewing supplementary guidance, local authorities may wish to consider alternative conventions and consult on the implications this may have for securing affordable units and/or capturing funds through commuted sums.

This report summarises the key findings of *'From Objectives to Outcomes: How effective are Affordable Housing Policies in South East Scotland?'* Dissertation by Conor Watt (University of Glasgow). A full copy of this dissertation can be made available upon request.