Affordable Housing

Supplementary Guidance SG12

July 2015

Falkirk Council
Development Services
Supplementary Guidance

A suite of supplementary guidance (SGs) is currently being produced by the Council. Most of these SGs are updated versions of previous Supplementary Planning Guidance (SPGs) whilst others cover new topic areas (‡ denotes new SGs). There are 17 SGs in the series, all of which seek to provide more detailed guidance on how particular local development plan policies should be applied in practice.

These SGs form a statutory supplement to the Local Development Plan, and are intended to expand upon planning policies and proposals contained in the proposed plan.

A full list of the supplementary guidance available in this series is found below.

- Development in the Countryside *
- Neighbourhood Design
- Residential Extensions and Alterations
- Shopfronts
- Biodiversity and Development
- Trees and Development
- Frontiers of the Roman Empire (Antonine Wall) World Heritage Site
- Local Nature Conservation and Geodiversity Sites *
- Landscape Character Assessment and Landscape Designations *
- Education and New Housing Development
- Healthcare and New Housing Development *
- Affordable Housing
- Open Space and New Development
- Spatial Framework and Guidance for Wind Energy Development
- Low and Zero Carbon Development *
- Listed Buildings and Unlisted Properties in Conservation Areas *
- Renewable Energy *
Affordable Housing

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1. Introduction

1.1 Falkirk Council originally approved an affordable housing policy in March 2007.

1.2 In 2011 the Council undertook a review of that policy, which culminated in a decision to approve a revised interim policy on affordable housing, pending the adoption of the Falkirk Local Development Plan (LDP). The approach of the revised interim policy has now been taken forward into the LDP and represents the Council’s most up to date policy position to the provision of affordable housing through the planning system.

1.3 The purpose of this supplementary guidance is to establish a framework for the implementation of Falkirk Council’s Affordable Housing policy (policy HSG02) and set out a procedure for assisting the delivery of affordable housing in Falkirk through the planning system. It is intended to provide clear guidance for all interested parties, including house builders, social housing providers, planning consultants, and the community. In this endeavour, it will be important to foster a culture of co-operation between all the parties concerned.

1.4 The approach to delivering affordable housing through the planning system set out in this SG will complement the ongoing programme of social housing delivery by RSLs and the Council on publicly owned sites within the Council area.

1.5 Falkirk Council’s policy for affordable housing states:

**Policy HSG02 Affordable Housing**

New housing developments of 20 units and over will be required to provide a proportion of the units as affordable or special needs housing as set out in Figure 5.1. The approach to provision should comply with Supplementary Guidance SG12 ‘Affordable Housing’.

**Figure 5.1: Affordable Housing Requirements in Settlement Areas**

<table>
<thead>
<tr>
<th>Settlement Area</th>
<th>Proportion of total site units required to be affordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larbert/Stenhousemuir</td>
<td>25%</td>
</tr>
<tr>
<td>Polmont Area</td>
<td></td>
</tr>
<tr>
<td>Rural North</td>
<td></td>
</tr>
<tr>
<td>Rural South</td>
<td></td>
</tr>
<tr>
<td>Bo'ness</td>
<td>15%</td>
</tr>
<tr>
<td>Bonnybridge &amp; Banknock</td>
<td></td>
</tr>
<tr>
<td>Denny</td>
<td></td>
</tr>
<tr>
<td>Falkirk</td>
<td></td>
</tr>
<tr>
<td>Grangemouth</td>
<td></td>
</tr>
</tbody>
</table>

1.6 The policy, in summary, applies to all development sites with a capacity of 20 units and above. When such sites come forward the policy requires a percentage contribution of house units (or equivalent land), either 15% or 25%, depending on the particular settlement area in which the site is located. The policy accords with the Scottish Government’s Planning Advice Note (PAN) 2/2010 Affordable Housing and Housing Land Audits.
1. Introduction

1.7 The varying percentage contributions were derived originally from an affordable housing need assessment carried out by the Council in 2006 and were confirmed by work done to complete the Council’s first Housing Need and Demand Assessment (see Further Reading below: Falkirk Council (2011) Housing Need and Demand Assessment).

1.8 Examples of the type of affordable housing which the Council wishes to see provided are set out in section 3 below. Whilst the Council’s first preference would generally be for the provision of social rented housing, other options will be considered, depending on local circumstances and housing needs. These may include shared equity housing, discounted low cost sale, mid market or intermediate rented accommodation and entry level housing without subsidy. Actual provision in respect of specific developments would require to be discussed further with both Housing and Planning officers.
2. Affordable Housing Need in Falkirk Council Area

2.1 In tandem with national trends housing tenure has changed markedly within the Council area over the last 30 years. The proportion of owner occupied houses has increased substantially while the number of Falkirk Council owned houses has fallen. Overall, social rented housing has fallen from 70% of all properties in 1981 to 27% now. In 2012, the Council owned 16,302 social rented properties while Registered Social Landlords (RSLs) owned 3,000 self contained social rented properties across Falkirk, with the privately rented sector accounting for a further 3,400 properties. At the same time owner occupation has increased from 26% to 68% of all housing. This is within a context of the expansion of the total housing stock from under 54,000 to over 70,000 in the last 30 years, an increase of 30%.

2.2 In the context of this marked change in housing provision, the average cost of housing in Falkirk Council area is still lower than in most neighbouring authorities, there is a ready supply of ex-council houses available at the lower end of the market and the socially rented sector remains relatively large compared with many other council areas.

2.3 Falkirk Council area has historically been a largely self contained Housing Market Area (HMA). It has therefore been important to ensure, through the Local Housing Strategy and Development Plan, that those who live in the area are able to obtain good quality housing which meets their housing needs and is within their ability to pay.

2.4 Rapidly increasing house prices from around 2004 onwards led to the Council undertaking its first Affordable Housing Needs survey in 2005 in order to inform the Finalised Draft Falkirk Council Local Plan and Local Housing Strategy Update 2006.

2.5 Further work was carried out independently by Newhaven Research on behalf of the Council in the first half of 2007. Based on available data and assumptions used Newhaven Research found that there was a potential average annual undersupply of affordable housing at the Falkirk wide level and that at the settlement area level there were some localities with more pressing affordable housing need.

2.6 Councils are now required by Scottish Government to prepare and submit a Housing Need and Demand Assessment (HNDA) to provide evidence to inform the development of Local Housing Strategies and Local Development Plans. Falkirk Council’s HNDA was approved in September 2011 and provides an up to date assessment of affordable housing need in the council area.

2.7 This assessment took into account a number of issues in deriving a representative figure for affordable housing need, including current houses prices, income levels, backlog need (housing waiting lists), specialist need, an estimates of future housing need derived from household projections and current and future stock levels.

2.8 For example, the HNDA monitored house price trends within Falkirk Housing Market Area (HMA) as a whole and at Housing Market Sub-area. The price point deemed as affordable is the lower quartile of the resale market. (ref. Housing Need and Demand Assessment Guidance Step 3.2). In the Falkirk HMA the lower quartile resale figure rose rapidly in the early part of the last decade from £38,000 in 2002 to £81,000 by 2007. In more recent times the increase has levelled off and subsequently declined; the most recent figure for 2010 shows a drop to £72,000. The table below illustrates the trends in prices at the lower end of the market across the HMA as a whole and in the various settlement areas of the district.

2.9 Figure 1: Lower Quartile Resale House Price Values by Area, 2004-2010

<table>
<thead>
<tr>
<th>HMA sub-area</th>
<th>2004</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Falkirk</td>
<td>£54,000</td>
<td>£70,500</td>
<td>£81,000</td>
<td>£80,000</td>
<td>£75,000</td>
<td>£72,000</td>
</tr>
<tr>
<td>Bo’ness</td>
<td>£55,000</td>
<td>£77,500</td>
<td>£90,000</td>
<td>£85,000</td>
<td>£79,000</td>
<td>£71,000</td>
</tr>
<tr>
<td>Denny and Bonnybridge</td>
<td>£53,000</td>
<td>£74,250</td>
<td>£83,000</td>
<td>£81,000</td>
<td>£75,750</td>
<td>£70,000</td>
</tr>
<tr>
<td>Falkirk</td>
<td>£48,000</td>
<td>£63,000</td>
<td>£72,000</td>
<td>£73,000</td>
<td>£67,188</td>
<td>£64,438</td>
</tr>
<tr>
<td>Grangemouth</td>
<td>£44,819</td>
<td>£59,500</td>
<td>£71,000</td>
<td>£72,000</td>
<td>£69,250</td>
<td>£67,000</td>
</tr>
<tr>
<td>Larbert, Stenhousemuir &amp; Rural North</td>
<td>£59,993</td>
<td>£83,000</td>
<td>£97,000</td>
<td>£92,563</td>
<td>£85,375</td>
<td>£76,000</td>
</tr>
<tr>
<td>Polmont and Rural South</td>
<td>£68,250</td>
<td>£82,125</td>
<td>£90,000</td>
<td>£90,000</td>
<td>£85,000</td>
<td>£82,250</td>
</tr>
</tbody>
</table>

2. Affordable Housing Need in Falkirk Council Area

2.10 The HNDA also looked at household income levels in Falkirk and found that an income of £20,122 is required to access a mortgage to purchase a property costing £75,000, in the current restricted mortgage market. Around 49% of Falkirk households have incomes at or above that level and therefore could resolve any housing need in the market.

2.11 Having analysed the backlog levels of need from the housing waiting lists and estimated future arising need, then discounted annual supply, the HNDA calculated that there is an annual affordable housing shortfall, averaged over a 10 year period, equivalent to 233 units across Falkirk Council area. It is not anticipated that this level of need can be met by new supply alone but will be complemented by a mixture of more innovative approaches to the use and management of stock, including:

- Reconfiguring of existing stock - conversions/extensions/property mergers to alter house type and/or size.
- Housing management initiatives to make best use of existing stock, e.g. tenants incentives schemes and lettings initiatives.
- Buy-back of former council stock.

2.12 At the Sub-HMA level the annual affordable need is distributed as follows:

<table>
<thead>
<tr>
<th>Housing Market Sub-Area</th>
<th>Annual Affordable Housing Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bo’ness</td>
<td>2</td>
</tr>
<tr>
<td>Denny and Bonnybridge</td>
<td>58</td>
</tr>
<tr>
<td>Falkirk</td>
<td>23</td>
</tr>
<tr>
<td>Grangemouth</td>
<td>-65</td>
</tr>
<tr>
<td>Larbert, Stenhousemuir &amp; Rural North</td>
<td>123</td>
</tr>
<tr>
<td>Polmont and Rural South</td>
<td>92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233</strong></td>
</tr>
</tbody>
</table>

2.13 Although the negative figure in Grangemouth indicates that there is an oversupply of affordable housing in this sub-area, Grangemouth retains a requirement on the basis that provision here can still continue to meet need in the wider housing market area.
3. Forms of Affordable Housing

3.1 Scottish Planning Policy states that:
‘Affordable housing is defined broadly as housing of a reasonable quality that is affordable to people on modest incomes’

A further, lengthier, definition is provided in the HNDA Guidance which says that affordable housing is ‘housing made available at a cost below full market value, to meet an identified need. It includes social rented housing, subsidised low cost housing for sale (discounted, shared ownership or shared equity) and low cost housing without subsidy (entry level housing for sale). Private rented accommodation available at lower cost than market rents, (mid-market rent), should also be considered within the affordable housing category’

3.2 Together these definitions provide for an approach based on considering a variety of housing formats suitable for those on lower than average incomes.

3.3 Planning Advice Note (PAN) 2/2010 Affordable Housing and Housing Land Audits provides a typology of categories of affordable housing. Since publication of the PAN the reduction in public subsidy from central government has altered the availability of some of these options, so that e.g. subsidised shared ownership is no longer available. The remaining options are:

- **Social Rented** - housing provided at an affordable rent and usually managed locally by a Registered Social Landlord (RSL) such as a Housing Association, Housing Co-operative, local authority or other housing body regulated by the Scottish Housing Regulator).

- **Mid Market or Intermediate Rented** - housing provided at a rent at levels between full market and normal social rents (currently set at 84% of local housing allowance rates). For such housing to count as affordable housing the appropriate rent should be informed by the HNDA and agreed by the Council or be in line with Scottish Government requirements.

- **Shared Equity** - the owner purchases part of the dwelling, with the remaining stake held by an RSL, local authority or Scottish Government (if subsidised shared equity) or the developer (if unsubsidised). The owner pays no rent for the equity stake. In the subsidised format the public authority benefits from any equity gain when the house is sold.

- **Subsidised Low Cost Sale** - a dwelling sold at an affordable level (as informed by the HNDA). Discounted serviced plots for self build can also contribute. A legal agreement can be used to ensure that subsequent buyers are also eligible buyers and the property remains affordable i.e. there is a burden placed on the title which ensures the property is sold, for example, at 80% of the market value.

- **Entry Level Housing For Sale (Unsubsidised)** - a dwelling without public subsidy sold at an affordable level. Conditions may be attached to the missives designed to maintain the houses as affordable units to subsequent purchasers. In regard to the definition of an affordable price level Falkirk Council will use the current government benchmark figures which apply to different sizes of property. For example, for a one bedroom property the most up to date figure at the time of publication of the Supplementary Guidance was £75,000. Further details of benchmark figures are shown in Falkirk Local Housing Strategy 2011-16 Appendix 3 Local Supply Targets.

3.4 While the Council maintains a first preference for the provision of affordable housing in the form of socially rented housing by the Council or RSLs, it will consider any of the options from the above list as contributing to meeting affordable housing need, depending on local market circumstances.
4. Delivering Affordable Housing

4.1 Early discussions should take place with the Council to determine the specific requirements for the scheme, likely funding availability and appropriate delivery mechanism. A sequential approach will be applied to the delivery of affordable housing:

- On-site provision.
- Off-site provision.
- Commuted sum payment/financial contribution.

4.2 Falkirk Council’s first preference is for on-site provision, either wholly of social rented housing or an appropriate mixture of other preferred forms of affordable housing. The required number and mixture of affordable houses for sale and/or rent will be determined in consultation with the Housing Service and take account of local needs as determined in the findings of the Housing Need and Demand Assessment and any available additional/updated information.

4.3 Where on-site provision is deemed to be not achievable, the Council will consider off-site provision or the payment of a commuted sum to contribute to the provision of affordable housing.

4.4 PAN 2/2010 advises that the PAN has to be applied constructively and with flexibility in response to financial and market conditions. For example, taking into account the availability of public funding, the wide range of affordable housing tenures means that the inability of a Registered Social Land (RSL) or Council to commit to development within a similar timescale to the market housing should not unnecessarily inhibit the timely delivery of affordable housing.

4.5 The three options for provision are considered below.

4.6 On-Site Provision (units or land)
The preferred method for delivery of affordable housing is on-site provision in the form of serviced land transferred to the Council or an RSL for them to develop completed housing units. Alternatively units can be completed by the developer and subsequently transferred to the Council/RSL on a design and build basis.

4.7 A partnership approach with the Council and/or local RSL will be required which ensures that on-site provision provides the right size of site required to meet the requirement of policy HSG02 or as specified in the Local Development Plan site details or site Development Brief. The development site should also be capable of providing a tenure type, mix and size of accommodation appropriate to the location, with the agreement of the Housing team of Corporate and Neighbourhood Services.

4.8 Shared equity properties provided on site should be marketed for a period of time agreed with Corporate and Neighbourhood Services. If the properties are not sold on a shared equity basis, the following procedure will be adopted:

- Developer is required to offer the remaining 60% share of the property to the Council or RSL to purchase in the first instance.
- If the Council or RSL does not take up this offer the houses revert to the open market to be sold by the developer and the affordable housing requirement will be met via a commuted sum financial contribution from the developer.

4.9 Affordable housing should be integrated with the overall layout, whilst recognising the housing management requirements, and be of suitable housing mix, type and design appropriate for the site and location (see section 8 below for further advice on designing the integration of affordable housing).

4.10 Where land is being transferred to the Council or RSL, it should be provided fully serviced and free of constraints at an appropriate end-use value or at a lower agreed value. The determination of an end-use value will be carried out independently by the District Valuer or as appropriate, as described for commuted sums in paragraph 4.20.

4.11 The timing of land transfer and/or completion of the development scheme, particularly where it is reliant on government support, should be determined early on. The affordable housing element should not be subject to any particular development constraints that would prevent it coming forward to meet the agreed timescales.

4.12 In development schemes where it is unlikely that financial support will be made available within a reasonable timeframe, the Council will negotiate with developers to provide unsubsidised affordable housing either on site or off site, or to provide a financial contribution which the Council will use to deliver affordable housing elsewhere (see below).
4. Delivering Affordable Housing

4.13 Off-Site Provision
Affordable housing should normally be provided on site, although in certain circumstances a developer may offer to transfer land to the Council or RSL which is not part of the original site under consideration. This is an off-site contribution, and is only appropriate where the original site under consideration is deemed unsuitable for affordable housing, for example:

- Where a development is in a rural setting where it is difficult to access services.
- Where economies of scale make the management of small numbers of units or sporadic units difficult for RSLs.

4.14 This approach would need to be agreed with Housing Services in advance. Land values for the alternative site will be determined in terms of the end use value or at a lower value than mainstream housing for sale. The onus will be on the developer to justify the omission of on site provision and to guarantee the delivery of off site provision within an agreed timescale with the Council.

4.15 The alternative site will require to be located in one of the pressured HMA sub-areas where it can contribute to the creation of a mixed community. The site should either have planning permission, or be allocated for housing within the LDP, and be suitable for the provision of affordable housing i.e. within the urban area or settlement boundary and close to local facilities and public transport services. It should not be subject to any land ownership or infrastructure constraints that would not provide the Council or RSL with a flexible and developable land asset.

4.16 At a minimum, the area provided on the alternative site and number of affordable units will be equivalent to that which was required on-site, in addition to any specific affordable housing requirement that might be required on the alternative site itself under policy HSG02.

4.17 Commuted Payments/Developer Financial Contributions
In instances where sites are unsuitable for affordable housing, for example because of site constraints affecting development viability and where all reasonable efforts to identify other opportunities for on or off-site provision have been exhausted, Falkirk Council will accept a developer contribution commuted payment from a developer in lieu of an on- or off-site provision.

4.18 Commuted payments must be paid by the developer at appropriate phases of the site’s construction period, as agreed through a Planning Act Section75 Obligation (or Section 69 agreement under the Local Government Act - see para 6.16).

4.19 Where other forms of on-site or off-site provision of affordable housing are the preferred option, as discussed above, developer financial contributions may be established as a fall-back position to cover the eventuality that the preferred option is not delivered or achieved. For example it could be possible that public subsidy for on site provision is only sufficient to build a proportion of the housing units required by policy and the balance of the requirement could then be provided in lieu through a developer financial contribution.
4. Delivering Affordable Housing

Calculating the Financial Contribution

4.20 In line with PAN 2/2010, the value of the commuted sums will be determined independently by the District Valuer (DV) unless the applicant requests otherwise, in which case it will be determined by a chartered valuation surveyor suitably experienced in the type of property and locality and appointed by mutual agreement between the parties, failing which the chairman of the RICS in Scotland.

4.21 All valuation fees will be shared equally between the Council and the applicant. The cost of a valuation can vary depending on site specifics; however, the applicant would be informed of the costs involved prior to the valuation being commissioned and carried out.

4.22 For the avoidance of doubt, where the application of the 25% or 15% requirement results in fractions of units, no rounding will occur and the Council will ask the valuer to use the exact number, e.g. 1.75 units, in the commuted sum valuation.

4.23 Financial contributions will be paid to the Council and then reinvested in the provision of affordable housing in the Housing Market Area. In general terms, contributions secured in a HMA sub-area will be retained for that area and exceptionally used elsewhere in the Falkirk HMA to assist with particular key projects. As well as funding the actual housing build, the funds may also be used to assist the purchasing of sites or property, or to meet particular infrastructure constraints, in order to assist the delivery of affordable housing on the ground.

4.24 The S75 obligation/S69 agreement specifying the financial contribution shall make provision for payback periods for moneys to be returned should the Council not make use of them. Development Services will be responsible for monitoring the discharge of the S75 obligation/S69 agreement. See also paragraphs 6.13 to 6.16.
5. Impact of Other Developer Contributions from Site

5.1 Developers should be well aware that they may be asked to make financial contributions towards a range of physical, environmental and community infrastructure which is required to mitigate the impact of new development. The range of issues which would come within the scope of these developer contributions is currently set out in Figure 5.2 of the Falkirk Local Development Plan, and policy related to developer contributions is set out in policies INF02, INF04, INF05 and INF06 of the LDP in respect of community infrastructure, open space provision, education capacity and primary healthcare (specific advice on which is contained in separate SGs).

5.2 Developers are advised to check at an early date with the Council what items may be required to mitigate the impact of development at specific sites in order to build the costs of these contributions, in addition to any affordable housing requirement, into their process of financial appraisal and purchase of development sites. The provision of affordable housing will be accorded a high priority but the relative weight given to each element will be the subject of negotiation on a site by site basis.

5.3 ‘Abnormals’

5.4 It will be for the developer to demonstrate to the Council’s satisfaction that other developer contribution requirements, abnormal development costs and/or the prevailing economic circumstances in conjunction with the required affordable housing developer contribution will render the development unviable. These should be set out through a Development Viability Statement which can be tested independently by the District Valuer. The cost of the independent assessment will be shared equally between the Council and the applicant. The terms of the Development Viability Statement will be taken into account as a material consideration in determining the planning application.
6. Procedure

6.1 As with all significant development proposals, Falkirk Council encourages pre-application discussions between developers, planning officers and housing officers on affordable housing provision. The Council will provide advice and guidance to developers and RSLs on the mix of dwelling types and sizes needed to meet the affordable housing requirements of its priority client groups.

6.2 In order to help prospective planning applications move forward are encouraged to submit an Affordable Housing Proposal (example in Appendix 2).

Pre-Application Discussions

6.3 Development Services
All prospective applicants or developers should familiarise themselves with the Council’s policy on affordable housing at an early stage in any discussions relating to potential residential development. Planning Officers will indicate to prospective applicants whether an affordable housing requirement applies to a potential residential development, including guidance on the percentage of affordable housing likely to be sought (e.g. 25% on sites in the Larbert/Stenhousemuir Settlement Area). Prospective applicants/developers will be referred to Housing Services to establish the specific requirements for the site in question and the preferred method of delivery.

6.4 Policy HSG02 will be applied to all sites meeting the unit number threshold as follows:
- All housing or mixed use sites identified in the Local Development Plan (see Appendix 1).
- All windfall sites.

6.5 Although Policy HSG02 cannot be applied retrospectively to sites with planning permission, where permission lapses the policy will be applied to any subsequent re-application or where renewal of planning permission is sought.

6.6 Housing Services
All prospective applicants will be provided with guidance on the number, size, property type and tenure mix of affordable housing units sought from a specific site. Some of the factors which will be taken into account in the determination of the required type of affordable housing include:
- Size of site.
- Location of site.
- The requirements of the Local Housing Strategy and Housing Need and Demand Assessment.
- Physical characteristics of the site which mean that it is suited to certain forms of construction which may in turn influence the type of affordable housing.
- Availability of grant subsidy.
- Size and type of existing housing stock in the locality.

6.7 Where the Council confirm that an off site provision on an alternative site is acceptable the details of both sites should be submitted together in order that the merits of the overall scheme can be assessed.

6.8 Following these pre-application discussions developers should complete an Affordable Housing Proposal pro-forma (see appendix 2) which will set out their draft proposals for meeting the affordable housing requirements for the site.
6. Procedure

6.9 Development Services
The Development Management case officers will assess all relevant planning applications against the Affordable Housing policy requirements. All planning applications deemed to require a contribution towards meeting the identified need for affordable housing will be referred to Housing Services for consultation and comment.

6.10 In considering the application of the policy to secure affordable housing on individual sites the following material considerations will also be taken into account:
- Site location, characteristics and local tenure mix.
- Suitability of the site to accommodate mixed tenure development.
- Overall project viability; and
- Availability and timing of grant assistance.

6.11 Where a developer/applicant intends to challenge the target contribution specified in policy HSG02 of the Falkirk LDP, a development viability statement will require to be submitted during pre-application discussions or in support of a planning application (as discussed earlier in section 5 on ‘abnormals’).

6.12 Housing Services
Applications will be assessed against the needs information set out in the Falkirk LHS and Housing Need & Demand Assessment and any additional/updated information available on local housing needs.

Section 75 Obligations

6.13 Where an affordable housing contribution is to be provided, the developer will, where appropriate, be required to enter into a Section 75 Obligation which will set out the necessary affordable housing contribution and detail the arrangements for its delivery.

6.14 Where a Section 75 Obligation is required the Council will seek to control:
(a) The extent of the land that is to be conveyed;
(b) If an RSL is involved, its identity;
(c) The level of service provision;
(d) The use to which the service land can be put i.e. affordable housing;
(e) The timing of the transfer of the serviced land or, as the case may be, land and built units;
(f) The category (or tenure) of affordable housing built;
(g) If built units are to be provided, the type of housing required and their subsequent marketing, including length of time and the sequential approach if shared equity properties are not sold;
(h) If a developer financial contribution is to be paid, the amount and phasing of the payment;
(i) The time period within which any developer financial contribution will be repaid should the Council not use all or part of it.

6.15 The type of housing (in terms of design and location) that is eventually delivered on the affordable housing land will be controlled through planning conditions.

6.16 It is anticipated that a Section 75 Obligation will normally be required for all applications where affordable housing forms part of the proposal. In the case of developer financial contributions Section 69 agreements under the Local Government Act may be the preferred legal instrument when the developer agrees to make full payment prior to planning permission being issued.
7. Eligibility - Priority Groups

7.1 Priority will be given to following groups who have been identified as those in housing need in the HNDA or by central government:

1. Applicants on Council or RSL waiting lists.
2. Local first time buyers.
3. People for income deciles 3-5 (and decile 6 in exceptional circumstances) - see Local Housing Strategy Appendix 3.
4. Council/RSL tenants
5. Armed Forces

The list represents a sequential consideration of priority groups but the choice of those eligible to access new houses at a particular site will be a matter for resolution at the time of negotiation.

7.2 The inclusion of social rented tenants is to include those who may have an interest in other tenure options. The inclusion of first time buyers is to prioritise a group who are facing large deposits when applying for a mortgage and who do not have equity from a previous home. The inclusion of those on lower incomes is to prioritise households who cannot afford to meet their housing needs in the market. Applicants leaving the armed forces are given priority for social rented housing under homeless legislation; however some from higher ranks in the army may prefer affordable options for sale.

Marketing and Identification of Priority Client Groups

7.3 Where the affordable housing proposed is unsubsidised or discounted there will be further requirements in terms of the marketing of the affordable housing and the identification of the priority client groups. Developers must contact the Council for further details on this.
8. Density, Design and Integration of Affordable Housing Units

Density

8.1 A developer may seek to build less than 20 houses on a site which clearly has capacity for that scale of development in an attempt to avoid meeting the obligations of the affordable housing policy. On sites allocated within the Local Development Plan, where site capacity is clearly indicated, planning permission will be refused for developments proposing less than the number of houses indicated. On windfall sites the determination on whether a smaller number of dwellings is acceptable will take account of standard housing densities, the location of the site, the character of the surrounding area, and the type of houses proposed (see Policy HSG04 Housing Design for further guidance on density).

8.2 Making applications to develop a large site in phases of less than 20 units specifically to avoid the application of the affordable policy will not be acceptable. It is acknowledged that in some cases a developer may have a valid market reason for developing in smaller phases, in which case this should be discussed with the Council at the outset in order to ensure that the affordable housing contribution can be properly planned.

Design and Integration

8.3 Design quality is not an add-on but needs to be embedded in a development scheme from its inception. Scottish Government policy was established through its publication ‘Designing Places’ (and more recently ‘Designing Streets’) which identified a typology for creating successful places - identity, safe and pleasant spaces, ease of movement, sense of welcome, adaptability and good use of resources. Since then further research has been carried out into the specific issues of creating mixed tenure communities, and was published in 2006 by the Joseph Rowntree Foundation and others, under the title ‘Creating and Sustaining Mixed Income Communities in Scotland’. Key parts of this guidance are summarised here but more detailed guidance can be found within the full document (see section 10 below).

8.4 The Rowntree research argues that the priority for social and mixing strategies should be those areas currently undergoing change or development, therefore including windfall brownfield sites or those on the urban fringe, as well as areas of social housing undergoing restructuring.

8.5 The interaction between residents from different income bands may be a desirable outcome of mixed tenure developments but the overall economic and social sustainability of a development is also dependent on the ease with which its inhabitants can gain access to the wider settlement beyond its boundaries, and the availability of facilities and services near their houses. The production of an attractive neighbourhood with open spaces, local services, leisure facilities and a range of external links is therefore just as important as the tenure mix.

8.6 Urban design quality is especially important in two ways for mixed income communities:

- The overall urban design quality of a neighbourhood is one of the factors essential to its future sustainability as an attractive area to live in.

- Consistency of a high quality public realm and external architectural treatment across tenures ensures ‘tenure blindness’.
8. Density, Design and Integration of Affordable Housing Units

8.7 The research emphasises the importance of the pattern of spatial dispersal of social rented housing within the overall development in dealing with stigmatisation. If the social rented housing is dispersed throughout the development, stigmatisation is far less likely to happen. Various classifications of dispersal have been suggested; perhaps the most useful is the following simple set of categories:

- Integrated: different tenures are side by side in the same street.
- Segmented: different tenures are in separate blocks.
- Segregated: different tenures are in concentrations.

8.8 Integrated
Contemporary advice is that the greatest integration between tenures is achieved when the social rented or shared housing units are dispersed evenly throughout the development. This has been described as ‘pepper-potting’ and implies that the units should be dispersed singly. However, such dispersal need not be in single units, but can be in small clusters. The Scottish Executive (as was) recommend in 2005 that “concentrating affordable housing in small groups rather than ‘pepper-potting’ individual houses will ease the subsequent management of homes by an RSL”.

8.9 Segmented
Here the social rented housing is arranged in whole street blocks or, for flats, around a separate courtyard within the development. With this format it is regarded as being very important that the housing for sale looks the same as the housing for rent. There is no visual separation between the two housing tenures.

8.10 There are management factors that promote a segmented solution; for example, a preference for an RSL (or Council) to manage a back court in its entirety. A better solution is for the housing association to take over the management of the semi-public and public spaces, thereby blurring the boundaries between tenures.

8.11 Segregated
Although concentrations of different tenures are generally to be avoided, in difficult housing markets this may prove the only way in which a scheme will be viable. The site masterplan should ensure that residents from different tenures share streets and public spaces.

Advised Approach
8.12 The Council’s preference would be for social rented housing to be located in small groups across a site (a combination of Integrated and Segmented), to facilitate subsequent management, but the final distribution will be determined on a site by site basis.
9. Contacts and Further Reading

**Useful Contacts**

9.1 For Pre-application Discussion and Planning Policy Advice:
Planning and Environment Unit
Development Services
Abbotsford House
Falkirk FK2 7YZ
Tel 01324 504720
Email: planenv@falkirk.gov.uk

To Discuss Submission and Progress of Applications:
Development Management Unit
Development Services
Abbotsford House
Falkirk FK2 7YZ
Tel 01324 504978
Email: dc@falkirk.gov.uk

For Advice on Subsidy Funding, Falkirk SHIP, Tenure Mix, Partner RSLs, etc:
Housing Strategy and Private Sector Team
Corporate and Neighbourhood Services
Suite 4
The Forum
Callendar Business Park
Falkirk FK1 1XR
Tel 01324 590859
Email: contact.centre@falkirk.gov.uk

**Further Reading**

9.2 Scottish Government (2014) Housing Need and Demand Assessment Guidance
Planning Advice Note (PAN) 2/2010 Affordable Housing and Housing Land Audits
Falkirk Council (2011) Housing Needs and Demand Assessment
Falkirk Council (2011) Local Housing Strategy 2011-16
### Appendix 1 List of Falkirk Local Development Plan sites to which policy HSG02 applies (at time of SG publication)

#### Bo’ness
- H02  Kinglass Farm 1
- H04  South Street/Main Street
- M01  Bo’ness Foreshore
- M02  Drum Farm South

#### Bonnybridge/Banknock
- H07  Banknock South
- H08  Dennyloanhead
- H10  Kilsyth Road 2, Haggs
- H12  Broomhill Road, High Bonnybridge
- H13  Seabegs Road, High Bonnybridge
- H74  Garnegrow Road, Haggs
- M03  Banknock North
- M15  Bonnybridge East

#### Denny
- H14  Former Denny High School
- H15  Mydub 1
- H16  Mydub 2
- H21  Nethermains Road
- H22  Rosebank, Dunipace
- M05  Broad Street

#### Falkirk
- H24  Gowan Avenue
- H26  Etna Road 2
- H28  Cauldham Farm 2
- H32  Grangemouth Farm 2
- M06  Portdownie
- M07  Westburn Avenue
- M10  Bank Street

#### Grangemouth
- H34  Wood Street 3
- H35  Oxgang Road

#### Larbert/Stenhousemuir
- H38  Lorne Road Depot

#### Polmont
- H44  Parkhall Farm 2
- H45  Parkhall Farm 3
- H46  Parkhall Farm 4
- H47  The Haining
- H48  Toravon Farm
- H50  Whyteside Hotel

#### Rural North
- H52  Castle View, Airth
- H53  Graham Terrace, Airth
- H55  The Glebe, Airth

#### Rural South
- H58  Main Street/Slamannan Road, Avonbridge
- H59  Slamannan Road 1, Avonbridge
- H62  Bridgend Road, Avonbridge
- H64  Church Road 1, California
- H66  Slamannan Road 1, Limerigg
- H67  Slamannan Road 2, Limerigg
- H69  Hillcrest, Shieldhill
- H70  Hillend Farm, Slamannan
- H72  The Rumlie, Slamannan
- H73  Standburn West
- M13  Stein’s Brickworks, Allandale
- M14  Whitecross

_N.B. Policy HSG02 also applies, as stated in section 6, to all windfall sites meeting the size threshold criterion of 20 or more units._
10.2 Appendix 2 - Affordable Housing Proposal

Number of Houses in Complete Development: __________________

Number of Affordable Houses: __________________

Details of Affordable Houses

<table>
<thead>
<tr>
<th>Type</th>
<th>Number &amp; Size of Flats e.g. 3x2 Bedded</th>
<th>Number &amp; Size of Houses e.g. 2x3 Bedded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Rented Housing (with RSL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-market/Intermediate Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared Equity (with RSL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidised Low Cost for Sale*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsubsidised Entry Level Housing for Sale*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reason for suggesting above delivery model:

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

*If no RSL involvement, further details of sale price of affordable houses and proposed marketing strategy and means of ensuring they remain affordable

Details of RSL Involvement

Has an RSL been approached? (please delete as appropriate) YES / NO

If yes, name of RSL: ____________________________________________

Contact Name in RSL: ____________________________________________

Level of grant required to deliver the site: _______________________

Year grant required: ______________

Details of Agreement with RSL e.g. indicative time period for development, design and build contract, ‘off the shelf’ purchase of houses, or other agreement.

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

*If no RSL involvement, further details of sale price of affordable houses and proposed marketing strategy and means of ensuring they remain affordable
Appendix 2 - Affordable Housing Proposal

Has the type of affordable units been agreed with the Housing Service? (please delete as appropriate)

YES / NO

What is the proposed means of delivery of the affordable housing? (please circle)

On-site (sale of land to RSL)  
On-site (design and build)

Off-site  
Developer contribution

Has the means of delivery been agreed with the Housing Service? (please delete as appropriate)

YES / NO
Supplementary Guidance SG12

July 2015