

Planning Committee

2.00pm, Wednesday, 11 December 2024

Affordable Housing Policy 2024 – Performance and Interim Guidance

**Executive/routine
Wards**

**Executive
All**

1. Recommendations

- 1.1 Planning Committee is asked to:
 - 1.1.1 Note that the Affordable Housing Policy is still consistently delivering onsite affordable homes for more than 85% of sites of 20 homes or more;
 - 1.1.2 Approve the Interim Affordable Housing Guidance for publication; and
 - 1.1.3 Refer this report to Housing, Homelessness and Fair Work Committee for information.

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Affordable Housing Policy 2024 – Performance and Interim Guidance

2. Executive Summary

- 2.1 The Affordable Housing Policy (AHP) is still consistently delivering onsite affordable homes for more than 85% of sites of 20 homes or more.
- 2.2 The number of homes delivered through the AHP has reduced in comparison to previous years, reflecting the reduced number of homes being built in the private sector.
- 2.3 Interim Affordable Housing Guidance increased the affordable housing contribution from 25% to 35% of residential properties, as required by the Council's adoption of City Plan 2030. The interim guidance also includes the updating of the average household income figure and the addition of the affordable housing statement template, as set out in Appendix 1. Further changes to the guidance will be presented to Committee in early 2025 for consultation in advance of implementation.

3. Background

- 3.1 The Council's AHP sets the parameters for a percentage of land or homes to be affordable to support the delivery of the new supply of affordable housing in the city. In 2000, Edinburgh was the first local authority to introduce an AHP in Scotland.
- 3.2 The AHP is a planning policy which requires that a percentage of homes on housing sites, with 12 homes or more, are affordable and, on sites of 20 homes or more, the expectation is that the affordable housing will be provided on site. This is set out in the Council's published "[Affordable Housing Guidance](#)". The policy requires private housing developers to transfer a proportion of housing land or homes to affordable housing providers or to make an equivalent contribution.
- 3.3 On 14 June 2023, Planning Committee approved the recommendations of the report, "[Affordable Housing Policy Update 2023](#)". The report set out performance over the previous three years and concluded that the AHP is consistently delivering onsite affordable homes on more than 85% of sites of 20 homes or more.

- 3.4 On 2 November 2023, the Council [declared](#) a Housing Emergency due to the acute nature of Edinburgh’s homelessness crisis, coupled with the severe shortage of social rented homes and the increasing pressure within the private rental market.
- 3.5 On 15 November 2023, Planning Committee considered the recommendations of the report [“Affordable Housing Policy Commuted Sums”](#). The following motion was approved. This report seeks to discharge part of that motion:
- 3.5.1 To note the decision of Committee on 14 June 2023 that reports presented to Committee as part of the preparation of guidance once City Plan 2030 had been approved should include consideration of focussing affordable housing policy on tenures which best delivered affordable rented accommodation.
- 3.5.2 To agree, at the latest, as part of the next report on the Affordable Housing Policy Update due in Autumn 2024 that options would be presented to maximise the effective use of commuted sums, including, but not limited to, exploring the potential to use some of the commuted sums fund to bring existing empty affordable homes back into use; and an overview of the calculation methodology and process utilised in determining commuted sums in collaboration with the Royal Institute of Chartered Surveyors Scotland.
- 3.6 On 5 December 2023, Housing Homelessness and Fair Work Committee approved the [Strategic Housing Investment Plan](#) (SHIP) 2024-29. Local authorities are required to submit an annual SHIP to the Scottish Government. The SHIP 2024-29 identified a potential development programme of around 11,000 new affordable homes over a five-year period, with over 9,500 of these requiring grant funding through the Affordable Housing Supply Programme (AHSP). These would require an additional £665 million over five years, almost four times the amount of grant funding set out in current resource planning assumptions. An annual update on the SHIP will be presented to Housing, Homelessness and Fair Work Committee in December 2024.
- 3.7 On 19 June 2024, Planning Committee agreed the adjusted recommendations of the report [“Update: Strategic Housing Investment Plan 2024/25 – 2028/29”](#), which was referred from Housing, Homelessness and Fair Work Committee. The report noted the 24% reduction in affordable housing grant funding from the Scottish Government. To help mitigate the impacts of this funding cut, Committee agreed the use of affordable housing commuted sums to support new affordable homes on a citywide basis where individual legal agreements do not restrict this.
- 3.8 On 27 August 2024, Housing, Homelessness and Fair Work Committee approved the recommendations of the report [“Affordable Housing Programme Update 2024/25”](#), noting the 2024/25 programme includes an estimated 587 new affordable housing approvals, 836 completions and 800 site starts. Grant funded affordable homes are supported with commuted sums funding.
- 3.9 On 23 October 2024, Planning Committee considered the report [“City Plan 2030: Scottish Ministers’ Direction and Adoption of Modified City Plan 2030”](#), recommending that the plan is endorsed and the report referred to the City of

Edinburgh Council. On 7 November 2024, the Council agreed to adopt the modified City Plan 2030 as its Local Development Plan. The required affordable housing contribution has now increased from 25% to 35% of residential units.

- 3.10 [Scottish Government quarterly housing statistics](#) have reported the reducing number of both market and affordable homes, stating in the March 2023 update that *“New build completions were the second lowest since 2017-18 (with the lowest point in 2020-21, where Covid-19 restrictions affected housebuilding). Starts were at the lowest point since 2014-15 and lower than when the pandemic affected housebuilding”*.

4. Main report

AHP Performance in 2023/24

- 4.1 In 2023/24, there were 15 developments of 20 homes or more that were consented, and all but two have delivered/will deliver onsite affordable housing. This means that the AHP is still consistently delivering onsite affordable homes for more than 85% of sites of 20 homes or more. The two developments where commuted sums were accepted make up only a small proportion of the total number of residential units which were consented (59 of 1,530 total or less than 4%). Where onsite affordable housing is evidenced to not be viable, commuted sums are sought instead.
- 4.2 At the end of March 2024, there were around 1,900 affordable homes under construction on 25 sites across the city. A breakdown of approvals and completions enabled by the AHP is set out below.

Table 1: Affordable homes delivered through AHP in 2022/23 and 2023/24

	2022/23		2023/24	
	All Affordable	AHP Enabled	All Affordable	AHP Enabled
Approvals	734	412 (56%)	668	106 (16%)
Completions	1,215	542 (45%)	934	417 (45%)

- 4.3 The number of homes delivered through the AHP is lower than in previous years and the overall number of affordable homes approved and completed has reduced. House building rates declined in 2023, due to reduced mortgage affordability and availability and the effect on affordable housing can be seen above.
- 4.4 Also, it should also be noted that there were a higher than usual proportion of affordable homes delivered through new build “Off The Shelf” purchases and purchase of second hand homes in 2023/24, utilising Scottish Government’s Ukrainian Resettlement and Open Market Shared Equity funds. Of the total affordable housing approved and completed in 2023/24, two thirds of approvals and over 40% of completions were either off the shelf or purchase of second hand homes.

Commuted Sums

- 4.5 £1.722 million in commuted sums was received in 2023/24 for 24 units (£43,154 per unit average) which were not able to be provided onsite. Although no sums were used in 2023/24, £0.800 million was committed to support the delivery of 31 affordable homes. The sums committed have supported affordable housing which is 300m from the city centre ward boundary.
- 4.6 On 19 June 2024, Planning Committee agreed the use of affordable housing commuted sums to support new affordable homes on a citywide basis where individual legal agreements do not restrict this. In the first half of 2024/25, £0.647 million has been used to support up to 139 affordable homes. Further commuted sums funding will be used to support the programme of 427 new affordable housing approvals this year. The detail of this will be reported to Planning Committee in Summer 2025.

Interim Guidance

- 4.7 The current Affordable Housing guidance has been updated to reflect the adoption of City Plan 2030 and the increased affordable housing contribution requirement from 25% of residential properties to 35%.
- 4.8 The average household income figure for Edinburgh has been updated from £45,443 per annum to £58,331 per annum. The average household income figure has not been reviewed since 2019; the 2021 update to guidance did not review the figure because of income fluctuations at the time due to the Covid-19 pandemic (staff being furloughed and some workplaces closing entirely). [ESPC](#) reported the average house price in Edinburgh in September 2024 to be £290,259, which is roughly five times average household income.
- 4.9 Both [Scottish Government](#) and [Shelter Scotland](#) research states that paying more than 30% to 40% of household income on housing is considered unaffordable, although affordability does vary depending on personal circumstances. [Citylets](#) reported that, in the second quarter of 2024, the average rent across all property sizes in Edinburgh is £1,574 per calendar month. However, rents for family housing are even higher; the average rent for a three bedroom home is £2,058 per month.
- 4.10 A template of the “Affordable Housing Statement” is included and this is required to be completed for any planning applications where the AHP applies. To date, details of affordable housing could be set out across numerous documents submitted by applicants. The Affordable Housing Statement would be completed for each application sets out the requirements of the AHP in one document to enable applications to be considered and responded to as efficiently as possible.
- 4.11 Committee are requested to approve the Interim Guidance to replace existing guidance, and to note that the new guidance will be published on the Council’s affordable housing webpage.

Commuted Sums Valuation

- 4.12 The current approach to valuing development sites for commuted sums is the 'residual method' whereby the valuer factors in build costs, professional fees, finance, tax, developer profit, sales etc. The level of detail in a residual valuation provides the most accurate land value figure.
- 4.13 The Royal Institute of Chartered Surveyors produced guidance "[Valuation of land for affordable housing Scotland](#)". This guidance sets out at 8.2 that *"If the valuation is of a Section 75 package of affordable housing units, then the overall residual value of the units should be calculated in line with the methodology detailed in this guidance note. This residual value should then be incorporated into the overall scheme appraisal and treated as the GDV (or revenue) that a private developer could expect to receive from an RSL for the affordable element of a scheme"*. This is the approach taken by the Council when commuted sums are calculated.
- 4.14 An alternative option is valuing by the 'comparison method'. This is where the valuer compares the valuation subject with nearby sites of similar characteristics. Small adjustments are made but it is generally used as an early guide and is more simplistic in its assumptions. The role of the valuer is to derive the most accurate land value, and as comparative methods are based on comparative assumptions a valuation based on residual value is always likely to be more accurate.

Commuted Sum Use

- 4.15 Use of commuted sums must meet the following tests imbedded in NPF4 Policy 18 Infrastructure First Planning Contributions. They:
- 4.15.1 Must be necessary to make the proposed development acceptable in planning terms;
 - 4.15.2 Must serve a planning purpose and, where it is possible to identify infrastructure provision requirements in advance, and should relate to development plans;
 - 4.15.3 Must relate to the proposed development either as a direct consequence of the development or arising from the cumulative impact of development in the area;
 - 4.15.4 Must fairly and reasonably relate in scale and kind to the proposed development; and
 - 4.15.5 Must be reasonable in all other respects.
- 4.16 The use of affordable housing commuted sums should be to deliver affordable housing tenures, as set out in the published Affordable Housing guidance. The closer the proximity of the use to the contributing site, the less likely it is that the use of commuted sums could be successfully challenged as there is a clearer link to the primary site when affordable homes can be provided in the near vicinity and should address similar housing need.

- 4.17 Each use of commuted sums is individually assessed to determine whether the use has a relationship to the primary site, whether the use was consistent with the Council's Affordable Housing Policy, the relationship with the Local Development Plan, whether the use meets the tests within the NPF4 Policy 18 and the risk of challenge.
- 4.18 A briefing note on use of commuted sums to bring void properties into use was requested by Housing, Homelessness and Fair Work Committee on 5 December 2023 as part of the consideration of the report "Affordable Housing Commuted Sums" and has been circulated to Planning Committee and Housing, Homelessness and Fair Work Committees.

5. Next Steps

- 5.1 The SHIP is expected to be considered by Housing, Homelessness and Fair Work Committee in December 2024, with the Council's Local Housing Strategy expected to be presented to them in February 2025.
- 5.2 A further update of the Affordable Housing guidance will be considered by Planning Committee in January 2025. The updated guidance will focus on maximising delivery of affordable rented accommodation whilst acknowledging the significant pressures in affordable housing delivery, such as, increased construction cost, increased borrowing cost, a reduced national affordable housing grant budget and uncertainty around grant funding for affordable housing in future years. The draft would be the basis for consultation with affordable housing providers, housebuilders, developers, tenants and other stakeholders.
- 5.3 The outcome of the consultation and updated Affordable Housing Guidance is expected to be considered by Planning Committee in June 2025.

6. Financial impact

- 6.1 In 2023/24 onsite affordable housing was secured for more than 85% of residential planning applications of 20 homes or more. Without the AHP, affordable housing providers would not be able to afford the land required for these homes. Where onsite affordable housing delivery has not been possible, commuted sums have been sought.
- 6.2 From 2020 to 2024, over £2.560 million of commuted sums funding has been used to support the delivery 550 affordable homes at twelve locations in Edinburgh.

7. Equality and Poverty Impact

- 7.1 The AHP secured almost 1,900 affordable homes over the last five years on private land. These homes are affordable and increase the housing options of people on low to moderate incomes. Affordable homes are built to be more energy efficient

and more easily adaptable than private homes and are therefore more affordable to heat and meet the long term needs of tenants.

8. Climate and Nature Emergency Implications

- 8.1 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-27. The Council also declared a Nature Emergency in 2023.
- 8.2 New affordable homes are constructed to high standards in terms of energy efficiency and sustainability. There is a lower energy demand to heat the homes, with low or zero emissions heating systems required. This means they will minimise the amount of carbon emissions to aid with the city's ambition to be net zero carbon.
- 8.3 There are no adverse environmental implications arising from this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 The AHP has been successful in delivering mixed tenure communities and providing affordable housing in diverse areas across the city. The AHP now secures 35% of residential homes for affordable housing.
- 9.2 This report proposed updated Interim Affordable Housing guidance. Performance of the AHP is regularly reported to Planning Committee.
- 9.3 The impact of development is assessed as part of the Planning process.

10. Background reading/external references

- 10.1 [Affordable Housing Policy Delivery](#), Planning Committee on 7 August 2019.
- 10.2 [Affordable Housing Policy Update](#), Planning Committee on 19 May 2021.
- 10.3 [Affordable Housing Policy Update 2023](#), Planning Committee on 14 June 2023.
- 10.4 [Affordable Housing Policy Commuted Sums](#), Planning Committee on 15 November 2023
- 10.5 [Affordable Housing guidance](#)

11. Appendices

Appendix 1 – Interim Affordable Housing Guidance.

Affordable Housing

Interim Guidance 2024

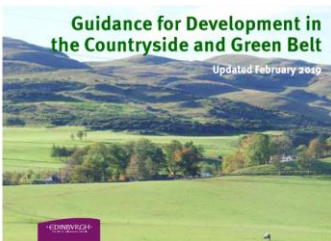
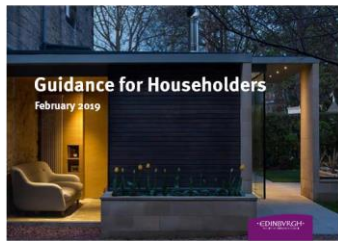
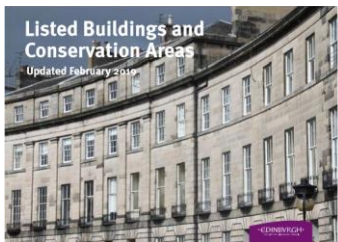
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APPENDIX - Affordable Housing Practice Note 4



Who is this guidance for?

This guidance applies to all new residential development throughout Edinburgh which is subject to Policy [Hou 2 Affordable Housing in City Plan 2030](#).

What does this guidance do?

This guidance sets out the Council's approach to using the above policy. [City Plan 2030](#) can be viewed online at: www.edinburgh.gov.uk/cityplan2030.

This guidance was issued as a standalone document on October 2017, and [incorporates updates from December 2024](#).

General Principle - Developments including conversions, consisting of 12 or more units should normally provide affordable housing amounting to 35% of the total number of units proposed. The provision should normally be on site. Tenure should be consistent with local housing need. The detail of how developers will be expected to deliver this is provided below:

Affordable Housing Approach

Affordable housing is defined in the practice note in the Appendix. In all cases planning applications should

clearly set out proposed mechanisms for contributing to local affordable housing need.

Where a proposal is fewer than 12 units but is clearly part of a phased development of a larger site which would be subject to an affordable housing requirement, an affordable element will be required at an appropriate stage in the development of the site as a whole.

On-Site/ Off-Site Provision

The affordable element should normally be provided on-site. However, provision may be acceptable on an alternative site where the total number of dwellings is below 20, or where all of the following criteria apply:

- There are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, where conversions do not lend themselves to affordable provision, or there are other

advantages to the Council in accepting off-site provision such as achieving more, higher quality or better-located affordable units elsewhere; and

- An agreed mechanism for delivering the requisite number of affordable units (e.g. through an agreement with a Registered Social Landlord (RSL) at an alternative location elsewhere within the same area of the city is in place; and
- The proposed alternative site makes an equally satisfactory contribution to meeting unmet local housing needs as the principal development site.

Commuted Sums

The payment of commuted sums in lieu of on-site provision will only be acceptable where the total

number of dwellings is below 20, or all of the following criteria are met:

- There are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, where conversions do not lend themselves to affordable provision, where it is evidenced to be unviable or unfeasible or where there are other advantages to the Council in accepting a commuted sum such as achieving more, higher quality or better-located affordable units elsewhere; and
- The Council is confident that that the commuted payments can be spent on providing affordable units within the same area of the city within ten years of the payment being made; and
- The proposal is for less than 50 dwellings or is for a conversion.

Housing Mix

The proportion of housing suitable for families with children included within the affordable element should match the proportion of such housing on the wider site and a representative mix of house types and sizes should be provided.

Integration

Social rented housing should be situated close to local amenities, services and public transport. It should be tenure blind and well integrated with housing for sale. Large groupings of the same tenure type should be avoided. Therefore no more than 0.5 ha of social rented housing should generally be located together.

Further information on the detailed implementation of the Council's affordable housing policy is set out in the Appendix. Among other things, this sets out the priority clients for affordable housing and the calculation of commuted sums.

This practice note is not planning guidance but it provides further information explaining how the policy and guidance is implemented. It should be read in conjunction with the policy and guidance and the Scottish Government circular Planning Advice Note (PAN) 2/2010 on Affordable Housing.

Contents:

- 1) Requirements, aims & objectives of the Affordable Housing Policy (AHP)
- 2) On-site affordable housing provision
- 3) Types of affordable housing tenure

- 4) Three flexibilities within the policy – Commuted Sums, Off-site land and Unsubsidised affordable housing tenures
- 5) Five considerations: tenure blind requirement, availability of public subsidy, viability, land valuations & AHP for major developments
- 6) Priority clients

7) Contact Details **SECTION 1 - Requirements, aims and objectives of the AHP**

- The main requirement of the AHP is that applicants are required to provide land to the Council or a third party of the Council’s choice, (normally a Registered Social Landlord / RSL).
- This land ought to be sufficient to provide **35%** of the residential units contained within the application.
- By convention in Edinburgh, such land transfers will be transacted for no monetary or other consideration.
- Land is secured in a Section 75 legal agreement. Edinburgh has a Model Legal Agreement which outlines the standard terms, conditions and trigger points for this land transfer.
- It is the Council’s stated preference that the affordable housing contribution should be made on-site, in whole or in part. This is in the interests of meeting identified affordable housing needs and developing mixed, sustainable communities in the city.
- Without the affordable housing policy, there would be a significant restriction on the amount of land that was available for RSLs to deliver affordable housing.

- Housing Need and Demand Assessments continue to identify a very large need for affordable housing, and social rented housing provides for those in highest priority need.
- Off-site provision will only be considered as a last resort.
- Applicants should engage with CEC at earliest stage to identify the affordable housing provision and approach to delivery.
- Applicants should also engage with RSLs at an early stage and prior to submitting a planning application. The affordable housing provider may have specific requirements in relation to the design and specification of homes. Wherever possible, affordable housing should comply with the Scottish Government’s Housing for Varying Needs criteria, particularly where subsidy is to be secured.
- **Affordable Housing Statement** Applicants are requested to submit, as part of their planning application, an Affordable Housing Statement to allow for quicker assessments of proposals. This Statement ensures that engagement and consideration of affordable housing provision is undertaken at the earliest opportunity to enable the appropriate layouts, mix and affordable housing tenure to be delivered.

The Statement will identify how the proposals meet planning standards whilst incorporating RSL requirements into the design of the building. The Affordable Housing Statement will include:

1. Confirmation of the proposed mix of approved affordable housing tenures and the RSL identified to deliver affordable housing;

2. Confirmation that the proposal meets the priority housing needs as identified in the HNDA and includes the following:
 - a) A mix of housing size and type, representative of that provided by the market housing; and b) “Tenure blind” housing.
3. If affordable housing is not to be provided by an RSL, a clear statement on the management / maintenance arrangements and rationale for providing a lower priority tenure will need to be demonstrated, with a supporting detailed cost plan.

SECTION 2 - On-site affordable housing:

On-site affordable housing is the Council’s stated preference for the delivery of any given affordable housing contribution. This will typically involve either:

- 1) A land transfer for no monetary or other consideration. The land must be capable of providing at least **35%** of the proposed residential units. It will be transferred to the Council or a third party nominated by the Council for no monetary or other consideration. The land will be serviced land. The trigger points for the land transfer will be clearly laid out in a Section 75 Agreement. The Council’s model agreement anticipates the land transfer will take place before 30% of the market units are completed (to ensure the affordable housing is not back-loaded). To satisfy the test of acting reasonably, there is a time limit of 60 months for the Council to agree contracts for the delivery of the affordable housing, on a “use it or lose it” basis. If, within this timescale, the Council cannot arrange for delivery on-site (or for an alternative flexible affordable housing solution to be agreed with the developer, all parties acting reasonably) the land will revert to the applicant as land for market housing.

- 2) Transfer of built units to an RSL or the Council. Following early engagement with an RSL or the Council, the developer builds the affordable housing units as an integral part of the development. These units would then be transferred (either as shells or as fully fitted units) to an RSL or the Council for onward management and maintenance.
- 3) Delivery of on-site unsubsidised units. There are a range of unsubsidised affordable housing tenures, which all meet an identified affordable housing need in Edinburgh. Rather than gifting land for no monetary consideration, the developer may build out the units, and will be free to rent or sell them. The price and tenure of the units will be governed by a Deed of Conditions, which is agreed by both the developer and the Council within the Section 75 legal agreement. There is more information on each tenure type in the next section and the Council would encourage applicants to meet with officials at the earliest opportunity to discuss these arrangements in detail to help find the most suitable solution for both parties, on a case-by-case basis.

SECTION 3 - Tenure Types:

There is a broad range of approved affordable housing tenures. These are contained within Scottish Government Circular PAN 2/2010 paragraph 5 (or such future updated equivalent documents, as guidance may be updated from time to time).

The tenures below are ranked in priority order, reflecting the highest housing need identified for the City. Applicants should clearly identify how their proposals have been designed to allow for on-site

delivery by an RSL in the first instance. Should that not be proposed, a clear rationale for providing a lower priority tenure should be demonstrated. **The Approved Tenure types:**

The approved tenures are ranked below, in priority order, reflecting the highest housing needs of the city.

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

There is an expectation that 70% of the AHP requirement on each site to be for Social Rent, reflecting HNDA requirements and Scottish Government targets.

Mid Market Rent (MMR)

Private rented accommodation, subsidised, available at rents below market rent levels in the city, below Local Housing Allowance (LHA) levels.

Intermediate Rent (Unsubsidised MMR) Private rented accommodation, unsubsidised, available at rents below market rent levels in the city (i.e. at a point at or below Scottish Government's last published Local Housing Allowance figures for the Lothians Broad Rental Market Area, or, only in agreement with the Council, at or below Scottish Government's last published figures for the Lothians Broad Rental Market Area 30th Percentile).

To provide certainty for developers and to allow for meaningful viability appraisals to take place, whilst ensuring such proposed developments meet an affordable housing need at the point where planning consent is issued, the Council is willing to agree to set rent levels using those figures on the date of the

appraisal, even though those figures are recalculated and changed annually.

Intermediate Rent is an affordable housing tenure that is suited to large 'Build-to-Rent' (BTR) developments that are financed by institutional Investors and will deliver new homes rapidly and at a scale that supports placemaking.

Unsubsidised LCHO

A limited number of affordable homes delivered as unsubsidised LCHO may be acceptable if there is a clear rationale for not delivering higher priority affordable housing tenures. Any form of unsubsidised LCHO should not normally exceed 20% of the overall affordable housing provision, or 12 units, whichever is the lesser.

Unsubsidised LCHO (1) Golden Share

The purchase price is set at 80% of market value, the market value being set by an independent or district valuer to the satisfaction of the Council. The purchase price should not exceed £214,796, and properties approaching this value are expected to be 3 bedroom. Estimated sales values will be required to be submitted during the planning application for review. Purchasers must be able to evidence local connection and an inability to finance the purchase of the full market value of the property.

Unsubsidised LCHO (2) Unsubsidised Shared Equity

The owner purchases part of the dwelling, usually 60 to 80% of value, with the remaining stake held by a developer.

The maximum price paid for the purchaser's stake must not exceed 3.5 times the average income level in the city (a maximum purchase price of £204,159 based on Edinburgh's 2024 average household income of £58,331).

The property may therefore be valued anywhere up to **£340,264** (in which case the **£204,159** purchase price would give the purchaser a 60% stake in the property).

SECTION 4 - Flexibilities & How they work procedurally:

Where on-site, subsidised affordable housing is not viable or feasible there are three other possibilities which may be explored i.e. unsubsidised affordable housing tenures, off-site land provision, and commuted sum payments.

Where this is the case the Affordable Housing Statement should include a clear rationale for providing an off-site contribution and must be submitted as part of the planning application, along with a detailed cost plan.

Unsubsidised on-site affordable housing – see above sections on Golden Share and Unsubsidised Shared Equity.

Off-site land provision (wording as agreed in Planning Committee report 6 August 2009).

When an application proposes off-site affordable housing provision, it must be demonstrated that the alternative location:

- is a location where housing is supported in principle.
- is capable of delivering more than the number of affordable units required on the principal site (usually **35%** of the total).
- is delivered to the Council, or directly to an RSL at no consideration, quicker than the affordable housing would have been delivered if located on-site, and typically no later than when the first building or demolition works take place on the principal site; and
- is within an area where there is not already a concentration of social rented accommodation.

A concentration of affordable housing would be present where there is a locality with more than 50% of the housing as social-rented tenure, including localities where the introduction of the proposed offsite arrangement would create more than 50% socialrented tenure within the locality area.

A locality area is normally the datazone within which the alternative site is found and the adjoining datazones. Datazones are the key small-area statistical geography in Scotland. Datazones are compiled by the Scottish Neighbourhood Statistics (SNS) Department of the Scottish Government.

The affordable housing clauses within the Section 75 legal agreement will be discharged immediately upon the transfer of title of the off-site location by a Developer to the Council (or an RSL).

A primary consideration within this approach is to ensure the AHP contributes to the Council's commitment to create mixed, sustainable communities.

Commuted Sums (wording as agreed in Planning Committee report 13 May 2010).

Commuted sums may be considered for local developments and, where justified, in exceptional cases may be considered for major developments. The commuted sum is a financial sum, paid by a developer to the Council. The Council shall utilise the commuted sum towards the provision of affordable housing within 10 years of payment. The commuted sum is paid in lieu of serviceable land which would have been delivered to the Council or to an RSL nominated by the Council for the purpose of developing affordable housing.

The principal site should be valued assuming it benefits from planning permission, it is serviceable, there is no

affordable housing contribution to be made and there is no commuted sum payable.

The commuted sum should be arrived at by multiplying the land value per unit by the number of affordable housing units required.

The Council rounds down the number of affordable housing units required to the nearest lower whole number of units when those units are provided on-site. However, for the commuted sum formula the Council employs a direct percentage calculation in order to reflect the precise affordable housing contribution generated by the application.

For example, a 15 unit proposal would generate a 3 unit contribution on-site or a 3.75 unit (15/4) contribution if a commuted sum is agreed. In practice, in this example, the developer would pay 3.75 x agreed land value per unit. Land value would be based on a DV Independent valuation. The developer will be required to cover the costs incurred by the Council to carry out this valuation.

Full commuted sums will be secured using the above formula. Only where the principle site demonstrates a nil land value or negative land value, then the commuted sum will be calculated by the District Valuer based on latest market evidence of land value within a one-kilometre radius of the principle site.

SECTION 5 - Six considerations associated with on-site affordable housing:

- 1) "Tenure blind" requirement: In the interests of delivering mixed, sustainable communities the AHP units will be expected to be identical in appearance to the market housing units, an approach often described as "tenure blind".
- 2) Consolidation: On smaller developments of between 20 and 50 flats,

it is likely an RSL will want to consolidate ownership of the affordable homes within a single stairwell. Proposals should be designed taking this into account, along with

RSL design standards, to allow for on-site delivery to be achieved. Affordable homes with three or more bedrooms should be on the ground floor where practical.

- 3) Availability of subsidy: Availability of subsidy will be a key determining factor around the eventual tenure mix. Given that subsidy arrangements are considered annually, but a planning consent is typically between 2 and 5 years, the Council prefers to set at planning stage and within Section 75 agreements that 35% of the residential units in the application will be of approved affordable housing tenures, with the precise tenure mix to be determined by application stage. This is acceptable in policy terms and allows for viability, financial and deliverability considerations to be fully taken into account. There are a range of unsubsidised tenures which have been developed in Edinburgh in the event that public subsidy is not available.

There has been a long-held aspiration that, where sufficient public subsidy is available, there will be a majority of social rented units within the AHP contribution, and where possible an aspirational mix of 70:30 should be achieved between social rented units and other approved affordable housing tenures.

Developers should note that the provision of subsidy is not guaranteed, and where subsidy is not available, the policy's requirement to deliver affordable housing remains.

- 4) Viability considerations: There are two types of viability consideration taken into account when discussing on-site affordable housing contributions.
- i) Viability for the Council / RSL – The developer and RSL may calculate the construction price equivalent (excluding land) for a tenure blind 2 bed property if delivered on-site using the same materials & construction techniques as the market housing units proposed.
 - ii) Viability for the developer / open book – If a developer wishes to demonstrate that their development contains exceptional costs which make the affordable housing contribution non-viable on-site, then a full assessment of costs will be required based on an “open book” approach i.e. the developer will be expected to make all of the relevant cost information available to the Council and/or relevant partner housing association. The developer will be required to cover the costs incurred by the Council to carry out this assessment. This is most often applied where there is a renovation of an existing listed building or where there are demonstrable exceptional site preparation and decontamination costs which the developer will incur.
- 5) Valuing AHP land By convention nil value as codified in a number of Section 75 agreements. Valuing AHP land differs from valuing sites for affordable housing, which valuations tend to carry a positive but lower than market value.
- 6) Planning Permission in Principle (PPP) applications and phased developments.

When such applications go before the Planning Committee, Place will seek as a minimum commitment

that the applicant is committed to providing 25% of the residential units as approved affordable housing tenures. The Department's preference is that these should be delivered onsite, though Section 4 covers other approved flexible affordable housing solutions. Where the development is to be phased, the department seeks a commitment that the specific affordable housing plots are identified at the time of application

(and that these locations are acceptable to the Council), or alternatively that each phase of the development will contain 35% affordable housing. This is to ensure the development does not either overly concentrate or “back-load” the affordable housing contribution.

Prior to the submission of relevant detailed matters, the applicant should engage with the Council and RSLs to identify the affordable housing provision and approach to delivery. The proposed approach should be explained within a further Affordable Housing Statement submitted for consideration and approval as part of relevant applications for the Approval of Matters Specified in Conditions

SECTION 6 - Definition of Priority clients

Priority clients for affordable housing tenures in Edinburgh are people in housing need who cannot afford to access accommodation through the regular functioning of the housing market, whether for rental or home ownership tenures. Housing need refers to 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 and who earn less than the average household income.

The average household income in Edinburgh is £58,331 and is annually updated.

SECTION 7 - Contact details:

If you would like to discuss any of the content of this practice note please contact:

The City of Edinburgh Council,

Housing and Homelessness,

Waverley Court,

Business Centre G5

4 East Market Street,

Edinburgh,

EH8 8BG

Email: Affordable.Housing@edinburgh.gov.uk

Telephone: 0131 200 2000

Affordable Housing Statement Template

Please provide a contact email address

Section 1 Provision type

- How do you envisage the affordable housing (AH) being delivered?

On site		Go to section 2
Off-site		Go to section 2 and 3
Commuted sum		Go to section 4

Section 2 On site provision

- Site address as set out in planning application

- Ward

- Planning reference

- Details showing that the affordable housing provision is comparable to the rest of the site:

	Open market no. (and % of total)	AH no. (and % of affordable total)
Total number of units		
1 bed flatted		
2 bed flatted		
3 bed flatted		
4 bed + flatted		
Total no flatted		
1 bed other house type/s (please specify types)		
2 bed other (please specify types)		
3 bed other (please specify types)		
4 bed + other (please specify types)		
Total Other		

- RSL managing affordable homes

RSL name	
Contact details	

- Confirmations:

That the affordable homes will meet housing for varying needs standards and the RSLs standards.

There has been engagement with the Council to inform the design, location and proposed mix of the affordable homes

Please confirm:

Section 3 Off-site provision

- Off-site address (as noted in planning application)

2. Ward (the secondary site must be within a reasonable distance of the original site)

3. Planning reference

Section 4 Commuted Sums

On site affordable housing is expected for all applications of 20 or more residential units. A commuted sum will only be considered if other on-site provisions are proven to be not viable and a full open book assessment and evidence will be required.

Please separately outline all affordable housing options considered, whether the plans have been discussed with the Council or a RSL, any viability reasoning and provide evidence. Please also provide a full cost plan including projected sales values.



HAPPY TO TRANSLATE

আনন্দের সঙ্গে অনুবাদ করব ترجمہ کے لیے حاضر

بسعدينا توفير الترجمة MOŻEMY PRZETŁUMACZYĆ 很樂意翻譯

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localdevelopmentplan@edinburgh.gov.uk