

Affordable Housing - Kilmacolm

Background

7.28 A considerable amount of guidance on the topic of affordable housing is contained in **SPP 3: Planning for Housing** (Feb 2003). In para 72 reference is made to the need for each local authority to prepare an LHS, which should include any need for affordable housing, which is 'broadly' defined in the glossary as:

"Housing of a reasonable quality that is affordable to people on modest incomes. In some places the market can provide some or all of the affordable housing that is needed, but in other places it is necessary to make housing available at a cost below market value to meet an identified need."

7.29 Paras 74-83 appear under the heading 'Delivering Affordable Housing'. In para 74 it is explained that the main ways that affordable housing is achieved are social rented accommodation; low-cost housing for sale, e.g. shared ownership, self-build or other subsidised or discounted housing for sale; and some private sector rented accommodation, available at lower cost than market rents, and provided either by local landowners or commercial landlords. Para 75 states that the need for new affordable housing varies across the country, but that the planning system may make a contribution to provision in those areas that have a shortfall. Para 76 explains that, whereas almost all affordable housing used to be provided by local authorities, now it tends to be provided by housing associations (with grants from Communities Scotland and other finance borrowed from commercial lenders), with some also provided by the private sector (with grant paid directly to developers or private individuals). The para concludes:

"However, in certain areas, there is still a shortfall in the supply of new affordable housing and, even where subsidy is available, housing associations can have difficulty in obtaining land at an affordable price. As a result, in recent years there has been increasing interest in the use of the planning system to secure additional investment in affordable housing, as well as to ensure that sufficient land is available."

7.30 Para 77 reads as follows:

“Development plans should allocate sufficient land overall to ensure land is available to meet requirements, including affordable housing needs. As with market-led housing development, the requirement for affordable housing should where possible be met within the HMA where the need has been identified. In due course, the LHS will identify any need and set out how the council intends to address it. Where an HNA within a current LHS identifies a shortage of affordable housing, this is a material consideration in planning processes, which should be addressed as the opportunity arises through reviews of structure and local plans. Where the planning authority believes that the planning system has a role to play in the provision of affordable housing locally, this should be signalled as soon as possible in the development plan, with an outline of what is expected from prospective developers.”

7.31 Para 78 explains that advice on good practice in providing affordable housing through the planning system will be provided, but it goes on to state:

“In areas of development pressure and where land values are relatively high, the private housebuilding industry may be able to make a contribution to the supply of affordable housing. In such areas, the development plan should set out a policy and, in consultation with housebuilders, indicate how this can be achieved, including the role (if any) of planning agreements...”

7.32 Para 79 encourages planning authorities to seek a range of house types to encourage creation of mixed communities, including any need for affordable housing identified in the LHS. Clarity in the development plan of what is sought will help to ensure that the need to provide affordable housing is factored into the price that a developer will pay for land. Para 80 deals with the situation in areas where the market is less buoyant and rural areas. Para 81 reads as follows:

“The development plan should give clarity on the expected scale of provision, and the locations in which this will be sought. The provision of land for affordable housing in a particular local plan area need not relate to the specific requirements of households resident in that area. The aim is to help address the shortage of land for affordable housing in the HMA as a whole.”

7.33 Para 82 stresses the need for liaison with Communities Scotland and local authority Housing Depts. to determine how the affordable housing is actually to be delivered, e.g. by a developer making some houses available at a discounted price or by part-funding through public subsidy, and for the means of delivery to be indicated in local plans. Para 83 refers to the need to keep the need for affordable housing and the scope for increasing supply through the planning system under review.

7.34 More recently, the **National Planning Framework for Scotland** (April 2004) has repeated much of this policy guidance. An adequate supply of affordable housing is said to be an important factor in promoting economic activity and social justice and in closing the opportunity gap. In areas of high demand where residential land values are high, the supply of land for affordable housing may be restricted. The fact that significant numbers of social rented houses have been demolished in difficult-to-let areas does not necessarily mean that they do not have a need for new affordable housing. The Scottish Executive is committed to helping local communities to meet their needs for affordable housing, and will provide resources for an additional 18,000 new and improved homes for social rent and low-cost ownership by 2006.

7.35 **The structure plan** was prepared and approved before either of these documents surfaced, but it contains a section on affordable and social rented housing provision. Before that section, it is stated in para 11.10:

"It is also important to consider the needs for social rented and 'affordable' owner-occupied housing. Trends within the social rented housing sector have led to an increasing concentration of those in need within specific areas. In many of these areas, poor housing conditions linked to a lack of other affordable housing opportunities have contributed to urban decline and thereby to the social exclusion and poor health of their inhabitants. It is necessary to counter these trends in the distribution of affordable and social rented housing as part of the wider approach to tackling social exclusion."

7.36 Para 11.32 states that there has been a major shift to owner-occupation, but para 11.33 points out that there are still major imbalances in the distribution of housing tenure. Para 11.34 reads as follows:

"... there is a limited supply of affordable housing in the suburban and commuter-based communities with their higher cost property market, e.g.... the Renfrewshire villages [*which include Kilmacolm & Quarriers in Inverclyde*]. Local plans should consider the need for action to improve the range of choice in tenure and cost of housing in these settlements. The structure plan therefore supports, where appropriate, local plan proposals (in accordance with Housing Plans and Scottish Homes Strategic Agreements) for the provision of social rented and affordable owner-occupation housing in these areas. Any development requirements that arise from this assessment are provided for through Strategic Policy 9."

7.37 Strategic Policy 9 (Assessment of Development Proposals) reads as follows:

“In order to accord with the structure plan, development proposals will require to satisfy the following criteria (*which are stated to be complementary*):

A. That the case for any development which exceeds the thresholds set out in schedule 9 has been established in terms of:...

- ii. the assessment of housing proposals (except on urban brownfield sites) against the demand and effective supply of owner-occupied housing land in the relevant HMA (schedule 6(b)(i));
- iii a requirement for affordable or social rented housing identified in a local plan (Strategic Policy 6(b));...

B. That the location of the development is appropriate in terms of the need to: i. safeguard and avoid the diversion or displacement of investment from the development locations identified in Strategic Policies 1, 5, 6 & 8.

- ii. promote urban regeneration by:
 - a) giving preference to the use of brownfield urban land rather than greenfield land or open space;
 - b) safeguarding the Glasgow & the Clyde Valley Green Belt (Strategic Policy 1);...

Schedule 9 states that the scale of greenfield housing development likely to represent a significant departure from the policies of the structure plan is a development of 10 or more units outwith the established Urban Expansion Areas (e.g. Inverkip) and the additional housing requirements identified in schedule 6(b)(ii).

7.38 Strategic Policy 6 (Quality of Life and Health of Local Communities) states:

“The quality of life and health of the communities of the Glasgow & Clyde Valley area will be supported through the following actions, in the locations in schedule 6(b) providing housing opportunities to meet the requirement for a continuing 5-year effective owner-occupied land supply (schedule 6(b)), the need to provide for choice in terms of size and type of housing in each HMA, and the needs for social rented housing identified in local plans, housing plans and Strategic Housing Agreements...”

Schedule 6(b)(i) is a diagram showing the hierarchy of HMAs in the structure plan area. Schedule 6(b)(ii) (Effective Housing Land Supply & Additions to the Supply) shows that the Inverclyde part of the Renfrewshire sub-HMA had an effective supply for 102 dwellings in 1999, and that the equivalent figure for the Inverclyde HMA was 1,425. For both areas, the additional supply 1999-2006 and 2006-11 is shown as zero.

7.39 The local plan is silent on the question of affordable housing. However, the recently approved LHS explains that Inverclyde has an over-supply of social rented accommodation with high void levels and vacant properties in the council sector. Waiting time for a council house in Kilmacolm is stated to be around 20 years. For people with family ties or aspirations to live in higher demand areas (e.g. Kilmacolm) but whose only real housing choice is the social rented sector, options are extremely limited. The challenge for Inverclyde (mainly re the council stock) is stated to be to provide affordable social rented accommodation that meets the needs of its customers, including considering locations that people are willing/aspire to live in.

7.40 Under the heading: 'Local Housing Need & Affordability Model', it is stated:

"Research on 'Local Housing Need & Affordability Model for Scotland' [the Bramley Report, July 2003] estimated that Inverclyde required 80 additional affordable units per annum. The Bramley model lends itself to the analysis of affordable housing in high demand markets, and as a result requires adjustments to reflect differences of low demand. Critical analysis of the data used for the model highlights 3 key underestimates: average house price; gross new households formation; and relet rates. The model also takes no account of housing need at lower levels or any account of the plans to demolish 2,000-2,500 social rented properties...

The inaccuracies highlighted above would suggest that the net need figure of 80 underestimates the need for affordable housing in Inverclyde. The completion rate across all tenures during 2002-03 was 358, of which 95 were completed in the social rented sector. This figure alone would be sufficient to meet the net need estimated by the model. In addition, any general net figure for Inverclyde would mask the differing pressures on affordable housing in individual locations. There were also 263 completions in the owner-occupied sector last year, with a percentage of these for sale at affordable levels."

The first of 4 Key Findings is:

"High demand areas, e.g. Gourock, Inverkip, Kilmacolm & Wemyss Bay, have small social rented sectors, with no new builds in this sector for over 8 years. House prices in these areas have, generally, experienced the greatest inflation, with values already well above the Inverclyde average. These factors have put pressures on the affordable housing provision for low income households."

Objectors: **CALA Homes (West) Ltd. (50001)**
M&M Ltd (62002)

7.41 These objectors were both represented by PPCA Ltd. The objections of CALA (including re the non-allocation of land at Milton Wood, Kilmacolm) were heard at the inquiry before those of M&M (which included re Old Farm, Kilmacolm). M&M agreed to rest on the evidence on this topic of Mr Allan of PPCA and on the closing submission of Mr Smyllie, which had been given respectively at and after the CALA session of the inquiry. What follows is a summary of Mr Smyllie's closing submission, although I have of course also taken account of the evidence of Mr Allan and his cross-examination.

7.42 **CALA** refers to para 24 of SPP 3, in which it is stated:

"Scottish Executive policy encourages more diverse, attractive, mixed residential communities, both in terms of tenure and land use. To create mixed communities, a range of housing types is needed, providing for the needs of all in the community, and all segments of the market, from affordable housing and starter homes to executive housing..."

In this context, 'community' can only mean a local community, in the sense of a settlement or neighbourhood and cannot possibly be interpreted as applying at the macro level, e.g. local plan area or HMA. The council's witness accepted this, but his suggestions that the para only applied to new rather than existing communities and that it was only really relevant to large urban areas does not stand up to scrutiny. The para is in fact a clear and unequivocal statement of policy intent on the back of the broader policy objective of eliminating social inequality. There is no suggestion in the document that a planning authority can simply disregard the policy intent if it does not sit with what the authority wants.

7.43 The structure plan has, as one of its 4 aims, the promotion of greater social inclusion and integration, including a better distribution of housing. The strategic vision has 3 key themes, the first of which is to strengthen communities in the structure plan area, including the villages. The provision of an adequate range of housing is stated to be one of the steps essential to the strengthening of the communities. These are clear instructions, and set a particular context within which the ensuing provisions must be read.

7.44 Amongst the types of action required by Strategic Policy 6 to ensure that the needs of all communities are met is the requirement to secure sufficient housing and variety of house type and affordability to meet future housing requirements in full. This policy identifies 3 quite separate needs, each of which has to be met; meeting merely one would not be enough. Although the text leaves itself open to interpretation in certain respects, it is quite clear that the need for social rented and

'affordable' owner-occupied housing requires to be addressed quite separately from the owner-occupied sector in the period 1999-2011. Thus, while it must follow logically that the effective land supply in schedule 6(b)(ii) includes all tenures of owner-occupied housing and while it is accepted that the outcome of the assessment

in that schedule is 'nil', that, on a proper interpretation of the structure plan as a whole, cannot possibly be the end of the matter.

7.45 This interpretation is reinforced by the terms of Strategic Policy 9A, which differentiates between the case for development established by (a) an assessment of owner-occupied land supply per schedule 6(b)(ii) (sub-para ii); and (b) a requirement for affordable or social rented housing identified in a local plan per Strategic Policy 6(b) (sub-para iii). Had the structure plan not been concerned with 'affordable' owner-occupied housing as a separate consideration from 'market value' owner-occupied housing, it could very easily have restricted the application of sub-para iii to the social rented sector only. However, it does not do so, and the message is clear: it is not enough for a planning authority to stop just because the requirement in schedule 6(b)(ii) is 'nil'; there is a continuing obligation to identify any requirement for affordable housing in the broad sense envisaged in the structure plan, and then to meet it. While it is right and proper for the council to take appropriate action to increase the amount of owner-occupied housing in its SIP/New Neighbourhood areas, it should also be redressing the lack of affordable housing in those Renfrewshire Villages (including Kilmacolm) that are within Inverclyde. Its failure to do so places the local plan in a position of non-conformity with the structure plan.

7.46 The evidence of the council's witness suggests that the failure of the local plan to deal with the issue of affordable housing in Kilmacolm may not altogether have been an oversight. However, in any event, Draft Modification 21 is quite inadequate. It would be an odd and unhappy result indeed if a clear instruction that "Local plans should consider the need for action to improve the range of choice in tenure and cost of housing in these settlements" could be circumvented by the mere expedient of doing nothing. In effect, the council is saying that because it has failed to do what the structure plan demands, the requirement does not apply. At the inquiry, Mr Allan went so far as to say that, if the council proceeded to attempt to adopt the local plan with Draft Modification 21 as the only response to the objections from CALA and M&M, legal steps would be taken to ensure that the adoption did not take place without a proper policy on the subject.

7.47 It is even harder to follow the council's suggestion that a requirement for affordable housing in Kilmacolm could be met by an allocation of affordable housing in Port Glasgow. Kilmacolm is the relevant 'local community', and such an approach would do nothing to strengthen it or provide greater social integration. In a position of balance, the council's

reliance on what is stated in para 77 of SPP 3 might have some merit; however, in a situation where the structure plan is concerned with redressing a particular imbalance in named settlements, it simply cannot make any sense. In any event the council's argument can at best only be advanced re affordable owner-occupied housing; in the report into objections to the East Dunbartonshire Local Plan, the Reporters stated (re the relevance of HMAs to the supply of social rented housing):

“There is no suggestion that an over-supply of one type of housing in other parts of a particular HMA might be used to avoid addressing a specific settlement need, especially bearing in mind the broad thrust of national and strategic social inclusion and sustainability policies.”

It may be that the needs in East Dunbartonshire are greater than in Inverclyde, but the issue is one of principle.

7.48 Any affordable housing requirements are to be provided for through Strategic Policy 9, but the council is wrong to cling to the premise that affordable owner-occupied housing is dealt with exclusively in the context of part A(ii) of that policy, because that flies in the face of what is stated in part A(iii). In any event, what is expressed in part A(ii) is a preference, not a proscription, expressed in the particular context of promoting urban regeneration. The release of greenfield/green belt land to meet an identified need in appropriate circumstances is hardly a rare occurrence in the area covered by the structure plan and, if the policy is to bear sensible and workable interpretation, some element of reality must intrude. The evidence demonstrates that there is no realistic prospect of an immediate need for affordable housing being met on sites in Kilmacolm, and it follows that the need must be met outwith the current settlement boundary on greenfield/green belt land.

7.49 The local plan purports to adopt the aims and objectives of the structure plan, but its development strategy for Housing & Community Regeneration in chapter 3 addresses only one element of the equation. The text becomes consumed with the desire to promote the SIP and New Neighbourhood initiative areas to the exclusion of all else. Nothing – not even the trifling matter of conformity with the structure plan – must be allowed to stand in the way of the implementation of the council's strategy. However, the evidence suggests that this will not be an easy course to hold and that it may even be one that will not go the full distance. As early as January 1999 – at a time when the council was advocating a strategy that recognised the merits of substantial greenfield release (including, potentially, at Kilmacolm) – serious concerns were already being raised about the financial viability of a brownfield development strategy. It was accepted that existing resources were inadequate to achieve the changes proposed and necessary in a reasonable timescale. The case for

additional funding of £275m was not made to the Scottish Executive until 3 years later, and there is still no commitment to it. There can therefore be no guarantee that the council's preferred strategy can be delivered. Some progress may have been made, but a strategy that pins its faith entirely on addressing one side of a two-sided equation to the exclusion of the other is inherently flawed.

7.50 The council accepts that there is a need for some affordable housing in Kilmacolm. Mr Allan has assessed the need as 5 units per annum. The council's witness did not think it could be less than that, but nonetheless perversely stuck to the position that the need could not be taken as having been established until the HNA had been completed. On a balanced view, that is not a tenable position to take; the evidence suggests otherwise:

- f* There must have been sound reasons and an empirical basis for the insertion of para 11.34 in the structure plan;
- f* It is incorrect to state that the council's Housing Market Analysis – prepared as part of the background to the LHS – has no direct application to Kilmacolm; although that village has 5% of Inverclyde's population/ households, it only has 1% of the social rented stock. It also concludes that affordability is an issue for home ownership in the smaller settlements, and that the supply of social rented accommodation in them is under pressure because of the continuing pressure for Right-to-Buy;
- f* The attempt of the council's witness to disparage the findings of the Bramley Report is perplexing. The council's Housing Dept. obviously relied heavily on its findings when preparing the LHS. The only concerns about methodology relate to the likelihood of the estimated net need of 80 units per annum being an under-estimate;
- f* The 5 strategic objectives of the LHS include redressing tenure imbalance; increasing the range and choice of housing to better meet demand; and ensuring an adequate supply of affordable housing. It was informed by a plethora of research and data sources, and is positively littered with references which are directly or indirectly related to Kilmacolm:
 - f* In the context of tenure imbalance, it records that Kilmacolm is under-represented by the social rented sector, and that the waiting time for a council house there exceeds 20 years;
 - f* In the context of a discussion on the Bramley Report, it records that Kilmacolm has a small social rented sector, with no new builds for over 8 years;
 - f* It notes that the Housing Market Analysis demonstrates the need to address tenure imbalance and, in particular, to bring the supply of council housing more in line with demand; and
 - f* Against the background of the Scottish Executive's Social Justice Agenda, it notes the importance of ensuring that there is an adequate supply of affordable housing across all tenures.

There are 476 applicants on the waiting list for a council house in Kilmacolm. Some of these may represent 'aspirations' rather than need, but the Bramley Report and the LHS suggest that planning to meet aspirations is perfectly reasonable. In any event, the figures illustrate a clear mismatch between demand and supply. The waiting list is considered a useful tool by the council's Housing Dept and by the Reporters into objections to the East Dunbartonshire Local Plan. The Right-to-Buy legislation is exacerbating the problem by taking stock out of the social rented sector; on re-sale, the 'taken out' stock is subject to market forces, affordability is no longer a realistic prospect, and the problem is becoming increasingly more acute: in 2003, not one of the 6 re-sales of council Right-to-Buy houses was for under £60,000.

- f Affordability in the open market is also a rapidly diminishing concept in Kilmacolm, there have been no new builds in the social rented sector for a considerable time, and the council's witness was unable to identify any affordable provision on any of the sites listed in the council's land audit. The suggestion that those wanting to live in Kilmacolm should be prepared to dig a little deeper into their pockets betrays a basic lack of appreciation of the issues surrounding affordability.

7.51 Taken together, it is clear that there is a proven and demonstrable need for affordable housing in Kilmacolm. The HNA will quantify the precise need, but it cannot be said that – without the HNA – no need has been established. The council is hiding behind its absence as a convenient excuse for avoiding its structure plan responsibilities. Moreover, the council's witness stated that – even once the HNA had been completed and the need had been proved – it would be open to the council not to meet it if it was deemed inconsistent with the development strategy. There must be a very real possibility that the HNA will be nothing more than the latest addition to a very long paper-chase.

7.52 The failure by the council to adopt a proper affordable housing policy is a serious matter that goes to the very core of the emerging local plan, which does not reflect the clear and unequivocal instructions in the structure plan. As a result, a very real issue of non-conformity arises. Based on expediency and reflecting priorities and limited resources, the council has decided to pursue a brownfield regeneration strategy in the SIP areas; in so doing, it has taken a very deliberate policy decision to deny greenfield/green belt release, even where all evidence suggests that this is the only realistic option. There is a demonstrable need for affordable housing in Kilmacolm which can only be met in that village, which will require both limited green belt release and enabling development. An interim provision of affordable housing should be made now in the local plan, with the matter being more fully addressed through post-inquiry modifications. A managed and manageable delay now is better than delays that would follow a legal challenge to any decision to adopt the local plan without the matter having been properly addressed. SPP 1

states that supplementary guidance is no substitute for the statutory development plan, and that responses to urgent policy issues should be incorporated into statutory plans as soon as possible.

7.53 **M&M** adopts the evidence led and submissions made on this topic on behalf of CALA. In his closing submissions, Mr O'Carroll stated that green belt land will have to be released to allow the need for affordable housing to be met. Para 7.23 of the structure plan provides for the possibility of such release to meet the requirements of Strategic Policy 6, and part (b) of that policy refers to the need to provide for a choice of housing in terms of size and type in each market area and the need for social rented housing identified in local plans. The fact that there is no cross-reference to a schedule re that requirement must mean that affordable housing must be provided where the need occurs. The evidence to the contrary by the council's witness that it can be provided anywhere in the HMA is misconceived. The HMA is an analysis based on Sasine statistics; it relates to *demand* for mobile housing in the private housing market and not to *need* in the social housing sector. It would e.g. be unrealistic for someone who has grown up in Kilmacolm but is unable to afford a house there to be housed in Port Glasgow.

7.54 The glaring omission of an affordable housing policy in the local plan does not exonerate the council from its requirement to draft policies which accord with the structure plan. One delivery mechanism would be for M&M to build 10 affordable houses (20%) at Old Hall, Kilmacolm before any others, and to then gift them free of charge to the council which would let them at affordable rents. That would allow the council to comply with Strategic Policy 6 of the structure plan and paras 23-24 of SPP 3. The council's urban regeneration strategy would be complemented rather than compromised and, if it proved unnecessary to build any more affordable houses, there would be no precedent and no 'floodgate'. The comments of the Structure Plan Manager do not provide an holistic interpretation of the structure plan.

7.55 **The council** accepts that the omission of any reference to affordable housing in the local plan was an oversight, particularly in view of what is stated in the structure plan. To provide the necessary local context for any future inclusion of a policy on this topic in the local plan following the publication of the LHS, it is proposed to insert the following 2 paras after para 7.22:

"The structure plan noted that there was a limited supply of affordable housing in the suburban commuter communities, which included the Renfrewshire Villages [ref. structure plan & glossary (for HMA)]. The issue of the need for affordable housing is currently under consideration in the LHS which is being prepared by the council.

If the need for affordable housing is identified through the LHS, interim supplementary planning guidance will be prepared on this issue, covering contributions from developers, scale of requirement and use of section 75 agreements, until such time as an alteration to the local plan would be required." (Draft Modification 21)

7.56 Evidence at the inquiry was given by Mr F Macleod, and I have taken account of this and the relevant cross-examination. However, what follows is a summary of the closing submissions of Mr Collar in relation to the 2 objections.

7.57 No modification of the local plan beyond Draft Modification 21 is required. It is clear that a development of 20 affordable houses could only be provided by an enabling development of 30 mainstream houses. Thus an allocation in the local plan for 20 affordable houses would have that additional implication. In that context, the council is correct to be concerned about the implications for the regeneration strategy because of the diversion of development and investment from the core areas. The enabling development would also create a worrying precedent. The threat of legal challenge if the local plan proceeds to adoption with no additional policy or allocation is unhelpful. It should not be further modified without sound planning reasons. To delay adoption for perhaps 2 years and imperil the success of the council's regeneration strategy to allow for the possibility of 5 affordable houses being built annually in Kilmacolm would be excessive.

7.58 Mr Allan quoted selectively from the Bramley Report and failed to mention that it included several 'health' warnings, that its methodology was only appropriate to areas under pressure (e.g. Edinburgh), and that the need for affordable housing in Inverclyde in 2006 is zero. His calculation, which concluded that 30 affordable houses were required in Kilmacolm, is flawed; the correct figure is 25. His reliance on the situation in East Dunbartonshire is also misplaced; unlike Inverclyde, that authority has the greatest net need for affordable housing in Scotland, the need has been quantified by an HNA, and the issue for the Reporters there was whether the proposed delivery mechanism was appropriate.

7.59 Kilmacolm is a relatively mixed community, it provides for most of the needs of the community, it has a range of housing available, a recent McCarthy & Stone development has satisfied the need for special needs housing, and generally Kilmacolm is a reasonably well balanced settlement with a range of community facilities. The council's LHS and information provided by Renfrewshire Council (para 7.71 below) suggest that there is a surplus of affordable housing in the Inverclyde HMA and the Renfrewshire sub-HMA in both the social rented and owner-occupied sectors.

7.60 For the objections to succeed, they must comply with structure plan Strategic Policy 9 and show a) a need for social rented affordable housing (since owner-occupied affordable housing is addressed through the general housing land supply); & b) the lack of better alternative sites to meet that need (because both objection sites in Kilmacolm are in the green belt – Strategic Policy 1 and para 40 of SPP 3).

7.61 Mr F Macleod stated that he would be surprised if there was not a need for affordable housing in Kilmacolm, but there is no clear evidence of this. Reference is made to the comments of Homes for Scotland (para 7.72 below) to the effect that any such need must be proven through an appropriately conducted HNA. There is nothing other than very general references in the LHS, the Bramley Report and the draft Inverclyde Housing Market Analysis to allow a conclusion to be reached that there is a clear need in Kilmacolm; at best there is likely to be a need, but that is not enough to justify allocating green belt land to satisfy it now.

7.62 Mr Allan's estimate of the amount of affordable housing required in Kilmacolm used the Bramley Report's suggestion of 80 for Inverclyde as a starting point, but this ignored the fact that the estimated net need to 2006 in the same Report is zero. His suggestion that 80 should be increased to 100 was his own invention based on a vague suggestion that the Bramley Report had underestimated the need. He then apportioned some of the 100 to Kilmacolm based on population and/or households, whereas in reality the potential need is likely to be influenced by a wide range of factors. The evidence before the inquiry does not support Mr Allan's contentions; there is very little data, and only a few general statements about the need in Kilmacolm. There is no correlation between the numbers on the council house waiting list for Kilmacolm (which is more a measure of aspiration) and the need for affordable housing.

7.63 On the second point, neither the evidence of Mr Allan nor that of Ms Read included any assessment of alternative sites, e.g. Smiddy Brae; land in the vicinity of the existing community centre, library, shops and garage; Leperstone Avenue; or land outwith Kilmacolm. The council owns the Leperstone Avenue site; it could become effective within a year; it is not as central as Milton Wood, but is not in the green belt and there are rented properties nearby; and it is reasonably level. There is no evidence to conclude that there are no alternative sites for affordable housing that are better than those being promoted by the objectors.

7.64 If the HNA concludes that there is a need for affordable housing generated from Kilmacolm, para 77 of SPP 3 makes it clear that it can be met anywhere in the Renfrewshire HMA. This is consistent with the presumption in the structure plan against the use of greenfield land, open space and green belt; if there is no brownfield land available within a settlement, that is a circumstance in which the need for affordable housing could be met elsewhere in the HMA. The provisions of the structure plan relied on by Mr Smyllie to support his contention that a need has to be met in the individual settlement concerned are insufficiently clear for such a significant implication to be drawn. If the structure plan had so intended, it would have said so clearly.

7.65 CALA and M&M believe that all 3 aspects of structure plan Strategic Policy

6(b) have to be met, and that the local plan fails to comply because it fails to allocate any affordable housing in Kilmacolm. However, the policy does not include any specific requirement for the need for affordable housing to be met in the settlement in which it arises; it merely requires that choice in terms of size and type be provided in each HMA, which has been done in the local plans of Inverclyde and Renfrewshire. Reference is made to the comments of the Structure Plan Manager (paras 7.68-.70 below). Nor has any need for social rented housing in Kilmacolm been identified in the local plan or the LHS.

7.66 As regards the need for enabling development, no evidence has been provided to show how much would be required to provide the 10 affordable houses proposed by M&M at Old Hall; all that is known is that M&M wants to build 39 mainstream private houses and bear the whole cost of providing the affordable housing. This generosity highlights how little is known about how many mainstream private houses are required to fund the affordable housing. Apparently the decision to provide 10 affordable houses was not based on any financial calculation; the proportion was borrowed from another local authority. Bearing in mind CALA's belief that 30 mainstream houses are required to fund 20 affordable houses at Milton Wood, there is no evidence to support the building of 39 mainstream private houses at Old Hall.

7.67 The supplementary planning guidance now proposed by the council in Draft Modification 21 in the event that a need for affordable housing is established would be subject to public consultation and conforms to para 42 of SPP 1 and para 11.34 of the structure plan. The latter does not imply that there is a problem that must be addressed; if there was a problem, the para would have been more precise and would have asked local plans to bring forward allocations commensurate with need. The supplementary planning guidance would not be used as an alternative to an Alteration. See also para 41 of SPP 1 and the comments of Homes for Scotland (para 7.72 below).

7.68 **The Structure Plan Manager** points out that the policies of the structure plan re affordable housing are enabling and not prescriptive. It does not place any specific requirements on local plans to make provision for affordable housing in terms of numbers or location. Strategic Policy 6(b) does, however, require local plans to make provision to meet the needs for any social rented housing, and the structure plan supports this where it is identified by a local council through its LHS. The reference in para 11.34 to certain communities is only drawing attention to those where it might be appropriate to undertake studies of the need for social rented and affordable owner-occupied housing, and to bring forward any proposal in accordance with the LHS. This should not be taken as a presumption that there is a need to make special provision in these communities in terms of the release of additional land from the green belt. Strategic Policy 9(A) makes it clear that any proposal for affordable housing that is not identified in a local plan should be treated as a departure from the structure

plan, while Strategic Policy 6 indicates that any such provision in a local plan should be set within a proper context of an LHS. It would therefore be inappropriate to release land in the local plan for an *ad hoc* affordable housing development without such a planned context.

7.69 The policies relating to the provision for additional land for affordable housing

(unless on urban brownfield land) would not relate to any housing which would be sold on the open market. Such housing would merely form part of the general owner-occupied housing supply which is already provided for in the structure plan's methodology for calculating the total demand for owner-occupied housing. In addition, the provision of any land for affordable housing should be related to the appropriate HMA and not merely dealt with a locality in isolation. In the case of affordable housing, the council should therefore have regard to the sub-HMAs that have been defined in the structure plan, which may include provision in adjoining local authority areas where appropriate. In the case of social rented housing, the area of housing management for social rented housing is the local authority. It would be appropriate for the council to also have regard to the stock of affordable housing throughout its area in determining whether there is a shortage of supply.

7.70 In these circumstances, it would not be appropriate for the local plan to pre-empt the HNA of the LHS; as a corollary, it would not be appropriate for the local plan to accede to *ad hoc* proposals for affordable housing sites.

7.71 **Renfrewshire Council** states that its HNA suggests that the supply of social rented housing within Renfrewshire as a whole will be sufficient to meet the estimated level of need over the next 5 years, and that there may be a small excess supply. However, it also suggests a projected under-supply of social rented housing in the 'villages sub-area'. In particular, the issue of shortages of housing suitable for the elderly has been identified, although more detailed work is needed to quantify this at a localised level. When the LHS has been submitted in April 2004, adjustments to the local plan may be required: (a) to identify sites within the settlement boundaries which are suitable for social rented housing, where funding is made available; and (b) to seek agreement that new applications for residential development within the settlement boundaries should contain a mix of house types and sizes to ensure the inclusion of a proportion of smaller houses, particularly in the villages.

7.72 **Homes for Scotland** considers that, in the absence of an HNA or an LHS, the local plan is correct not to deal with the question of affordable housing. However, it seems likely that any affordability problems will arise in the more attractive residential areas, so that there is a further reason for releasing more sites in the 'areas of choice'. It is easier to attempt to secure affordable housing on allocated sites in a local plan rather than by the blanket application of a policy. Commenting on Draft Modification 21, Homes for Scotland states:

"Therefore, in the absence of an HNA or LHS, there can be no basis for the inclusion of such a policy in the Inverclyde Local Plan. Need for affordable housing must firstly be demonstrated at the local level in terms of a proven shortage of affordable homes. Only at that point can a local authority begin to outline what is expected from prospective developers. Homes for Scotland recognises that Inverclyde Council is not attempting to incorporate an affordable housing policy as such at this stage, although we would resist its introduction if the need had not been appropriately established..."

7.73 **Kilmacolm Civic Trust** wonders whether the term 'affordable' means that other houses are 'unaffordable'. CALA thinks that a house costing no more than £40,000 is 'affordable', but the council's alternative figure of no more than £60,000 is likely to be nearer the mark; 10% of houses sold in Kilmacolm in 2003 cost less than £60,000. The council's waiting list is not a good indicator of need; many of the requests for Kilmacolm come from applicants who live outside the village, so it is likely that any need for affordable housing can be met elsewhere in Inverclyde.

7.74 There is an over-supply of local authority rented accommodation; some may require upgrading to attract tenants, but that should be done first before any consideration is given to the release of green belt land. In any event, there is no evidence of a substantial need for affordable housing in Kilmacolm. Such housing is often suitable for young couples or single people getting started on the housing ladder – the largest increase in types of household in Inverclyde has been single-occupancy. These are the very people who require to be near employment opportunities but, with the lack of such opportunities locally and the exceptionally poor public transport situation in Kilmacolm and Quarriers, these villages seem unsuitable for that sector of the housing market. Any such need that might emerge that cannot be met elsewhere in Inverclyde should be met within Kilmacolm, e.g. Smiddy Brae or land near the community centre, rather than a new green belt site.

Conclusions

7.75 According to SPP 3, there are 3 types of affordable housing: social rented accommodation, low cost housing for sale, and private sector rented accommodation. It seems that the last of these is relatively insignificant in numerical terms, leaving social rented housing (provided mainly by housing associations) and low cost private housing for sale as the 2 main types. The structure plan was prepared before the publication of the SPP, but broadly similar guidance was contained in NPPG 3 (1996). In paras 11.10 & .34 of the structure plan a distinction is made between 'social rented' and 'affordable owner-occupied' housing, but unfortunately this distinction is not made clear in other parts: e.g. Strategic Policy 9Aiii refers to a requirement for 'affordable or social

rented housing identified in a local plan (Strategic Policy 6(b))', while Strategic Policy 6(b) refers specifically to 'the needs for social rented housing' and the word 'affordable' does not appear at all.

7.76 Having considered the wealth of evidence presented at the inquiry on the topic of affordable housing, I think it reasonable to conclude that (a) the word 'or' is superfluous in structure plan Strategic Policy 9Aiii (as part ii deals with all owner-occupied housing – including affordable); and (b) the reason why 'the needs for social rented housing' is specifically mentioned as the third component of Strategic Policy 6(b) is because the needs for 'affordable owner-occupied housing' are included in the first component (para 7.38 above); this interpretation appears to be consistent with that of the Structure Plan Manager, who presumably ought to know.

7.77 In para 76 of SPP 3 it is stated:

"In recent years there has been increasing interest in the use of the planning system to secure additional investment in affordable housing, as well as to ensure that sufficient land is available."

According to the SPP, development plans should:

- f Allocate sufficient land overall to ensure land is available to meet requirements, including affordable housing needs;
- f Be reviewed if an HNA within a current LHS identifies a shortage of affordable housing, with an outline given of what is expected from developers;
- f (in areas of development pressure and where land values are relatively high) set out a policy on affordable housing and indicate how it can be achieved, including the role (if any) of planning agreements;
- f (local plans) contain a policy seeking a range of house types (taking account of any need for affordable housing identified in the LHS);
- f give clarity on the expected scale of provision and the locations in which this will be sought;
- f (local plans) indicate the means of delivery.

7.78 What the structure plan says on this issue in para 11.34 re a limited supply in the suburban and commuter-based communities (e.g. the Renfrewshire Villages) is:

"Local Plans should consider the need for action to improve the range of choice in tenure and cost of housing in these settlements."

It goes on to say that any local plan proposals (in accordance with what is now an LHS) for social rented or affordable owner-occupied housing in these areas is supported, where appropriate, by the structure plan. I

accept that it is probable that the Structure Plan Manager had relevant statistical information before him to justify what is stated in para 11.34, but I also accept the council's point that the para does not instruct local plans to rectify the situation but merely to consider the need for action.

7.79 The council has admitted that its failure to deal with the question of affordable housing in the local plan was an oversight; the evidence does not persuade me that it was deliberate. To rectify the situation, Draft Modification 21 is now proposed. The issue is whether this goes far enough to allow the local plan to comply with the provisions of the structure plan.

7.80 Generally, I think that it does. Ideally, an HNA would already have been carried out and the LHS would have made it clear what action (if any) required to be taken. In such circumstances, it would have been incumbent on the local plan to include the matters set out in SPP 3, including one or more policies and an indication where any affordable housing should be provided. However, while the LHS refers to the Bramley Report and has the need to ensure an adequate supply of affordable housing as a strategic objective/challenge, it also proposes that an HNA be carried out "to provide more accurate and localised estimates that will allow for effective strategic planning." Without a proper HNA (which should not take long to carry out), I think that it would be premature for the local plan to effectively prejudge the issue – particularly if a consequence may have to be the allocation of green belt land for the affordable housing and/or the enabling development.

7.81 SPP 3 in particular states:

"Where an HNA within a current LHS identifies a shortage of affordable housing, this... should be addressed as the opportunity arises through reviews of structure and local plans."

This seems to me to be likely to be the situation in Inverclyde in perhaps Spring 2005, when supplementary guidance can be issued, followed by a review of or alteration to the local plan. Such a timescale would also allow the council an opportunity to take account of the advice on the planning aspects of affordable housing that should emanate from the Scottish Executive by the end of 2004 (para 84 of the National Planning Framework for Scotland). I note that Homes for Scotland is similarly minded.

7.82 It is not entirely clear to me why – if a need is identified - the council proposes to issue supplementary planning guidance 'until such time as an alteration would be required'. I accept that SPP 1 gives as an example of where supplementary guidance can be useful "where there is a need for an urgent policy response to an emerging issue". However, if a need is identified, I think that the local plan should be altered as soon as possible thereafter. The wording of Draft Modification 21 leaves the question of an alteration rather up in the air, whereas I think that a greater degree of certainty is required.

7.83 Although the above conclusions deal with the subject matter of the objections, I have nonetheless considered the various issues associated with them. First, I accept that such evidence as exists (para 7.50 above) suggests a need for affordable housing generated in Kilmacolm at a level of about 5 units per annum. Mr Allan thought that most would be social rented accommodation, but that is something that the HNA will hopefully clarify. However, my reading of the Bramley Report leads me to conclude that it would be unwise to rely on its broad brush findings for Inverclyde as a whole, and even more unwise to attempt to extrapolate a figure for Kilmacolm as a true indication of need. I do not have the impression that any need for affordable housing in Kilmacolm is so urgent that it cannot await a proper HNA followed, if necessary, by properly considered policies and allocations in a local plan alteration. I agree with Mr Collar that it would be unreasonable to delay adoption of the local plan until such time as the policies and allocations are in place. Conceivably, no new allocations will be required and in any event to delay adoption for a reason which – in the context of the Inverclyde Local Plan – is relatively small-scale, would not be a proportionate response and could have adverse implications for the council's regeneration strategy.

7.84 Second, while accepting the apparent logic of the evidence of Mr Allan and the submissions of Mr Smyllie to the effect that a need for affordable housing arising in a particular settlement/community should be met in that location, I cannot ignore

(a) the 2 statements in SPP 3:

“As with market-led housing development, the requirement for affordable housing should where possible be met within the HMA where the need has been identified.”

“The provision of land for affordable housing in a particular local plan area need not relate to the specific requirements of households resident in that area. The aim is to help address the shortage of land for affordable housing in the HMA as a whole.”

(b) the fact that these statements represent a change from what was stated in NPPG 3:

“Where a planning authority's policy is to provide for a proportion of affordable housing, it should be justified in relation to individual settlements or small local areas within settlements.”

(c) the fact that, whereas para 11.34 of the structure plan refers to the limited supply of affordable housing in certain 'communities', the solution is seen to be the provision of social rented and affordable owner-occupied housing in 'these areas'; and (d) the comments of the Structure Plan Manager (para 7.69 above).

7.85 In theory, this means that any need for affordable housing emerging in Kilmacolm could be met anywhere in the Renfrewshire sub-HMA. However, to my mind it is reasonable in this context to consider the Renfrewshire Villages as an entity. In my opinion, it would not be unreasonable for any need for affordable housing emerging in Kilmacolm to be met in e.g. Bridge of Weir or Houston, as implied by the Structure Plan Manager. However, the information provided by Renfrewshire Council gives me no confidence that the affordable housing needs of Kilmacolm have been taken into account when assessing allocations in the other Renfrewshire Villages. If that is right, then it seems to me that it will be incumbent on Inverclyde Council to actually meet any such needs in Kilmacolm itself.

7.86 Insofar as any need for social rented housing is concerned, the terms of Strategic Policy 6(b) appear to mean that any requirement for it (as opposed to affordable owner-occupied housing) is not specifically related to the relevant HMA. However, the later SPP 3 does not appear to differentiate between the 2 types. I appreciate that the council is responsible for the social rented sector throughout Inverclyde, but – in the light of SPP 3 and despite the views of the Structure Plan Manager - I am unable to accept that any emerging need for social rented housing in Kilmacolm can reasonably be met in e.g. Port Glasgow, despite it being geographically close and having a surplus social rented stock. I am not sure why the Reporters into objections to the East Dunbartonshire Local Plan concluded:

“SPP 3 refers to HMAs in the context of social rented housing, but only because it looks to have the need met in the originating area”

However, I am in general agreement with their next sentence:

“There is no suggestion that an over-supply of one type of housing in other parts of a particular HMA might be used to avoid addressing a specific settlement need, especially bearing in mind the broad thrust of national and strategic social inclusion and sustainability policies.”

7.87 Third, while these objections relate merely to the need for affordable housing in Kilmacolm, no secret is made of the fact that any such need can only reasonably be funded by the provision of a substantially greater number of mainstream private houses – a sort of ‘Trojan Horse’ situation, often described as ‘enabling development’. CALA proposes affordable housing at Milton Wood, but Mr Allan admitted that the prospects of implementation were dependent on mainstream private housing also being built elsewhere. M&M proposes 10 affordable houses as part of its private housing development at Old Hall. The implications of planning for affordable housing are therefore considerable in land use terms and require proper and full consideration.

7.88 Fourth, it is not inevitable that the recognition of a need for affordable housing in Kilmacolm means development in the green belt. It appears that such needs in the other Renfrewshire Villages are being met within existing settlement boundaries, and it would only be common sense and normal planning practice to look first at Kilmacolm to see if there was any land within that village that was suitable. Complications of land ownership etc. probably rule out land suggested by the Kilmacolm Civic Trust at Smithy Brae and beside the community centre/library, but the allocated and council owned housing site at Leperstone Avenue seems to me to have considerable potential. Slopes, trees and ground conditions may impose constraints, but I believe that the potential remains. In my opinion, should the HNA show a need for affordable housing in Kilmacolm, serious consideration should first be given to this site before those suggested by the objectors. See also paras 7.321-.328 & .394 below).

7.89 Fifth, forgetting for the moment the fact that the affordable housing proposals arising from the objection of M&M are on the borderline of the threshold of '10 or more units', they have to be assessed first against the criteria of Strategic Policy 9, whose relevant criteria are Aii & iii. Insofar as ii is concerned, schedule 6(b)(ii) shows that there is no need to extend the supply of land for owner-occupied housing in the Inverclyde part of the Renfrewshire sub-HMA; insofar as iii is concerned, reference has to be made to Strategic Policy 6(b), which is in 3 parts – and I agree that all 3 have to be satisfied. The first refers back to schedule 6(b) which is itself in 2 parts: the first is a hierarchical diagram of the various HMAs, while I have already dealt with the second above. The second part of Strategic Policy 6(b) refers to choice re size and type of housing in each HMA. The evidence is inconclusive as to whether there is a shortage of affordable owner-occupied housing in Kilmacolm at present; e.g. Kilmacolm Civic Trust has stated that some houses sell for less than £60,000, but the true picture will only emerge once the HNA has been completed. If this shows a clear shortage, I accept that this means that the council will need to take steps to ensure that 'choice in terms of size and type' is available in the Inverclyde part of the Renfrewshire sub-HMA (on the assumption that no provision to meet those 'needs' is to be made in the Renfrewshire part).

7.90 The third part of Strategic Policy 6(b) concerns the needs for social rented housing, but these have to be first identified in the local plan and the LHS. As we are dealing with a proposal to include something in the local plan, the first does not apply, but I have already concluded that the references in the LHS to the need to meet needs for affordable housing roughly on a scale set in the Bramley Report are insufficiently detailed to justify any land allocations at this time.

7.91 Of course, parts B & C of the policy also have to be met. I have no reason to believe that part C would cause a problem, but part Bii refers to the need to promote urban regeneration by giving preference to the use of brownfield urban land and safeguarding the green belt. Until such

time as it can be shown conclusively that there are no suitable brownfield sites in Kilmacolm, the green belt objection sites proposed by CALA and M&M fail this criterion. In my opinion, it would be inappropriate for the council to be 'bounced' into allocating these sites at this time.

Recommendation

7.92 Draft Modification 21 should be made, although (a) the second sentence should be altered to state that the LHS has been prepared; and (b) the third sentence should be altered to (i) state that the need for affordable housing has to be identified through the forthcoming HNA rather than the LHS; and (ii) make it clear that an alteration to the local plan will promptly follow any finding of need, and that the supplementary guidance will additionally cover the type of affordable housing required (owner-occupied and/or social rented) and where it should be provided. It goes without saying that there should be close liaison with Renfrewshire Council in respect of the situation in the Renfrewshire Villages.