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proposed local development plan  
**technical note 2** 2016

PLANNING FOR AFFORDABLE HOUSING

## **Introduction**

Affordable housing is broadly defined as '*Housing of reasonable quality that is affordable to people on modest incomes*' (SPP 2014). This Housing Technical Note on Affordable Housing has been prepared in support of the proposed East Lothian Local Development Plan (LDP) in accordance with Scottish Planning Policy (SPP). The LDP sets out the scale and distribution of the affordable housing requirement and the planning policy approach to increase the supply of affordable housing, linking in particular to *Policy HOU3: Affordable Housing Quota*. This Housing Technical Note corresponds with Supplementary Planning Guidance (SPG) on Affordable Housing, which provides a framework for the implementation and delivery of affordable housing and is also associated with the East Lothian Local Housing Strategy (LHS) 2012-17, which provides the strategic direction to tackle housing need and demand and inform future investment in housing.

## **Purpose of the Housing Technical Note**

The Proposed LDP (2016) sets out an affordable housing quota of 25%. It states that a 25% affordable housing contribution is required from developers of new housing developments consisting of five or more units, with the exception of Blindwells and Letham Mains, Haddington, for which contributions will be 30% and 17% respectively. The affordable housing quota of 25%<sup>1</sup> is based on evidence from the first SESplan Housing Need and Demand Assessment (2011) (SESplan HNDA1) approved by the Scottish Government as robust and credible in June 2011.

This Housing Technical Note seeks to draw out key evidence from the SESplan HNDA1 as this relates to East Lothian, in support of the 25% quota for affordable housing. It has been prepared to:

- Set out the context for affordable housing provision
- Summarise the key evidence from SESplan HNDA1, to support and justify the 25% affordable housing quota
- Demonstrate how the 25% affordable housing quota has been derived from a robust and credible evidence base
- Ensure full transparency in relation to the rationale for a 25% affordable housing quota

## **Context for Affordable Housing Provision**

SPP states that Plans should be informed by a robust housing need and demand assessment (HNDA). This assessment comprises a critical component of the evidence base to inform both the LHS and Development Plans, producing results at both functional housing market and local authority area levels and covering all tenures. HNDAs must follow a specific and prescriptive approach, prepared in accordance with Scottish Government HNDA Guidance. Where the Scottish Government is satisfied that the HNDA is robust and credible, the approach used will not normally be considered further at Development Plan examination.

HNDAs consider key housing market drivers, past and present, in order to estimate future

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<sup>1</sup> 25% of new housing should be affordable, with the exception of Blindwells and Letham Mains, Haddington, each having quotas of 30% and 17% respectively.

need and to set out information to support land use planning. Analysing demographic and economic data, estimates are provided of the total additional housing required over a 20 year period. This is split into tenure estimates i.e. market and affordable housing. The evidence demonstrated by HNDAs is used to inform an initial process to set Housing Supply Targets (HSTs) in LHSs and subsequently inform the overall land requirement that requires to be allocated in the LDP. HNDAs therefore provide a robust, shared and agreed evidence-base for housing policy and land use planning and ensure that LHSs and Development Plans are based upon a common understanding of existing and future housing requirements.

In summary, HNDAs estimate the future number of additional homes to meet existing and future housing need and demand and provide evidence to inform policies about the proportion of affordable housing required, creating the context for affordable housing.

### Evidence Base

The SESplan HNDA1 provides an estimate of total housing need by calculating current housing need and future housing need. The estimated supply from existing stock turnover is then deducted to provide the net housing need.

Table1 shows that over a ten year period, the average number of households anticipated to need affordable housing is 547 per annum. 314 affordable units are projected to become available each year from turnover, which leaves a deficit of 232 affordable dwellings annually.

<b>Table 1: East Lothian Total Household Need (Net of Turnover) – Average Applying Over 10 Years</b>			
	<b>East Lothian</b>	<b>Lothian</b>	<b>SESplan</b>
<b>Housing Need</b>			
<b>Current Need</b>	138	1,306	1,908
<b>Future Need</b>	408	4,074	6,116
<b>Total Housing Need</b>	547	5,380	8,025
<b>Housing Supply</b>			
<b>Supply from Turnover</b>	314	3,009	5,265
<b>Net Housing Need</b>			
<b>Housing Need – Net of Turnover</b>	<b>232</b>	<b>2,383</b>	<b>2,807</b>

Source: SESplan HNDA1: Final Report, 2011

Table 2 overleaf demonstrates the requirement set out in SESplan HNDA1 and the corresponding SESplan Housing Technical Note (2011) for 11,770 new units, net of turnover across East Lothian over the period 2009 – 2032. The Table shows the % split in relation to need and demand for market and affordable housing<sup>2</sup>.

Table 2 evidences that between 2009 and 2032, in accordance with need and demand, 33% of the total housing supply in East Lothian should be for affordable housing. In the short term up to 2019, it demonstrates that affordable housing need will be more acute with a

<sup>2</sup> Adapted from SESplan HNDA1: Final Report, 2011 and SESplan Housing Technical Note 2011

41% annual requirement.

<b>Table 2: Demand for Houses Net of Turnover, East Lothian</b>					
	<b>Yrs 1-5 2009-14</b>	<b>Yrs 6-10 2015-19</b>	<b>Yrs 11-15 2020-24</b>	<b>Yrs 16-20 2025-29</b>	<b>Total Demand 2009-32</b>
<b>Social rented</b>	101	145	95	81	2,367
<b>Other affordable housing</b>	95	88	47	42	1,478
<b>Private rented sector</b>	32	65	75	39	1,161
<b>Owner occupation</b>	250	266	330	321	6,765
<b>Affordable</b>	197 <b>(41%)</b>	232 <b>(41%)</b>	143 <b>(26%)</b>	122 <b>(25%)</b>	3,844 <b>(33%)</b>
<b>Market</b>	282 <b>(59%)</b>	331 <b>(59%)</b>	405 <b>(74%)</b>	360 <b>(75%)</b>	7,926 <b>(67%)</b>
<b>Total</b>	479	563	548	482	11,770

Source: SESplan HNDA1: Final Report, 2011 and SESplan Housing Technical Note 2011

Clearly the primary requirement in relation to affordable housing is for social rented housing, however it is recognised that other affordable housing models are required to meet need and demand.

It is evident that both 33% and 41% are significantly higher than the affordable housing quota of 25% set out in the proposed LDP and corresponding quotas for Blindwells (30%) and Letham Mains Haddington (17%).

### **Summary**

The robust and credible evidence base set out in the SESplan HNDA1 fully supports the 25% affordable housing quota and corresponding quotas of 30% for Blindwells and 17% for Letham Mains Haddington.

St Baldred's Craule

Tyne Mouth



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