

# Affordable Housing Procedure Note - Steps to follow

## STEP 1



Planning pre-application discussions with Development Management should highlight if Affordable Housing Policy would be applicable to proposed development.  
 Planning Application submitted to Planning Service manually or on-line through e-planning are registered by Administration Staff thereafter a Development Management Planning Case officer is allocated a Planning Application  
**Development Management**

## STEP 2



If planning application is for residential development or mixed use including a residential element, SALP Policy H13 may be applicable. Case officer checks file:-

```

    graph TD
      Q1[Q- Is the development for 15 or more units?] -- YES --> YesBox[YES]
      Q1 -- NO --> Q2[Q- Is the site bigger than 0.6 hectares?]
      Q2 -- YES --> YesBox
      Q2 -- NO --> Q3[Q- Does the site form part of a larger site, the combination of size /units exceeds 0.6hectares or 15 units?]
      Q3 -- YES --> YesBox
      Q3 -- NO --> NoBox[If "NO" then no further action required.]
      YesBox --> Step3[If "YES" then go to STEP 3]
    
```

The Case Officer will make the applicant aware in writing if their application is subject to Affordable Housing Policy H13 and guide them to Supplementary Planning Guidance (SPG) – New Housing Developments and Affordable Housing and the contact name of Planner in Development Planning Team.  
**Appendix A** includes standard letter template for DM officer.  
**Development Management**

## STEP 3



Refer to Development Planning team to review against policy  
**Development Planning**

## STEP 4



Policy Planner will contact Housing Services giving them the following information about planning application to assess what their Affordable housing requirements are.

1. Site Location Plan
2. Number of residential units proposed
3. Type of development – Flats/ mixed use scheme

**Development Planning**

## STEP 5



Housing Services to respond to Policy Planner

- May require a meeting(s) to discuss level of provision on site / amount of land required depending on complexity of application

Housing Services (HS) will decide if on site or off site provision is required or a mix is required to fulfil SALP Policy H13 requirements. This decision will be made in the context of the Strategic Housing Investment Programme (SHIP).

HS may seek comments as required on potentially suitable RSLs from the Scottish Government Housing Investment Division and the Scottish Housing Regulator.

Housing Service will nominate RSL to applicant or confirm existing applicant / RSL partnership as appropriate.

Housing Services

## STEP 6



Policy Planner to determine level of commuted sum/ amount of land with Housing Services and payment phasing based on Housing Services response, SALP Policy H13 and previous development information. Provision being sought will be checked and agreed with the Planning Manager. **Appendix B** describes how the Commuted sum is determined. Policy Planner to commission District Valuer if required to assist in determination of commuted plot / unit value. Fee for DV work must be agreed by Planning Manager prior to appointment.

Development Planning

## STEP 7



Policy Planner responds to Case Officer stating what will be required – On site provision/ off site commuted site (estimated amount) or a mixture. In addition to forward nominated RSL contact details to applicant.

Development Planning

## STEP 8



The Case Officer will inform Applicant or their agent in writing what South Ayrshire Council are seeking under SALP Policy H13 and that it will usually require a Section 75 legal agreement and signed by all parties before planning permission is issued. Alternatively in large scale master plan development a condition in certain circumstances, for example a complex planning permission extending beyond five year period and/or where it may not be possible to nominate an RSL in advance. Where a commuted sums are being provided at the point planning permission being issued then there will be usually not be a requirement to enter into a legal agreement. A condition is not suitable for commuted sum payments and is generally not suitable to on site provision.

Where an applicant or their agent does wish to pursue a reduction in contribution under the Policy H13 they can submit a viability statement to justify their case for a reduction in contribution. The Case Officer will send them a list of financial information (**Appendix C**) that must be included in the viability statement and a timescale for submission. (Approximately three weeks from date of Case Officer's letter). This information will be located in a secure place and any computer files will be password protected to ensure confidentiality.

The Case Officer must make the applicant aware that the financial information may need to be viewed by the District Valuer and therefore require them to include their permission to allow this information to share for the purpose of determination. **Appendix D** is a template authorisation letter for the application to send to the Planning Service.

Development Management

## STEP 9



If a viability statement is submitted then the Case officer will give this to Policy Planner who will analyse the information and will seek the services of District Valuer, if required, to determine whether a reduction in contribution is appropriate based on financial information. The Planning Manager will be consulted by Policy Planner after completion of initial assessment of viability statement and also before appointing DV.

Policy planner may require to clarify points with applicant/ agent directly. In large-scale applications the Policy Planner may ask the applicant to have an independent specialist to analyse costs submitted. Case officer will be copied in on all correspondence although financial information will only be stored on paper by Policy planner in a locked area due to its sensitive nature. Computer files containing financial information will only be accessed by authorised users via a password.

Policy Planner will inform Case officer and Housing Services in writing of the outcome of the Viability Assessment and the level of contribution being sought.

Development Management/ Development Planning

## STEP 10



Once level of contribution is decided, approved by Planning Manager and agreed with applicant a Section 75 agreement is required to be drawn up by Legal Services in liaison with Planning Services Case Officer or a condition included in the Planning Permission in complex applications which will need further planning applications for phased development. The Planning Permission is not issued until the Section 75 legal agreement is signed by all parties or condition is included

Case Officer to notify Policy Planner and Housing Services when planning permission is issued to enable monitoring of contribution to start.

Development Management

## STEP11



Housing Services to inform Planning Service before end of each financial year (March ) how many affordable Houses have been developed on each site, how much money they have received by Commuted payments for each site and what the commuted payments have been used for. **Appendix E** form to return electronically to Local Plans section.

Housing Services

## STEP 12

Submit Affordable Housing statistical information annually to Scottish Government.

Development Planning

## **Appendix A Development and Environment**

**Depute Chief Executive and Executive Director  
J Graham Peterkin LLB**

**Mike Newall, Head of Planning and Enterprise**  
Burns House, Burns Statue Square, Ayr KA7 1UT  
Tel: 01292              Fax: 01292 616161  
Email:  
Our Ref: Your Ref:  
Date:  
If phoning or calling ask for (Insert Name)

*Insert Name and Address details*

Dear *Insert Applicant or agent name*

### **AFFORDABLE HOUSING**

I am writing to inform you that your proposed residential development, planning application number (insert reference number) is subject to South Ayrshire Local Plan Policy H13.

The Affordable Housing policy (SALP Policy 13) is a direct result of the Council's commitment to provide affordable housing throughout South Ayrshire where there is currently a shortfall. The government through national policy confirmed that the planning system should make a contribution in addressing the affordable housing shortage through securing a contribution from private house building industry. The 25% contribution from all new housing developments is in line with the Council's Local Housing strategy. Please refer to our supplementary planning guidance (SPG) document New Housing Developments and Affordable Housing which is available on the Council's web site at <http://www.south-ayrshire.gov.uk/planning/publications.aspx> for a more detailed explanation and the background of the policy.

*\*\*Insert a paragraph highlighting why SALP Policy H13 is applicable for example it is over 0.6 hectares in size or has over 15 units or is part of a larger development).*

The Planning Service will be writing to you in due course regarding the manner and type of contribution it will be seeking in relation to your development after internal discussions with Housing Services. Our response will usually be within approximately 6 weeks of receipt of this letter.

There are several options for affordable housing contributions which are prioritised below:

1. On site provision
2. Mix of on site provision and commuted sum
3. Commuted sum in lieu of on site provision

The affordable housing contribution option will be determined by the need within the local area, Strategic Housing Investment Programme (SHIP), public transport provision, appropriateness of the

site, type of development and other factors. The reasons behind the chosen option for contribution will be set out in our letter based on our consultation with Housing Services.

You will be given the opportunity, if desired, to submit a Viability statement to us within 21 days of the receipt of our letter outlining why your development cannot sustain the contribution sought by the Council. This period of submission of the viability statement may be extended further providing that you inform me within the 21 days of the receipt of my letter and that the financial information is will us within 1 month period thereafter.

This Viability statement needs to contain detailed financial information, see Appendix C, which will be treated as confidential by the Development Planning section of the Planning Service. The paper information will be stored in a locked area and any computer financial information will be held in a restricted folder only accessed via password by authorised users.

In some cases Planning Service requires to seek the services of the District Valuer (DV) to assess the Viability statements and determination of commuted sum. This will be treated confidentially therefore I would appreciate if you could complete and sign the authorisation letter attached marked Appendix D thus enabling us to send your financial information to the DV for assessment without delay.

Due to the economic recession the Leadership Panel agreed in March that in assessing Development Viability Statements consideration would be given to the impact of the economic downturn, including the price paid for land; the impact of infrastructure provision; and the relationship of payments/revenue to cash-flow from the proposed development in terms of possible phasing or deferment of payments this will be revised again in March 2010.

If you have any concerns relating to the above please do not hesitate to contact me on the above telephone number, address or e-mail address.

Yours faithfully

*Sign*

*(Insert Name and Job Title)*

## APPENDIX B – COMMUTED SUM CALCULATION

If a commuted sum is being sought in lieu of on site provision under SALP Policy H13 then the Policy Planner will require to know how many units the sum is for and work out the affordable housing land purchase price per unit.

**The commuted sum per unit = cost of the land for affordable housing purposes.**

The value of the land is derived from the District Valuer (DV) although if recent values in the area have been recently established these with agreement of the applicant may be used in calculating the value for affordable housing the DV will take cognisance of the following

In order to work out the value of land for affordable housing the DV will usually use the following information.

1. Size of the site
2. Rental value for type of affordable unit in South Ayrshire
3. Average build costs of developing affordable units
4. Market value of site for Affordable/ Social Housing- evidence of sales and purchases
5. Amount of funding available to RSL in terms of government funding/ grants

In taking the value for affordable housing forward into calculations to determine the commuted sum due then the amount per unit then should be multiplied by the number of affordable units being sought (25% of total units being developed on site). If this number is not a whole number the figure should not be round up or down but multiplied by the cost (£) directly.

For example if a commuted sum is being sought for a development of 17 units then you require to work out 25% of 17 = 4.25 Then Multiply 4.25 by cost per unit for affordable housing land to give the total commuted sum sought by South Ayrshire Council. If on site provision was provide the Council would seek 4 units only.

## Appendix C

### Viability Statement Information Check List

Item	Description	Tick if Included (✓)
1	Size of site (hectares and square metres)	<input type="checkbox"/>
2	Number of residential units proposed	<input type="checkbox"/>
3	Breakdown of types of units including size of each unit in square metres	<input type="checkbox"/>
4	Purchase price of land including date of purchase	<input type="checkbox"/>
5	Legal fees for Land Purchase	<input type="checkbox"/>
6	Administration Fees associated with development	<input type="checkbox"/>
7	Planning and Professional Fees	<input type="checkbox"/>
8	Financial and funding fees	<input type="checkbox"/>
9	Marketing fees	<input type="checkbox"/>
10	Legal Fees associated with disposals	<input type="checkbox"/>
11	Estimated revenues for each type of unit and total	<input type="checkbox"/>
12	Land not development within development but excluding garden ground in square metres	<input type="checkbox"/>
13	Build cost per square metre and total building costs.	<input type="checkbox"/>
14	Landscaping costs	<input type="checkbox"/>
15	Demolition and remediation costs	<input type="checkbox"/>
16	Permission letter allowing Planning Service to share financial information with District Valuer to enable further assessment.	<input type="checkbox"/>

## **Appendix D**

*Insert your Name*

*Insert your Address*

*Insert your Planning Application Reference Number*

*Insert Date*

Planning Services  
South Ayrshire Council  
Burns House  
Burns Statue Square  
Ayr  
KA7 1UT

Dear *(insert name of Development Management Case Officer)*

### **AUTHORISATION LETTER**

I give my permission to Planning Services to forward, if required the financial viability information I submitted in support of my planning application (reference number of your application) to the District Valuer for further assessment.

Yours sincerely

*(Sign and Print name)*



