FACTORS AFFECTING LAND SUPPLY FOR AFFORDABLE HOUSING IN RURAL AREAS
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The views expressed in this report are those of the researchers and do not necessarily represent those of the Department or Scottish Ministers.
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EXECUTIVE SUMMARY

INTRODUCTION: THE RESEARCH AND ITS CONTEXT

This report presents the results of research designed to investigate the range of factors that affect the supply of land for affordable housing in rural Scotland, specifically those that relate to the structure and operation of the statutory land-use planning system. The research was commissioned by the Scottish Executive and Scottish Homes in July, 2000. It was commissioned in the light, first, of no other national-scale investigation of the issues and, second, of other rural housing and planning research and policy activity.

The methods used in this research were both desk and field-based, qualitative and quantitative. The main desk-based research tasks were a review of relevant literature and national policy, a review of Structure Plans, an analysis of planning applications data and background and post-fieldwork analysis of case study data. Additionally, officers from non-case study rural local authority planning and housing departments were consulted on the draft findings of the research. Case studies were an extremely important part of the research and four housing market areas were selected for detailed analysis of affordable housing land supply. The areas were chosen in order to reflect the diversity of circumstance found in rural Scotland and were:

- the Inner Moray Firth;
- Cupar and the Howe of Fife;
- Mull, Iona and Ulva; and
- Stewartry.

In each area, the main part of fieldwork was to gather data from semi-structured interviews with local authority councillors, community council representatives, local authority planners and housing development staff, Scottish Homes’ regional planning and development staff, housing association directors/development staff, estate agents/solicitors and local developers/builders.

FINDINGS

Literature and Policy Review

Problems of affordability are predictable in rural Scotland, through a combination of high development costs, low incomes and, in some areas, competition from in-migrants. However, affordability is also seen as a problem in areas where there is economic decline and hence potentially declining demand for the stock of houses. The nature of the problems in those areas needs more investigation, as does the extent and disposition of the existing stock of socially rented housing. There are grounds for believing that the supply may be very uneven especially at a local scale.

The literature also implies that there is relatively little awareness of affordability issues amongst some key players, notably housebuilders, landowners and residents. Some may look to the planning system as the means to block development. But, national policy and its statutory interpretation appears to give more emphasis to landscape and amenity than to
social justice and affordable housing. However, this needs to be tested out at a local level through case studies. Indeed there is likely to be increasing use of the planning system to impose developer obligations that will contribute towards affordable housing provision. This is already well-established in pressured housing markets in rural England. However it is a controversial policy and arguably inequitable if it means that a cross subsidy is being provided from house purchasers. In the end, the literature review points to the need for investment in affordable housing matched to sites, in a planned and sustainable fashion.

Analysis of Structure Plans

Scottish Structure Plans are strategic documents and contain general policies about providing affordable housing whilst most are thin on implementation. The fact that none contain much information on the need for affordable housing is arguably of some concern. A number of plans have a specific emphasis on maintaining viable rural communities but these make only general links with affordable housing. The plans rely on other agencies and documents to flesh out the policies. About half mention Section 75 agreements as a way of delivering affordable housing in conjunction with other agencies or house-builders. Several plans have ‘exceptions policies’ allowing affordable housing where other development would not be permitted. Others have separate, more tolerant strategies for rural areas encouraging housing to maintain communities and services. A couple of the most sustainable ones include affordable housing as a ‘sustainability indicator’ for auditing purposes and one specifically encourages high densities, in part to encourage smaller and more affordable housing. The plans generally adhere to sustainability aims in government guidance and have common lists of planning constraints.

Analysis of Planning Applications Data

This analysis of planning applications data shows that across Scotland over the period 1996-2000, rural and urban authorities determined a similar number of planning applications, and approved the great majority. Across the country, the biggest single category of applications related to householder developments. For rural authorities, applications to build houses were more commonly for smaller developments than for urban councils. Across the country, a very small number of applications are granted with a section 75 linkage.

The inference from these data is that if there is a planning system problem in dealing with (affordable) housing developments, it probably does not lie in applications not being approved. Rather, a supply shortage may relate to potential developers being deterred from applying at a discussion with planning officers. Equally, a shortage may relate to (affordable) housing development applications not being made.

Case Study of The Inner Moray Firth

Land supply for affordable housing is a problematic issue in the Inner Moray Firth area, as it is across many parts of the Highlands and Islands. The planning system itself cannot plan specifically for affordable housing, and there are varied, significant constraints operating on land supply in the case study area. These include infrastructure, access, and topographical/eological constraints, as well as unwillingness by some landowners to make land available for
housing. Consequently, the general designated supply includes some land which exhibits difficulties with development. Infrastructural and topographical constraints, in addition to high land prices and difficulties with acquiring land-banks, have also to some extent limited the potential for social housing providers to acquire effective housing sites in some parts of the case study area.

Land supply inflexibility was reported to be an issue for some young households in the area who wish to build housing on family-owned land in the countryside, but who may be prevented from doing so depending on how NPPG3 policy guidelines are interpreted.

Little, if any, progress has been made to make land available for affordable housing by the use of planning agreements, namely Section 75 and Cross-Compliance mechanisms. There are strong views in favour of the use of planning conditions as a more applicable mechanism.

In terms of addressing these problems, the case study revealed two broadly distinct views about the best way forward:

- Progress outwith the planning system – via changes to funders’ budgeting frameworks, in order to facilitate longer-term planning by housing associations and their ability to ensure a flow of developable sites.
- And with rather less support, progress within the planning system – via increasing flexibility within the Housing in the Countryside Policy, or via a Social Housing Use Class. The latter would aim to eliminate competition with speculative house-builders, and should involve clear designation of key sites, linked to local community fora for decision-making on site selection.

**Case Study of Cupar and the Howe of Fife**

On the evidence collected, it seems that Cupar and the Howe of Fife experience problems in the provision of affordable housing, especially for young people including families. Housing need in rural areas can be a hidden problem but is very real. Current problems are likely to get worse, given increased patterns in commuting, Right to Buy, household formation, house and land prices and the selling of agricultural cottages. Though offering support, through exemptions, for affordable housing, planning policies are more restrictive on housing development.

In identifying the scale of need and how it can be met, there was a clear view that affordable housing cannot be divorced from discussions about the viability of rural communities and must be linked to the issues of community development, employment opportunities, public transport, schools and other facilities. Prejudices against it must be recognised and dealt with in a positive way. This should include attention to the process: identifying sites, early discussion with the planning officers, councillors, housing providers and communities.

Interviewees also agreed that there is a need for stronger national guidance on the definition of affordable housing, how to calculate need, suitable policies to address needs, mechanisms for achieving it on the ground and sustaining its aim in the longer term.

In general, there is not much evidence of the planning system hindering the provision of (land for) affordable rural housing. There is considerable good will amongst planning officers,
who would welcome more information on needs and implementation issues. Although they are rather general and have not been tested, recent planning policies in the Structure and Local Plans have tried to promote the provision of affordable housing. These new policies need to be carefully monitored. It is generally acknowledged that the planning system favours private housing, given the fact that it does not distinguish it from affordable housing and the clout of the development industry. Having said this, there is no evidence that a new affordable housing use class would work. The fear is that it could lead to poorer sites being allocated and stigmatise inhabitants and there should be no diminution of design quality for social housing.

There is also no evidence that the planning system in itself is effective at providing affordable housing. Mechanisms for implementation need more attention and review and the interaction between policy and implementation needs to be better addressed. Monitoring of Section 75 agreements, sustainability indicators in the Structure Plan, the exceptions policy and housing density policy needs to be explicitly carried out so that effective policy review can take place. These policies need to be sensitively applied to local areas, not applied everywhere in a blanket fashion.

**Case Study of Stewartry**

Whilst Dumfries and Galloway Council has recently taken a greater interest in the assessment of local housing needs, this continues to be a problematic activity. Both the recent studies commissioned by the Council are vulnerable to criticism on the grounds that they are each over-reliant on a methodology relatively narrow in comparison to the LHSA framework (Maclennan et al 1998). The absence of central government guidance on how local authorities should go about such an assessment is a factor which has contributed to this situation. Nevertheless, the most recent (waiting list-based) study has generated local estimates of shortage and surplus which command some credibility with local stakeholders.

There is encouraging evidence that decisions on the spatial distribution and type of social housing development within Dumfries and Galloway are increasingly based on rational needs assessment, rather than being led by development opportunities to the extent that has traditionally been the case.

All the recent analyses indicate that there is an appreciable unmet need for affordable housing in Stewartry, and that – in relative terms – this is more pronounced than in any other parts of Dumfries and Galloway. This situation arises, in part, from the relatively vigorous state of the local housing market, in which demand from in-migrants and second home purchasers probably contributes to relatively high prices.

However, the shortage of affordable housing can not be attributed to the effects of the planning system nor to the planning policies of the local authority. The supply of designated development sites is not a major limiting factor in the supply of affordable housing in the area. Neither is an ‘inflexible’ attitude on the part of the Council when faced with planning applications involving non-designated sites. More significant issues include infrastructure constraints and the size of the national budget for social housing development.

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1 It is also relatively narrow in relation to a good practice model developed for the different English context, Bramley and Pawson, 2000).
Whilst the Stewartry housing market could be seen as relatively strong by comparison with other parts of southern Scotland, the overall volume of demand is not sufficient to interest housebuilders in developing schemes on any significant scale. Consequently, there is little or no scope for the Council to implement its well-drafted affordable housing policy under which developers could be required to set aside a proportion of homes in new schemes as ‘affordable housing’. In any case, in the absence of central government guidance emphasising a need for genuinely socially mixed communities, it is likely that such agreements would generate highly partitioned developments.

**Case Study of Mull, Iona and Ulva**

Quantitative and qualitative data are clear in showing that the Mull, Iona and Ulva housing market area has clear supply shortages in the low cost rental and low cost home ownership sectors. Local people have a high dependence on low and seasonal incomes but the housing market is distorted by significant in-migration for retirement and second and holiday home purchase. The Right-to-Buy has also had a significant impact in reducing the stock of cheaper housing.

Housing development is made costly partly due to location, partly due to difficult terrain. Affordable housing supply has had to contend with high development costs also and it is commonly recognised that public subsidy levels and the way that they are channelled are the principal issues that affect the volume of future supply of affordable housing.

The likely future direction of planning policy, endorsing a greater degree of relaxation of control, is regarded as positive with a perceived legacy of strong restraint having frustrated development in many eyes. It is by no means guaranteed, however, that planning amendments *per se* would significantly improve supply.

**Conclusions and Recommendations**

*Affordable Housing in Rural Scotland*

Many parts of rural Scotland have experienced, and are likely to go on experiencing, significant shortages in the supply of affordable housing. Not only are stocks of social rented, privately rented and cheaper owner-occupied houses relatively scarce, but, particularly in social rented housing, turnover rates are low. This means that queuing times for social housing can be very long. Affordable housing shortages can attend both local economic growth and local economic fragility. At the same time, it must be recognised that parts of some local authority and housing market areas have been experiencing depopulation attendant upon economic difficulty. This suggests that some landlords’ stocks can have localised difficulties of low demand. Are these considerations brought into Structure Plans? The plans, as strategic documents, include general policies about providing affordable housing but most are thin on implementation. None contain much information on housing need.
Beyond this, there are important general issues:

- ‘affordable housing’ and ‘housing need’ are not unambiguous items;
- reliable and up-to-date evidence on need, as well as people’s housing preferences and aspirations and their economic circumstances, was generally recognised to be not as readily available as is desirable; and,
- there is no simple correspondence between economic circumstance and affordable housing shortage. The right to buy local authority stock has reduced social landlords’ capacities to meet need, and observations in this research about former council stock ending up as holiday homes need to be placed alongside evidence from elsewhere of resold rural council houses tending to be used as retirement homes or being captured in an inflating general owner-occupied housing market.

**Land Availability**

On the supply side, affordable housing shortages can relate to a lack of development opportunities and/or a lack of the means to realise opportunities. This research focussed on new development rather than redevelopment/conversion opportunities (often recognised as being more risky or costly). Whilst land supply in general may not be too problematic, obtaining land at a price that makes affordable housing development viable is. This is principally because developers of affordable housing – housing associations – are generally outbid by private developers. The planning system has favoured private housing development over that of affordable housing. This is because housing land requirements do not tend to be fine-grained in policy terms and, deliberately, do not differentiate between private and social housing.

**Planning and Affordable Housing Land Supply**

The planning system has a set of expectations on providing an adequate residential land supply, but has no effective means of ensuring that housing – affordable or otherwise – will be developed. The means, i.e. principally development capital, are held and programmed in either the private, public (Scottish Homes, local authority) or voluntary sector. Land-use planning has, at most, only a limited influence on these means, and there are those who feel that it is consequently not particularly relevant to the provision of affordable housing.

Not withstanding these points, it can be argued that land-use planning can facilitate supply – through helping establish to different areas’ capacities for additional housing or helping to identify appropriate sites. Or indeed, land-use planning might constrain supply, through restraint upon the sorts of location, design or density permitted.

A number of general points emerge from the evidence. First, though there are many good intentions, land-use planning does not play a central role in the supply of land for affordable housing. In part, this can be explained by tradition, with planning seeing itself as having legitimacy only in respect of physical land-use. In part, planning in Scotland, as in the other countries of the U.K., is generally reactive in nature. But there are reasons for change. The Government’s principal policy objective continues to be to combat poverty and social exclusion, and the recent revision to NPPG1 notes that: “Strong, vibrant and healthy communities, in rural and urban areas, are an essential part of the vision for a socially just Scotland...The planning system should feature as part of an integrated approach to social justice...”(Scottish Executive, 2000b, p.5). Furthermore, Government has also recognised
that “...housing is ...the single most important issue in the sustainable development of rural Scotland” (Scottish Office, 1998, p.41). Following this line of argument, planning to foster inclusion might be seen to imply endorsing and emphasising the supply of affordable housing as an important planning policy objective. Arguably, therefore, the price at which new housing is to be supplied could become an important consideration in determining a planning application. The imminent review of NPPG3 offers the ideal opportunity for Government to clarify its intentions in this respect.

Second, it is unlikely that amending the use classes order or recasting s75 rules would make any major impact (even if they were feasible) on shortages of housing in rural areas.

Third, variations between housing markets in different economic circumstance do exist in the key factors that affect affordable housing land supply, but the common theme is that subsidy availability and the procedures associated with it dominate. As the great majority of rural developments are small scale, it is likely that development costs will be relatively high on a per unit basis as economies of scale can not be captured. On the smallest scale, supporting individual self-build housing - through Rural Home Ownership Grants (RHOGS) for example - may provide solutions, but it is clear that they are no panacea across the country.

Finally, the nature of the affordable housing development process is important. Supply comprises the traded parts of the low cost owner occupied (including self-build) and private rental markets and new and relets of social landlords’ stocks, with new supply from housing associations being particularly important. Housing association provision has to go through a process of proving need, approving development to meet need and approving the costs and quality of development with Scottish Homes. This is part of the audit process to ensure that public moneys are properly spent. As a statutory part of local governance and democracy, land-use planning exerts another series of controls on development and design. There may well be some case for the streamlining of processes. As the evidence shows, further, a number of authorities have evolved rural exceptions policies for affordable housing supply to escape presumptions against development. From justice and inclusion principles, low-cost self-build solutions should be treated as sympathetically.

Recommendations are made in the areas of Guidance, Development Plans, Information, Funding and Funding Procedures, Other Policies and Monitoring and Research.
1.1 This report presents the results of research designed to investigate the range of factors that affect the supply of land for affordable housing in rural Scotland, specifically those that relate to the structure and operation of the statutory land-use planning system. The research was commissioned by the Scottish Executive and Scottish Homes in July, 2000. Its objectives, as defined in the clients’ brief, were to:

- Identify ways of measuring potential pressure on the supply of land for affordable housing;
- Develop a typology of rural areas of Scotland, in terms of pressure on the supply of land for affordable housing;
- Quantify the extent to which there is a shortage of land for affordable housing in different types of rural area;
- Identify the factors affecting the supply of land and contributing to any shortage; and assess the relative importance of each factor;
- Analyse land prices in different areas and comment on any relationship between prices and the availability of land for affordable housing;
- Identify appropriate indicators that can be used to compare the severity of the problem between areas; these might include cost of land as a proportion of development costs, or delays in development process resulting from problems of land availability;
- Assess the extent to which problems are consistent across rural Scotland or concentrated in particular rural areas;
- Analyse planning applications in rural areas for outcomes related to affordable housing, commenting on methods of distinguishing applications for affordable housing;
- Assess the impact of the planning system on the supply of land, including the relationship between stated policies and actual decisions, relative importance of landscape, infrastructure, design and other considerations;
- Identify actual and perceive limitations on the role of the planning system in providing for affordable housing, and the potential impact of creating a specific land use classification of affordable housing;
- Consider the potential transferability to Scotland, or extension of within Scotland, of solutions adopted elsewhere to securing supplies of land for affordable housing;
- Make some comparisons with evidence from urban Scotland and assess the extent to which the situation in rural areas is the result of factors distinctive to rural areas;
- Make recommendations on changes that may be needed in the areas of planning, rural development and other policy areas to ensure an adequate supply of land for affordable housing.

1.2 With the agreement of the clients, these objectives were condensed into a series of key questions:

a. Is there evidence of a shortage of affordable housing in rural Scotland?
b. Why is there a shortage?
c. Is there a general problem of undersupply of land?
d. Is there a specific problem of undersupply of land for affordable housing?
e. In what ways does planning constrain land supply for affordable housing?
f. What planning policies would facilitate land supply for affordable housing?

1.3 The research was commissioned in the light, first, of no other national-scale investigation of the issues and, second, in the light of other rural housing and planning research and policy activity. In our view, it was important to note that, after a number of years of relatively little interest, the late 1990s saw renewed concern with rural affairs. Thus, our research was taking place in the policy context of:

- The Scottish Executive’s publication of *Rural Scotland: A New Approach* (May, 2000), at the launch of which the Minister stated “The Scottish Executive has put the rural agenda at the heart of what it does instead of being a bolt-on to policies for urban Scotland”;
- *Rural Partnership for Change* and its Highland pilot;
- the Housing bill being drawn up for legislation in the 2000-2001 session; and,
- consideration of amendment to the land-use planning system

and the research context of:

- recent work on the potential contribution of supply by private landowners to meet rural low-cost housing shortages (Satsangi *et al.*, 2000);
- on-going work on rural dimensions of social justice; and,
- on-going work on the relationship between planning and supply from the volume housebuilders (published as Bramley *et al.*, 2001).

**Research Methods**

1.4 The methods used in this research were both desk and field based, qualitative and quantitative. The main desk-based research tasks were a review of relevant literature and national policy (presented in Chapter Two), a review of Structure Plans (Chapter Three), an analysis of planning applications data (Chapter Four) and background and post-fieldwork analysis of case study data (Chapters Five to Eight). Additionally, officers from non-case study rural local authority planning and housing departments were consulted on the draft findings of the research. Results of this national consultation are incorporated into Chapter Nine.

**The Case Studies**

1.5 An important question in framing the research was the appropriate scale at which analysis should proceed. Candidates for this included local authority areas, community council areas, amalgamations of wards and housing market areas. Because of the centrality of housing market process to the research questions, housing market areas were selected as the appropriate unit. Four housing market areas were selected for detailed analysis of affordable housing land supply. The areas were chosen (on the basis of the categorisation in *Scottish Rural Life Update*) in order to reflect the diversity of circumstance found in rural Scotland and were:

Commuter: Inner Moray Firth
In each case study area, there were three elements of work:

**Initial Profile:** Using published material, the aim was to develop a view of the key characteristics of the local housing market, its key pressures, and evidence of the responsiveness of supply to affordable housing demand. Data were drawn from: structure, community and local plans, Scottish Homes’ regional plans and local housing systems analyses, local authority housing plans, housing association strategy and development funding plans. Affordable housing provision was analysed in terms of: social housing provision, low cost home ownership provision, the volume of transactions in the lower deciles of the appropriate regional house price distribution.

**Interviews:** Interviews were undertaken with local authority councillors, community council representatives, local authority planners and housing development staff, Scottish Homes’ regional planning and development staff, housing association directors/development staff, estate agents/solicitors and local developers/builders\(^2\). Interview schedules (see Appendix I) were developed to gather data on:

- perceptions of the extent of local shortages of land for affordable housing in different types of rural area;
- the relative significance of factors affecting land shortages;
- perceptions of the relationship between land prices and the availability of land for affordable housing;
- the impact of the planning system on the supply of land, including the relationship between stated policies and actual decisions, and the relative importance of landscape, infrastructure, cost, quality, design and other considerations;
- planning applications and their processing;
- any local planning inquiries;
- the perceived limitations on the role of the planning system in providing for affordable housing;
- the local impact of mechanisms to facilitate affordable housing provision, notably planning agreements; and,
- perceptions of the potential impact of creating a specific land use classification of affordable housing.

**Synthesis:** the initial profile and interview data were combined to report on the main research questions as reflected in each area. (Where appropriate, reference was made to county-level data on landowners’ perceptions and views as revealed in our previous research). Syntheses for each area are found in Chapters Five through to Eight of the report.

1.7 The various strands of evidence are brought together into conclusions and recommendations in Chapter Nine.

\(^2\) Gathering data from this last set of interviewees was generally rather more difficult than for other actors. The case study reports include findings from a limited number of consultations. A considerably greater number of approaches, formal and informal, were made to small scale builders, but these did not yield any comment on the research topics.
CHAPTER TWO LITERATURE REVIEW

Introduction

2.1 Affordable housing raises questions about demand and supply, and the way institutions and public polices shape local housing markets. Scottish Homes’ 1998 policy statement, ‘Tackling Rural Housing’, concluded that ‘speculative rural building is discouraged by low wage economies, high development costs and planning restrictions’. (Scottish Homes, 1998a). The literature review therefore explores aspects of demand, then supply and the policy context. The review also includes evidence from two important national bodies – the Crofters’ Commission and the Scottish Landowners’ Federation. The chapter also looks at practices elsewhere, since one striking feature of the literature is the limited amount of discussion and policy interventions within Scotland. Finally some issues are drawn out for exploration in the research.

Demand and affordability

2.2 Housing is expensive to provide. People whose incomes are low or irregular are likely to find it difficult to acquire adequate housing through normal market mechanisms. The groups susceptible to low or irregular income are the low paid, those unemployed or unable to participate fully in full-time work, the elderly and the disabled. Many parts of rural Scotland have a population profile in which such groups are over-represented. Scottish Homes' Regional Plans and accompanying local housing systems analyses have tended to adopt Shucksmith's (1990) typology of rural areas - Pressured, Intermediate, and Remote. Satsangi et al (2000) suggest that seven broad housing market area types exist in rural Scotland:

Buoyant Areas where population, economic activity and housing pressure are all increasing, while supply is constrained (including Inner Moray Firth, Shetland, Clydeside, Nithsdale, Dumfries, Renfrewshire, Lochinver, West Lothian);

Pressured Areas where population and housing pressure are increasing, some with indigenous economic growth. These include both areas of increased demand from external markets (notably Skye and Lochalsh, Badenoch and Strathspey, Lochaber, Wester Ross), and also areas of increased commuter pressure (parts of the Lothians, Forth Valley and the Borders);

Fragile Areas with little or no economic growth; emigration of young families, but continuing pressure on housing supply, particularly of rented housing; much ineffective or poor quality housing (including Northwest and East Sutherland (particularly high external pressure), Caithness, East and Mid Ross, the Outer Hebrides, rural North Clyde and much of Argyll and Bute);

'Regeneration' areas – lower pressure areas, but with a wide spread of deprivation, including areas of derelict land (includes West Fife, North Lanarkshire);

'Intermediate' areas – featuring 'pockets' of deprivation or pressure (includes parts of Fife, East Perthshire, Forfar, Angus Glens, the Mearns, South Moray, Northwest Buchan);
Primarily buoyant but economically fragile areas; containing spatially distinct buoyant local economies and weak local economies (includes Orkney);

Transitional Areas, recovering from loss of traditional economic activity (parts of North Clyde).

2.3 Thus a wide range of housing market circumstances exist across rural Scotland. In both buoyant and depressed areas, low income groups and young families face difficulties in accessing low-cost housing, and there are shortages of housing suitable for elderly people and household members with special needs. Historically those in rural Scotland unable to afford owner-occupation relied more heavily on the private rented sector than was the case in urban areas, where councils had been more active in provision. As far back as 1979 the then Scottish Development Department noted that demand for the rural private rented stock was changing with houses being sold off, let to holiday-makers or left empty (Scottish Development Department, 1979). The 1996 Scottish House Condition Survey showed that 13 per cent of rural Scotland’s houses are let privately compared to six per cent in towns and cities. Data on stock condition show that there are poorer quality levels in rural privately-let houses than in urban privately-let or rural owner-occupied houses. This differential in condition can be read as an indirect indicator of affordability, suggesting that demand is high enough to make poor condition houses lettable, but tenants and their landlords are unable or unwilling to invest in improvements.

2.4 Scottish Homes (1990) observed that 'rural housing markets in Scotland are often unable to meet the demands of locals, incomers, hidden households and local employers, due to the lack of suitably priced alternatives'. Eight years later Scottish Homes (1998a, p. 3) reaffirmed that affordability was an issue. Shucksmith et al (1994) studied four areas deemed representative of the diversity of rural situations in Scotland. They found that demand was growing from several sources: from commuters, holiday-makers, and retirement buyers. These demands were found to exist alongside continuing social needs: council waiting lists were perceived as ‘too long’, as homelessness, both visible and ‘hidden’ (e.g. people living in seasonal lets or caravans) continued to grow. Shucksmith et al (1996) found that the demand for low-cost housing was simply not being met by supply: 'the problems identified at the launch of the rural policy... have.. worsened' (homelessness, rural housing waiting lists, poor housing conditions). In the same review, consumers were found to be unanimous in wanting more rented housing, and in some areas social rented housing was seen as critical for the survival of the community.

2.5 In summary, there is a consistent message from the literature, over a long period, that there are groups in rural Scotland whose demand for housing is not being met. In some cases such groups are being squeezed out of local housing by competition from others, while in other locations remoteness and/or economic decline is a barrier to provision of an acceptable quality of housing at an affordable price.

Housing Supply - Costs and Attitudes within the Market

2.6 Problems of provision of rural housing are accentuated for low cost and affordable housing, since they tend to push up unit costs disproportionately. Scottish Homes (1998a) acknowledges infrastructural capacity and location as 'the main hindrances to development of rural sites.' Some key aspects of this are:
• access to land;
• costs and difficulties in site assembly, site servicing, transport of labour and materials; and
• landowners' fears that development may reduce the attractiveness of adjoining sites for more lucrative development.

2.7 Site servicing in remote areas is problematic. In new housing development, the provision of adequate access roads is the responsibility of the housing developer. This can mean a very significant cost increase for small schemes. Building material availability may pose a development constraint. In some remote areas sand, gravel and aggregate are the only local materials available on a significant scale. Additional development costs are imposed by difficult physical conditions, but also by the rural location itself. For example, compared to urban sites, there are likely to be extra transport costs (especially to islands), a shorter building season, fewer local building contractors and a more limited supply of building labour. While local demand and planning policy may favour small amounts of affordable housing provision around a number of different locations, such provision carries diseconomies of small-scale development.

2.8 The attitudes of landowners are seen by some researchers as influencing the supply of land for affordable housing. The most recent research by Satsangi et al (2000) shows that landowner interest in developing land for affordable housing exists across the country, though not in a uniform way. Looking at the constraints that owners face in developing surplus land, 41 per cent indicated planning restraint, 25 per cent the lack of financial viability and 18 per cent service provision. To overcome the financial viability constraint, a capital grant was perceived as the most attractive possible mechanism. The research indicated that a significant proportion of landowners across rural Scotland would, if it were viable, be willing to consider land and building release for affordable housing provision. Around three landowners in five believed that their areas had difficulties in the availability of low-cost housing, but only about a half were aware of public/voluntary agencies with a responsibility to help solve these.

2.9 In part, these data inform the Scottish Landowners’ Federation’s perspective on land supply for affordable rural housing. It argues that there are only limited instances in which land can be considered in short supply on the basis of a landowner’s unwillingness to make land available. If, after answering “yes” to a series of questions:.

i. Is the land identified in the local plan?
ii. Is there (still) demand/need for the housing?
iii. Can access and service constraints be overcome in a way that makes the development of the site financially viable?
iv. Has the landowner been offered either market value for the land or the chance to participate in a realistic mechanism that supports the development of the land for affordable housing?
v. Are the fiscal arrangements that surround the private sector provision of affordable housing acting to assist the delivery of affordable housing?

an owner is unwilling to make land available or get involved, there is still the prospect of compulsory purchase powers being used.
2.10 Earlier, Wightman (1996, pp 150-153) had recognised several specific aspects of landownership that may affect rural housing opportunities. The wide range of landowner 'types' that own Scotland encompass diverse backgrounds, rationales, levels of wealth and interests, ranging from private enjoyment to profit maximisation. Shelter (1998) argues that 'community-based and some non-for-profit landowners.. will generally be easier to convince of the need for housing provision'.

2.11 Some case studies give examples of landowner behaviour. A study of the Cairngorms area found that although some larger estates ‘are generally willing to sell… it may be in their interests to ensure a slow steady release to maintain prices,’ while ‘a number of estates… controlled the release of land to ensure that local people had an opportunity to purchase.’ (CR Planning, 1993). In other parts of the study area, estates were 'occasionally unwilling to release land and will often object to development proposals contained in Draft Local Plans'. Some landowners were reluctant to make land available for housing until all other sites had been developed. Another study in the same area in 1998 reported that “…the critical constraint is the supply of land. Despite the vast physical area of the Cairngorms, the current availability of land for housing is very limited. Consequently, the cost of such land is high and well above the averages for the Highlands and Scotland as a whole” (Mackay Consultants, 1998, para. s20).

2.12 Shucksmith et al (1993) explored attitudes to the release of rural land for housebuilding in two case study areas, Kincardine and Deeside and Perth and Kinross. The researchers concluded that ‘The overarching objective of all landowners.. was to preserve the integrity of their estates …. Their attitude was more positive towards developing land for housing themselves and so retaining ownership and control’.

2.13 This study also looked at attitudes of housebuilders in its two case study areas. It concluded that ‘private developers tended only to operate as speculative builders in the more accessible rural areas… it seems that builders and developers are not interested in rural land acquisition in Scotland beyond that already zoned. The reasons… seem to relate to higher profitability elsewhere, perception of risks, and lack of staff time.” So if housebuilders are not very interested in providing affordable housing in rural Scotland, can their arms be twisted to do so by the use of planning conditions or planning agreements? Ironically there is some evidence that the relatively low land prices in such areas make it harder, not easier, to “squeeze” affordable housing out of a larger development. One case study in the Cairngorms (CR Planning and Department of Land Economy, 1993) found that land prices in the early 1990s, at £60,000 per acre, were higher than most local people could afford, but below sites in pressured urban housing markets. Since developers typically seek to discount the costs of meeting planning agreements against the cost of purchasing the land, relatively low land prices are likely to restrict their capacity to make a substantial contribution towards costs of affordable housing.

2.14 Shucksmith, Watkins and Henderson (1993) also investigated the attitudes of owner occupiers and tenants in rural areas towards new housing development. “The research found that non-owners were more aware of needs for housing.. and displayed a slightly more positive attitude towards new housebuilding,,, [however] local owners were no more likely than incomer owners to recognise needs.” Tenure, therefore, seems to be the overriding factor in terms of both awareness of housing needs and attitude towards residential development. “… Perhaps the most significant finding… relates to the differential propensity of owners and non-owners to seek to intervene in the policy process… Home-owners in high-
status occupations… were.. more likely to hold attitudes opposed to development.. and to take action to oppose it”.

2.15 The **local authorities’ stock of council housing** depended on the commitment to council housing of the pre-1975 Small Burghs and County Councils. Shucksmith (1988) argued that “Many new authorities in 1975 therefore inherited massive housing problems following years of under investment.”. The right to buy sales that followed were proportionately higher in rural Scotland than in the urban areas (Hansard Written Answers, 24 February 1987, 188-9). Thus, provision of affordable rural housing in many parts of Scotland in the 1990s depended heavily on the work of housing associations and the support of Scottish Homes.

2.16 During the 1990s, new **investment by housing associations in rural Scotland** has accounted for around a fifth of the annual investment programme, and about a fifth of the total housing association stock is rural. In fact, associations have doubled their rented housing stocks in rural Scotland in just five years (Scottish Homes, 2000a, p.8). This has offered some compensation to the greater proportionate loss of local authority stock in rural areas due to the Right to Buy. The Scottish Executive (2000, Tables 2, 3) shows that by 1998, rural local authorities had sold just under 86,000 houses, an average of 36% of their 1980 stocks. That average ranges from Shetland (865 houses, 26% of stock) to Orkney (784 houses, 44% of stock) compared to urban authorities’ 34%. The net loss average for rural authorities (i.e. adding in new housing association provision) is 30%, ranging from Argyll and Bute (3566 sales, 17%) to South Ayrshire (8884 sales, 40%), compared to the urban average of 27% (Maclellan et al, 2000).

**Housing Supply - the impact of the planning system**

2.17 Shucksmith *et al* (1993) argued that “…planning can pave the way to getting more schemes on the ground where and when resources are available: firstly... by working with housing authorities at strategic and local level; secondly, by developing positive policies for locating affordable housing in the right places; and thirdly, by actively supporting the ‘enabling’ process at the local level, in partnership with local communities, landowners and housing associations.” Similarly the ‘Inquiry into Planning for Housing’ carried out by the Joseph Rowntree Foundation in 1994, recognised that planning can not deliver housing by itself; its role is complementary to housebuilders and other providers. However, a number of studies have criticised the land-use planning system for hindering the supply of private sector rural housing. The Scottish Landowners’ Federation stated that ‘many people report that land shortage is a result of the failure by landowners to make land available... landowners report that the problem lies with planners who refuse to allow land to be developed’ (SLF, 1998). Shelter (1998) stated that ‘The planning system.. is inflexible, focused too narrowly on physical rather than social needs and is open to abuse.’ Shucksmith *et al* (1994) noted that local residents criticised planning departments for preventing housebuilding on farmland which would have boosted small communities and sustained local services.

2.18 Planning in Scotland operates within a system of national planning policy guidance (NPPGs) issued by the Scottish Office before 1999, and since then by the Scottish Executive. Development plans should take account of the NPPGs, which are seen as material considerations in determining planning applications or appeals. The Executive also issues
good practice advice in Planning Advice Notes (PANs). What do the relevant NPPGs and PANs have to say about affordable housing in rural Scotland?

2.19 **NPPG3, “Land for Housing”** was published in 1996, replacing the previous version that itself only dated from 1993. (It should be noted that NPPG3 is being revised during 2001). Thus the present basis of national policy has been in place for less than five years. Given the time it takes to prepare and approve development plans many areas of rural Scotland are not covered by plans produced since the policy guidance was revised. As the development plan is the prime consideration when determining planning applications this is important.

2.20 Sections of NPPG3 cover extensions to existing settlements (para.s 37-42), new settlements (para.s 43- 47) and housing in the countryside (para.s 48-57). The guidance seeks to protect towns and villages from inappropriate large-scale development. Settlement extensions are expected to complement the parent in terms of scale, density and environmental quality. New settlements, extending in scale from villages to small towns, are considered appropriate inclusions in structure plans where there are major infrastructure/physical/amenity constraints to the extension of existing settlements and where development pressure might be taken away from green belts and existing settlements. A broad series of constraints on their establishment is noted, with an expectation that there should be a variety of housing and tenure types, including affordable housing where there is demonstrable need.

2.21 Policy guidance is clearly directed against housing in the countryside. NPPG3 confirms and extends SDD Circular 24/1985 (Development in the Countryside and Green Belts), stating the principles that:

- development should be encouraged on suitable sites in existing settlements;
- settlement coalescence and ribbon development should be avoided; and,
- isolated development should be discouraged in the open countryside unless particular circumstances (relating to maintaining and creating jobs, maintaining communities and services, where dispersal may be appropriate or due to job demands) are clearly identified in development plans or there are special needs.

2.22 Design issues are emphasised with further guidance that:

- appropriate siting and design of new housing are crucial to its integration into the countryside;
- new housing should respect the scale and character of traditional housing;
- attention to landscape character should be increased;
- conspicuous sites should be avoided; and,
- the views of the local community should be respected.

2.23 Relating to both rural and urban Scotland, paragraphs 57 to 66 of NPPG3 discuss affordable housing, considered as “.. housing affordable to those in lower income groups.. which the market would not in itself supply”. Importantly, the need for affordable housing is seen as significant in rural areas with dispersed populations, relatively low incomes and significant proportions of housing stock in poor condition. Local authorities are expected to determine, in conjunction with Scottish Homes, whether a requirement for affordable housing exists, following which a structure plan can set out “..policies to provide and maintain a stock of housing for people with a genuine need..who require to live in the area” (para. 61,
emphasis added). Supply side mechanisms are anticipated to prove more effective than demand side restraint.

2.24 Local plans are expected to show clearly the authority’s definition of affordable housing for local needs, and how and where that housing can be secured. Policies should also, wherever possible, provide for affordable housing as part of the general land allocation. The retention of affordable housing is critical, with local authorities empowered to determine legitimate, enforceable conditions and agreements and to use these selectively. Scope is also given to local authorities to promote partnerships with private developers that allow for providing and retaining affordable housing, including land deals or using Scottish Homes’ grants.

2.25 NPPG 15 on “Rural Development” is also relevant. It confirms the policy directions of NPPG3. In addition, it states that local plans should set out the criteria against which applications for the re-use of redundant agricultural buildings will be assessed. Further, NPPG15 draws attention to West Lothian’s ‘lowland crofting’ provision – promoting farm restructuring on low grade agricultural land and degraded land in a commuter area. It suggests that other councils may wish to consider the applicability of innovative models like this.

2.26 These NPPGs thus provide national endorsement for the idea that the planning system has a role to play in the provision of affordable housing in rural Scotland. However, the guidance only lists this as one of a number of criteria that should shape the housing policy in development plans. The overall tone of the guidance prioritises environmental conservation and design considerations above affordability or social justice. This emphasis is also evident in the PANs. Thus PAN38 on Structure Plan Housing Land Requirements, issued in 1996, makes no specific mention of affordable housing provision, though it does refer to different categories of housing demand. Though the PAN discusses the annual audit of effective housing land supply that planning authorities are expected to undertake, the supply of land for affordable housing is not part of the audit. In the context of focusing on rural housing markets, it is also important to note that small sites (for 4 houses or fewer) are effectively excluded from the audit process unless the planning authority shows that these sites have accounted for 40% or greater of recent completions. Other PANs (36 on Siting and Design of New Housing in the Countryside; 44 on Fitting New Developments into the Landscape; and 52 on Planning in Small Towns) all emphasise the need for design awareness and the conservation and enhancement of landscapes and rural settlements. In contrast there is no equivalent advice on achieving affordable housing provision.

2.27 Shucksmith et al (1993) showed that policies towards rural housing development were strongly influenced by professional ideologies, with some conflict between planners’ and housing professionals’ objectives. The outcome of policies reflected a “struggle” between councillors acting on their constituents’ behalf and planners who generally opposed development. In the mid 1990s a British TV programme, “Concrete and Cream Teas”, exposed the extent to which elected members on the Planning Committee in North Cornwall were prone to depart from development plan policies to award permissions for development. A formal investigation and report followed. This created some alarm amongst planning officers. Moves announced in September 2000 by the Scottish Executive to promote training in planning for elected members reflect these and other concerns, and could arguably tend to tip the balance in any future “struggle” in favour of the recommendations of professional planning officials.
2.28 There is a body of argument that says that restrictive planning policies reduce the supply of development land, and thus inflate land prices and eventually house prices (see, e.g. Evans 1997; Monk, Pearce and Whitehead 1996). In this view the planning system makes local housing less affordable. Cheshire and Sheppard (1989, 1990) studying Reading and Darlington found that local planning regimes imposed house price differentials of 2% to 12%, depending on house type. Bramley and Watkins (1996) drew on a database sample of 162 district council areas of England. The research found that house prices would only be reduced by a moderate amount if a large amount of extra land were allocated for housing.

2.29 Research by the Joseph Rowntree Foundation (1994) (‘Inquiry into Planning for Affordable Housing’) concluded that ‘the boom and bust periods of the early 1990s showed that [house] prices are affected first by market changes, rather than by planning controls. Changes in employment, incomes, and availability and cost of mortgages, all affect the market first and foremost. New housing comprises only a tiny fraction of the housing stock, so its price is controlled in the short term by the price of existing homes.

2.30 The JRF project included case studies of local authorities, who were found to have ‘substantially exceeded their development plan requirements’. However, it was concluded that allocating additional house-building land would not generally be an effective way of reducing house prices and making owner-occupation more affordable in the short-term. The research concludes that local authorities would be better helping households gain access to affordable housing through financial devices, rather than through relaxing planning controls (JRF, 1994). It might also be argued that financial devices provide short-term means of addressing supply whilst in the longer term, overall stock levels are important in enhancing effective supply.

2.31 Bramley et al (1998) show that in Scotland, there is little evidence that local authorities have extensively used the possibility of requiring developers to produce affordable housing as a condition for planning permission for housing. Unpublished research by Hal Pawson found that in 1997-98, of 32 Local Plans for central and Eastern Scotland, 13 contained reference to affordable housing and two specified a percentage of affordable housing to be secured from the development of sites over a set size. A further five stated a policy of using development briefs as a mechanism for delivering affordable housing. However Reporters are unlikely to support affordable housing policies unless there is robust evidence of need. The Reporters on the East Lothian Local Plan Inquiry recommended the deletion of policies on affordable housing until a housing needs study had been published (R.Dent, D.Hope and J.McNair, 2000). A similar conclusion was reached in the Inquiry into the Dumbarton district-wide Local Plan.

2.32 If more attempts are made to secure affordable housing through the planning system, the mechanisms used are likely to be planning agreements as part of a planning permission. Under these developers make a legally enforceable commitment to contribute in cash or in kind to affordable housing provision that is seen to be a need consequent on the development for which permission has been sought. The use of such agreements is controversial in many respects. Critics argue that they are illegitimate: on the one hand they may be thought to persuade a council to grant a permission which would otherwise not be granted; on the other hand they can be perceived as “holding the developer to ransom”. As the budgets of councils have become increasingly constrained, more and more have looked to planning agreements, but this means that affordable housing provision, in effect has to compete with other
components of a council’s wish list (e.g. contributions to schools, libraries, leisure facilities) as possible “planning gain”.

2.33 The question is also posed as to why should house buyers cross-subsidise affordable housing provision, when that should be the responsibility of the state? However, the evidence suggests that when developers know what contributions will be expected of them, they are able to include the costs in a residual valuation and reduce the price offered for land (Barlow 1990) (in Bramley et al, p.80). Research on past agreements found that the earlier in the process planners attempted to influence the nature of the development, the greater the opportunity to negotiate gains (Farthing et al, 1993). It may also be argued that builders and landowners gain through an increase in land betterment value resultant upon land being designated for housing. Nevertheless, some house builders may see affordable housing provision as a marketing disadvantage. The studies also suggest some, albeit limited, evidence that potential purchasers of houses built through a section 75 agreement (or section 106 in England and Wales) have found it difficult to obtain a loan. As far as we are aware, there is no evidence that housing associations have encountered this difficulty in similar situations.

2.34 One concern with the use of the planning system to provide affordable housing is with how to enforce affordability in perpetuity, given that properties may be sold or re-sold. There have been arguments for an affordable housing use class, most recently the National Steering Group for Rural Partnership for Change (National Steering Group, 2001a). It suggested that the use class could help target the type of demand to be met by a site and may help deflate land values in areas of competition for land (p.26). Further discussion is given by Gallent and Tewdr-Jones (2000). The classification would mean that a full-market price sale or rent would require planning permission, which could be refused if there was a continuing need for affordable housing. The Joseph Rowntree Foundation (1994) and Bramley et al (1995) are critical of this concept. There are likely to be problems of enforcement, while a landowner receiving a permission restricted to “affordable” use may elect to withhold the site and try again later for a “full” permission.

2.35 In summary, the planning system is an important influence on the supply of affordable housing but does not directly deliver such housing. There is certainly a case for ensuring that development plans and local housing plans are well integrated. To use the planning system to create affordable housing means having up to date development plans which contain explicit policies on affordable housing, backed by robust housing needs assessment studies.

2.36 The literature suggests that planning policies, where they are restrictive, may exacerbate problems of affordable housing provision. Such policies are likely to be consistent with the tenor of much Scottish Executive advice about how the planning system should operate in rural Scotland. Planning is a statutory system, and the development plan is the first consideration in determining planning applications. Planning officers are likely to be very concerned if councillors develop idiosyncratic “exceptions” to policies seeking, for example, to restrict scattered housing in the countryside. Unless national planning guidance is changed to put more emphasis on social justice, the planning system is likely to remain a vehicle more suited to preventing development than to promoting affordable housing.


Crofting and Affordable Housing

2.37 Crofting tenure has a bearing on affordable housing supply in two respects – the availability of support for houses (to be) occupied by croft tenants and cottars and the possibility of crofting land being used for new housing development. The principal mechanism for the former – the Crofters’ Building Grants and Loans Scheme – has been reviewed by Pieda (1994) and Shucksmith and Alexander (1994). The broad conclusion from these evaluations is that the scheme has effectively complemented other housing support mechanisms, with over ten thousand new or improved croft houses built over the period from 1949 to 1994.

2.38 With respect to the second, any new housing development would require the decrofting of croft land, which requires obtaining the consent of the Crofters’ Commission. Whilst individual cases are treated on their merits, the general position of the Commission (1995) is that “…land should not be removed from crofting unless there are sound reasons which do not conflict with the general interests of the local crofting community”. Further evidence obtained for the current research shows that:

- the Commission does not generally favour the speculative development of croft land for housing where that would alter the nature of the community in which the croft lies;
- it would not normally agree to the decrofting of more than two house sites on any one croft without sound evidence of such development being in the community interest.

2.39 Importantly, however, the Commission would be likely to view the development of affordable housing for local people as being in the community interest. There is some supporting evidence for these points. In the crofting townships of North Assynt, Alexander (1996) found that most crofters were willing to consider making a new house site available, indeed they already did this.

Experience elsewhere

2.40 Bramley et al (1998) show that in Scotland, there is little evidence that local authorities have extensively used the possibility of requiring developers to produce affordable housing as a condition for planning permission for housing for sale. By contrast, in England it is standard practice. Many English local authorities work with notional quotas of 20-30% affordable housing on eligible sites. The usual method by which this occurs is that developers team up with housing associations to provide housing for rent. Bramley et al (1995) found that 70% of local authorities had developed affordable housing policies.

2.41 Gallent (1997a, 1997b) looked at the use of exemptions policies in England and Wales to achieve affordable housing provision. He reports that the scheme is not altogether successful. An inability to attract private finance was a problem on some rural exception sites (e.g see RDC, 1995). He argues that ‘studies...of affordable housing provision invariably return to the issue of resource allocation. This includes the ability of housing associations to attract private finance (either loans or cross-subsidy) and the allocation of public-sector funding’. From a practical rather than an academic perspective, Hutton (1991) has criticised the use of exceptions policies in one of England’s counties, arguing that they “…benefit a
relatively small number of people at great cost to the integrity of land use planning” (p.310) More recent evidence for England is, however, more positive. Gallent and Bell (2000) suggest that over time, parties have gained more experience in dealing with exceptions and that there is a “...greater confidence in the subsidiary role of planning in the delivery of reduced cost housing...” (p.379). At the same time, however, exceptions schemes are recognised to be capable of driving (only) ‘limited inroads into rural housing needs’ and second, many planners would prefer ‘more direct approaches’.

2.42 In the USA Local Authorities often establish fixed rates of tax payments which developers contribute towards e.g. highways and open space. Fee levels relate to the ‘impact’ of the development. This is a version of development taxes at the local level; but the Joseph Rowntree Foundation (1994) argues that ‘The amount of affordable housing that could be justified on the grounds of the ‘impact’ of building homes for sale, would be small’. In general in countries such as the USA, Canada, Australia, New Zealand and South Africa, which have had a very substantial land supply in relation to population, the route to affordable housing has been through extensive land availability and consequently lower land prices than in the UK. However the “zoning and sub-division” mechanisms for development management can also be used to exclude the poor, by setting minimum house and plot sizes.

2.43 There are also some interesting lessons from Scandinavia (Gallent and Tewdwr-Jones, 2000). In general, as is also true in much of central and eastern Europe, there is a strong tradition of holiday home/summer cottage development in these countries, so the supply of second homes is less dependent on the existing housing stock of scenic areas. In addition there may be restrictions on conversion of agricultural land or sale of properties. In Norway, for example, there is a very complicated legal requirement that, in effect, gives power to members of a family to retain ownership within the family rather than sell to a third party. Similarly, while new development is vetoed on arable land the planning system is more supportive of “scattered development in the countryside” or “ribbon development” than that in the UK. Norway’s system gives more power to local kommunes with no equivalent of NPPGs to be followed.

Summary and Questions for Research

2.44 The literature review has shown that problems of affordability are predictable in rural Scotland, through a combination of high development costs, low incomes and, in some areas, competition from in-migrants. However, affordability is also seen as a problem in areas where there is economic decline and hence potentially declining demand for the stock of houses. The nature of the problems in those areas needs more investigation, as does the extent and disposition of the existing stock of socially rented housing. There are grounds for believing that the supply may be very uneven especially at a local scale.

2.45 The literature also implies that there is relatively little awareness of affordability issues amongst some key players, notably housebuilders, landowners and residents. Some may look to the planning system as the means to block development. We have argued that national policy and its statutory interpretation appears to give more emphasis to landscape and amenity than to social justice and affordable housing. However, this needs to be tested out at a local level through case studies. Indeed there is likely to be increasing use of the planning system to impose developer obligations that will contribute towards affordable housing provision. This is already well-established in pressured housing markets in rural
England. However it is a controversial policy and arguably inequitable if it means that a cross subsidy is being provided from house purchasers. In the end, the literature review points to the need for investment in affordable housing matched to sites, in a planned and sustainable fashion.
CHAPTER THREE       ANALYSIS OF STRUCTURE PLAN POLICIES

Introduction

3.1 The fifteen Scottish Structure Plans have been analysed in terms of their policies relevant to the study (see Table 3a below). Sections most relevant have been those setting out housing policies and land supply issues, including affordable housing; rural and countryside policies, including spatial strategies and design; constraints on new development; and implementation and monitoring. The most up-to-date plan has been used, which in most cases means drafts that have not yet been formally approved. The plans have been produced after local government re-organisation in 1996 (many have been produced in 2000) and therefore correspond to new Structure Plan boundaries and arrangements; the exception is the Lothian Structure Plan 1994. A separate pro forma has been completed for each plan. This section is a summary that synthesises the findings. As one would expect, there is considerable similarity across the plans reflecting national policy, but some interesting differences in emphasis and detail. Where specific reference is made to individual plans, this is either illustrative of the general situation or indicative of a different approach, as appropriate.

Definition of Affordable Housing

3.2 Most of the plans have a glossary including affordable housing, defining it similar to ‘housing which is accessible to people whose income does not enable them to buy or rent appropriate to their needs in the free housing market’ (Fife). The Fife plan specifically excludes static caravans in the definition. The definitions tend to define affordable housing in contrast to that available on the free market. Moray and Aberdeen and Aberdeenshire add more detail: ‘….It covers a spectrum of providers and tenures including public sector, housing association, joint ventures, and owner occupation. Affordable housing is not necessarily low cost housing.’ Aberdeen and Aberdeenshire define affordable housing on the basis of evidence of housing need and refers to a 1999 outside study for quantitative measures (Aberdeenshire Council Housing Needs Survey). The Clackmannanshire and Stirling plan (2000) is one of few that tries to quantify the definition: ‘As a guide such housing is not expected to exceed a price of £50,000 with rental levels in the same range as local council and housing association accommodation.’ The Borders specifically mentions ‘local people’ in the definition, but does not define this further. The Orkney plan defines affordable housing as ‘for households on low incomes, the unemployed, the elderly and those with special needs.’

3.3 Interestingly, it is the more rural authorities that tend to include affordable housing in the Glossary; Glasgow & Clyde Valley and Lothian do not.

Affordable Housing Policies

3.4 All plans include a policy encouraging affordable housing, often linking it with special needs housing. However, at this level, the plans tend to be a very general statement of intent, lacking detail of what, where, who, how and how many. There is very little on specific housing needs and requirements or implementation and usually only something very
general on monitoring. Most plans refer to other documents to provide more detail, stressing partnership working: Local Plans, Housing Plans and/or Scottish Homes’ plans and Community Care Plans.

3.5 Several plans, however, include unique approaches. One is the Highland (2000 draft) plan that attempts to quantify the need and pinpoint implementation vehicles. The plan estimates that 30% of households in the region are ‘unable to buy the cheapest housing on the market,’ based on calculations of average incomes in relation to average house prices and rents; the Strategy identifies a need for almost 5,000 affordable houses between 1998 –2003. (Section 2.2.13). It identifies the following vehicles for delivery: the Highlands Small Communities Housing Trust; the National Trust for Scotland in creating new crofts; the Crofters’ Commission proposed option of selling a proportion of common grazings to a local housing association; land reform providing mechanisms insisting on the release of land for affordable housing, for example, as the condition for a grant; making use of surplus Council and other agencies’ sites and buildings; preserving existing stock through stock transfers and exemptions to Right to Buy; recommending changes to the Council Tax system on second homes; encouraging landowners to release land and linking agricultural occupancy conditions; and the Council’s Home Energy Conservation Strategy (p. 33).

3.6 Argyll and Bute offers another innovative policy approach, in which housing need and sustaining communities are given prominence. The Housing Section sets out a number of issues to be specified in local plans: Key Resource Tests addressing whether an existing or proposed development may be designated a Key Local Facility, including consideration of local housing needs; and an Added Value Test required when there is an initial presumption against a proposal and/or marginal outcome to an Other Policy Test (considerations such as neighbour impact, layout/design or public transport accessibility) - the tests include Locational Need, Economic Benefit, Development Opportunity and Social Benefit Tests.

3.7 Clackmannanshire and Stirling is also unusual in its detail, saying that Councils need to be proactive in supporting provision of a range and choice of house types, affordable and special needs housing, mobility standards, lifetime homes and whole life housing (pp. 38-9) through local plans, masterplans and other forms of guidance for developers. It recognises that subsidies are required as well as innovative partnership working with the private sector, housing associations, Scottish Homes, and the local authorities. It is critical of past planning practices where private sector housing has been favoured, highlighting the need to work with social housing providers to deliver affordable housing in rural villages (p. 43). It pays more attention than most to implementation and monitoring, including an annual land audit and sustainability indicators (see below).

3.8 The Ayrshire plan acknowledges that land use planning alone will not provide affordable housing, it requires innovative initiatives by the public and private sectors (Policy L6). A few plans acknowledge that it is increasingly difficult for many people to buy a house on the open market (Dumfries and Galloway, for example), given rising house prices and relative fall in incomes. The Lothian plan (1994) identifies the problem of affordable rural housing especially where there are demands from commuters and retired people. As one would expect, Structure Plans covering the larger conurbations do not address rural housing to any extent (Glasgow and Clyde Valley). The Orkney plan (Policy H4, 2000) also says the Council will consider the purchase of land to enable self-build housing development where there is an identified local demand. Although not explicitly promoting affordable housing,
self-build may contribute towards this by keeping costs down and within control of the occupant.

3.9 In addition to the above policies encouraging affordable housing, there are four main thrusts in various plans which flesh out this general intention: Section 75 agreements, ‘exceptions’ policies, rural spatial strategies and sustainability indicators.

3.10 **Section 75 agreements/negotiation:** Section 75 of the Town and Country Planning (Scotland) Act 1997 enables local authorities to enter into agreements with developers for a variety of purposes. A number of plans (Tayside, Moray, Borders, Dumfries and Galloway, Lothian, Orkney, Highland) specifically mention these agreements or negotiations with private developers and housing agencies to secure affordable housing provision. In particular, larger sites may have a proportion reserved for affordable housing. The Moray and Orkney plans also mentions Section 75 agreements in terms of ensuring housing is affordable for successive occupants.

3.11 **Exceptions policies:** Policies generally follow national guidelines regarding sustainability goals (see sections on Constraints below). However, the provision of affordable housing is one thing that is specifically allowed in some plans where other development would not be allowed. The Fife plan, for example, (Policy H5) says that proposals exceeding the housing land requirement will not normally be supported, however, they may be supported ‘where it is solely for affordable or special needs housing on a greenfield site and can be justified in terms of meeting an identified local need and where there is a lack of a suitable alternative brownfield site.’ The Clackmannanshire and Stirling plan specifically makes an exception for affordable housing in the Stirling rural villages Area (Policy H4) where other new housing would not be allowed, as long as local people are targeted and specific location and design criteria defined in local plans. The Borders plan has a substantial discussion about the ‘exceptions’ policy and policy H7 says that affordable housing would be allowed on unallocated sites if it meets an identified local need. The Highland plan (Policy H6) says that affordable housing requirements and the maintenance of rural communities can cause exceptions to the general restriction on housing in the countryside.

3.12 **Rural spatial development strategy:** Many of the plans identify specific areas where different policies apply, often with the aim of tackling rural problems. Typically, housing for commuting to the larger centres is discouraged but local needs housing in declining rural areas is encouraged to help sustain the local community and services. Clearly, a potential tension arises here as households occupying the new supply may have to commute to other centres due to the lack of local job opportunities.

3.13 A good example is the Tayside plan, which highlights pressures arising in rural housing markets including issues of competition and affordability affecting first time buyers. The plan makes the point that incomes are declining in proportion to housing costs, especially in rural areas. Housing Policy 14 encourages provision of special needs and affordable housing for rent or sale with a particular emphasis on rural areas. One of the five main aims of the Plan is to maintain viable rural communities, with priority given to the remoter areas which are losing population. Small scale housing to meet local needs is promoted in these areas and a settlement strategy identified.
3.14 The Clackmannanshire and Stirling plan highlights sustainability issues more than most, including social inclusion. It has a specific spatial strategy promoting the rural villages area for local services and housing, including affordable housing. Compared to other plans, it emphasises affordable housing more in the rural areas, as opposed to general housing provision.

3.15 The Moray plan mentions that despite the fact that government guidance has discouraged isolated development in the countryside since 1960, the Moray Local Plan and former Grampian Structure Plan have restrained new housing in areas of high demand but allowed small scale housing in remoter parts of the county to sustain communities socially and economically (south and east Moray). It continues this policy. The Ayrshire plan defines different spatial areas; the Rural Diversification Area (south and east Ayrshire) allows for a greater level of economic development and associated housing to stem rural depopulation (Policy G6). The Fife plan restrains new housing land in commuter areas in rural west and east Fife in favour of local needs housing and strives to halt net out-migration from mid Fife by providing housing land for in-migration. A slightly different twist is the Dumfries and Galloway draft plan (1997), which specifically tries to increase the proportion of houses built in rural areas, especially small villages (under 1200 population), from the previous 16% of the total to between 25 and 30% (1600 to 1900 homes). This is for all housing, not just affordable. This is to ensure the viability of rural settlements.

3.16 The Argyll and Bute Plan has an Investment Strategy linking to the housing section which divides the area into 4 sub-regions and contains an Economic Zone Matrix with indicators of Competitive Housing Stance, Housing Need and Local Housing Need Provision plus Demand-based Width of Housing choice. The Plan divides the area into 15 Community Areas which are in effect Housing Market Areas. It says Settlement Plans shall facilitate ‘planning for real’ and community ownership of local plans linking with the wider community planning process. A long-term view is encouraged by proposing Areas of Search for development land beyond existing allocations, allowing room for settlement expansion.

3.17 **Sustainability indicators:** Two of the plans which place great emphasis on sustainability specifically include affordable housing as a ‘sustainability indicator,’ a monitoring tool to encourage regular policy review and reflection. The Fife and Clackmannanshire and Stirling plans include in their list of sustainability indicators: affordable housing provision as a proportion of all annual housing completions, the extent of new housing development on brownfield sites, the extent of new housing on greenfield sites, and average density of new housing development on brownfield and greenfield sites. The Clackmannanshire and Stirling plan also includes numbers of new houses developed in the countryside outwith those permitted through the housing policies and the percentage of new development within 400/800 metres of a strategic public transport corridor. Although these indicators do not in themselves help implement affordable housing policies, they ensure that they are explicitly on the agenda for monitoring purposes.

**Constraints on Housing Land**

3.18 In addition to settlement strategies and growth provision, almost all of the plans list the usual planning constraints which potentially limit areas and sites for additional housing, in line with national policies. Factors that effectively restrict areas for new housing are (in no particular order):

28
Prime agricultural land
Areas of landscape value
Infrastructure availability (roads, drainage, water, public transport)
Habitats/sites important for nature conservation
Woodland/forestry
Undeveloped coast
Mineral deposits
Archaeological features
Historic gardens and designed landscapes
Areas liable to flooding or erosion
Contaminated land and areas of mining subsidence
Natural heritage
Setting of Listed Buildings and Ancient Monuments
Recreation and/or amenity space
Sources of pollution
Green belt
National parks

3.19 Tayside has a policy (H3) saying settlements should not increase their population by more than 50% in any 10 years.

3.20 **Housing in the countryside:** In line with government policy, most plans cite sustainability principles in guiding new development to existing settlements and brownfield sites, paying attention to public transport. Where this is not sufficient to meet demand for housing, settlement expansion strategies are set out, including greenfield sites. Most plans have specific policies dealing with the countryside. A typical one is Fife (Policy N1), which says development will only be permitted where it is required for rural economic activities related to agriculture, forestry, leisure or tourism or demonstrates a requirement for a countryside location.

3.21 Exceptions are in the islands, where, for example, the Shetland plan specifically acknowledges that restricting scattered development in the countryside does not work because it is the traditional building form. This suggests that planning guidelines need to reflect the diversity of built forms across Scotland. The Argyll and Bute Plan introduces the novel concept of ‘countryside capacity,’ the approach defining zones setting the presumptions for and against scales and types of development. These strategic zones are to be refined at the Local Plan stage. It introduces the concept of Organic Development (unplanned development) in terms of the varying capacity of countryside locations to absorb it. The Plan also includes an objective maintaining the current population ratio between settlements and the countryside.

3.22 **Design issues:** Structure Plans have very little detail on design, with most having only very general statements about scale and standard of design appropriate to the location; some mention density, materials and character without going into any detail. The Dumfries and Galloway plan policy D4 says that new housing in the countryside should normally draw on traditional architectural detailing in the locality. The plans tend to refer to local plans as providing more guidance on design and, for example, the Dumfries and Galloway one refers to site briefs considering layout, form, density, type, design, materials, access, landscaping, parking and open space (Policy D7). The Orkney plan refers to the separate ‘Siting and Design of Housing in Orkney’s Countryside’.
3.23 The Fife plan is unusual by having a policy on housing density (Policy H3): new housing close to town centres and public transport nodes will be no fewer than thirty units per hectare and on other sites, no fewer than twenty units. This is justified by sustainability aims and specifically seeks to encourage the provision of smaller, affordable houses. The plan for Clackmannanshire and Stirling includes a sustainability indicator on average densities achieved. It also mentions in passing whole life housing in the discussion (para 4.3.10). The Highland plan has a Policy G2 Design for sustainability that includes ‘..maximise energy efficiency in terms of location, layout and design’ It links affordability with heating costs, referring to the Council’s Home Energy Conservation Strategy (2.2.14). The plan also makes links with Scottish Homes’ recommendations on lifetime homes, which are small scale, flexible and integrated into mainstream housing (2.2.22).

3.24 The Tayside plan says that new housing sites will make a positive contribution to the form and character of settlements and pay attention to energy conservation and efficiency (housing recommendation 2). Environmental Policy 2 includes sensitive siting and design of new development, paying particular attention to significant landscape character and features and the capacity of landscapes to absorb development. The Argyll and Bute plan allows for ‘appropriately scaled’ housing in the countryside and tries to prevent ‘unsympathetic’ and ‘overly-suburbanised’ forms. The same objective supports innovative and low cost design solutions balanced with realising the benefits of traditional design and maintaining acceptable design standards.

Housing Land Supply

3.25 In line with PAN 38, most plans include detailed figures about housing land supply to meet demand over the next 5 and 10 years; most of these are by Housing Market Area. These sections tend to be more detailed than anything on affordable housing or design limitations. Settlements are earmarked with housing expansion figures. However, the overall housing figures are totals and specifics of affordable housing need are generally not addressed, leaving these to housing plans and/or local plans.

3.26 Re-use of buildings in the countryside: Most plans include a policy that allows for reusing and/or rehabilitating derelict buildings in the countryside, including old farm buildings.

Conclusions

3.27 Scottish Structure Plans are strategic documents and contain general policies about providing affordable housing whilst most are thin on implementation. The fact that none contains much information on housing need is arguably of some concern. A number of plans have a specific emphasis on maintaining viable rural communities but these make only general links with affordable housing. The plans rely on other agencies and documents to flesh out the policies. About half mention Section 75 agreements as a way of delivering affordable housing in conjunction with other agencies or house-builders. Several plans have ‘exceptions policies’ allowing affordable housing where other development would not be permitted. Others have separate, more tolerant strategies for rural areas encouraging housing to maintain communities and services. A couple of the most sustainable ones include affordable housing as a ‘sustainability indicator’ for auditing purposes and one specifically
encourages high densities, in part to encourage smaller and more affordable housing. The plans generally adhere to sustainability aims in government guidance and have common lists of planning constraints.

Table 3a  Structure Plans Analysed

<table>
<thead>
<tr>
<th>Structure Plan</th>
<th>Status</th>
<th>Year</th>
</tr>
</thead>
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<tr>
<td>Aberdeen and Aberdeenshire</td>
<td>Draft (not yet approved by Councils)</td>
<td>2000</td>
</tr>
<tr>
<td>Argyll and Bute</td>
<td>Consultative Draft</td>
<td>2000</td>
</tr>
<tr>
<td>Ayrshire</td>
<td>Approved</td>
<td>2000</td>
</tr>
<tr>
<td>Borders</td>
<td>Draft</td>
<td>1998</td>
</tr>
<tr>
<td>Clackmannanshire and Stirling</td>
<td>Final draft</td>
<td>2000</td>
</tr>
<tr>
<td>Dumfries &amp; Galloway</td>
<td>Draft</td>
<td>1997</td>
</tr>
<tr>
<td>Fife</td>
<td>Consultative draft</td>
<td>2000</td>
</tr>
<tr>
<td>Glasgow &amp; Clyde Valley</td>
<td>Draft</td>
<td>2000</td>
</tr>
<tr>
<td>Highland</td>
<td>Final draft</td>
<td>2000</td>
</tr>
<tr>
<td>Lothian</td>
<td>Approved</td>
<td>1994</td>
</tr>
<tr>
<td>Moray</td>
<td>Approved</td>
<td>1999</td>
</tr>
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<td>Orkney</td>
<td>Consultative draft</td>
<td>2000</td>
</tr>
<tr>
<td>Shetland</td>
<td>Consultative draft</td>
<td>2000</td>
</tr>
<tr>
<td>Tayside</td>
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<td>1997</td>
</tr>
<tr>
<td>Western Isles</td>
<td>Initial draft</td>
<td>2000</td>
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CHAPTER FOUR ANALYSIS OF PLANNING APPLICATIONS DATA

Introduction

4.1 This chapter presents analysis of planning applications data at local authority level for the period April, 1996 to March, 2000. The data are drawn from half-yearly returns on the number and type of applications to develop determined that are made by councils to the Scottish Executive. The main issues to be analysed relate to the level of workload experienced, how the application success rate varies, the usage of section 75 agreements (formerly section 50 agreements) and whether there are any significant differences between rural and urban Scotland. For the purposes of this study, the rural local authority areas are Aberdeenshire, Angus, Argyll and Bute, the Scottish Borders, Dumfries and Galloway, East Ayrshire, Highland, Moray, Orkney Islands, Perth and Kinross, Shetland Islands, South Ayrshire, Stirling and the Western Isles.

Level of workload

4.2 Table 4a shows, for each local authority and for groups of rural and urban authorities, the mean number of determinations per six months over the four years of data and the mean percentage of applications that related to householder developments, small housing developments (fewer than 10 houses) and larger housing developments (11 houses or more). In each half-year period, councils determined an average of 650 applications. There was no statistically significant difference between rural and urban Scotland (with means of 646 and 667 determinations). Amongst the rural authorities, Orkney determined 171 applications per half-year and at the other extreme, Aberdeenshire determined 1,699. (Urban authorities showed a similar range – 171 to 1,750). The final column of the table shows a simple index of workload pressure, relating the number of applications made to the size of the local population. The data suggest that

- rural populations are about twice as likely to exert pressure on the planning system as are urban ones;\(^3\);
- the highest rates of pressure are found in the smallest authorities – witness Shetland and Orkney – but there is no straightforward linear relationship - witness Aberdeenshire and Highland.

4.3 Across the country, the biggest single category of applications was householder developments, though for rural authorities the proportion is somewhat lower than for urban ones. Amongst rural councils, there was also, however, some considerable variation: at one extreme, Western Isles saw 25% of applications made by householders, whilst 42% of applications in Angus were in this category.

4.4 As might be expected, applications for small housing developments were much more common in rural than urban Scotland. Approximately one in five applications were in this category in rural areas, with South Ayrshire (8%) and Stirling (14%) standing out as having

\(^3\) It should be noted that many of the ‘rural’ authorities have fairly large settlements in the boundaries, so the findings presented are suggestive rather than fully-conclusive.
considerably fewer and Shetland (28%) and Orkney (27%) rather more than the norm. Nationally, applications for large housing developments were relatively uncommon (2% of all applications), and, were much less common for rural than for urban councils. (East Ayrshire stands out as a rural authority with a high proportion of large housing development applications. It is the mainland rural authority with clearly the lowest number of applications made). Statistically:

- there is a significant positive relationship between the workload index and the mean percentage of applications for small housing developments: in other words, the greater the workload, the higher the rate of application;
- there is a significant negative relationship between the workload index and the mean percentage of applications for large housing developments: in other words, the greater the workload, the lower the rate of application; and,
- there is no significant relationship between the workload index and the mean percentage of applications made by householders.

### Table 4a: Levels of Planning Application Workload

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Mean number of applications per period</th>
<th>Mean percentage of applications by householders</th>
<th>Mean percentage of applications for fewer than 10 houses</th>
<th>Mean percentage of applications for 11 houses or more</th>
<th>Estimated population, June 30(^{th}), 1996(^{1})</th>
<th>Workload index(^{2})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeenshire</td>
<td>1,699</td>
<td>40.9</td>
<td>21.1</td>
<td>1.2</td>
<td>227,430</td>
<td>7.5</td>
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<tr>
<td>Angus</td>
<td>581</td>
<td>41.9</td>
<td>19.0</td>
<td>1.3</td>
<td>110,780</td>
<td>5.2</td>
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<tr>
<td>Argyll and Bute</td>
<td>647</td>
<td>32.6</td>
<td>18.8</td>
<td>1.0</td>
<td>90,840</td>
<td>7.1</td>
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<td>Dumfries and Galloway</td>
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<td>21.7</td>
<td>1.5</td>
<td>147,600</td>
<td>5.7</td>
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<td>37.2</td>
<td>18.5</td>
<td>3.5</td>
<td>122,350</td>
<td>3.2</td>
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<td>Highland</td>
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<td>24.6</td>
<td>1.0</td>
<td>208,700</td>
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<tr>
<td>Moray</td>
<td>515</td>
<td>36.0</td>
<td>23.6</td>
<td>1.2</td>
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<td>Orkney</td>
<td>171</td>
<td>33.7</td>
<td>26.7</td>
<td>0.4</td>
<td>19,800</td>
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<tr>
<td>Perth and Kinross</td>
<td>878</td>
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<td>24.6</td>
<td>1.6</td>
<td>132,570</td>
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<tr>
<td>Scottish Borders</td>
<td>729</td>
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<td>28.4</td>
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<td>Stirling</td>
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<td><strong>All rural authorities</strong></td>
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**Notes:**
1. Population figures for groupings of authorities and Scotland are mean populations for that group.
2. Workload index = (Mean number of applications/Population) x 1,000

**Sources:** Returns to Scottish Office/Scottish Executive; Scottish Abstract of Statistics No. 26, Table 1A3.
Rate of Approval

4.5 Table 4b shows, for each local authority and for groups of rural and urban authorities, the approval rates for all applications and the three major categories looked at above. It is clear, first of all, that across the country very few applications were refused: only circa five per cent. For rural councils, the rate of approval ranged from 88 per cent in Perth and Kinross (where it is acknowledged that infrastructure constraints are severe) to 98 per cent in the Western Isles. Disaggregating applications by type shows that the approval rate was highest for householder applications, and for rural authorities lowest for large housing developments. In urban Scotland, the picture was slightly different as large housing developments were more commonly approved than small ones.

4.6 Rural authorities approved about nine in ten small housing development applications, and eight in ten large housing development applications. Perth and Kinross emerges as the council least likely to approve: amongst all rural councils for small developments, amongst mainland councils for large (see above). Statistically, there is a significant negative relationship between the workload index and the mean rate of granting approval to large housing developments: in other words, the greater the workload, the lower the rate of approval. From the nationally available data, it is not possible to say whether this association reflects any or all of the severity of land and infrastructure constraints, the relative quality of planning applications or a strategy to cope with workload.

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Mean percentage of all applications approved</th>
<th>Mean percentage of householder applications approved</th>
<th>Mean percentage of applications for fewer than 10 houses approved</th>
<th>Mean percentage of applications for 11 houses or more approved</th>
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<td>97.4</td>
<td>84.9</td>
<td>89.9</td>
</tr>
<tr>
<td>Scotland</td>
<td>93.7</td>
<td>97.6</td>
<td>86.5</td>
<td>87.2</td>
</tr>
</tbody>
</table>

Source: Returns to Scottish Office/Scottish Executive
Using section 75

4.7 Table 4c shows the frequency of use of section 75 (formerly section 50) agreements in granting planning applications. The most striking point to emerge is their very low number: over the four year period, only one rural authority has usage in double figures – Argyll and Bute with ten. In this case, the majority of agreements have been in relation to the prospective Loch Lomond National Park area, under which holiday accommodation has standard occupancy requirements – i.e. a restriction to those with local connection. The numbers are also extremely low in relation to the total number of applications granted.

Table 4c  Levels of Use of Section 75

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Total number of Applications granted</th>
<th>Total number of s75 agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeenshire</td>
<td>1,261,168</td>
<td>3</td>
</tr>
<tr>
<td>Angus</td>
<td>437,813</td>
<td>1</td>
</tr>
<tr>
<td>Argyll and Bute</td>
<td>497,057</td>
<td>10</td>
</tr>
<tr>
<td>Dumfries and Galloway</td>
<td>634,395</td>
<td>0</td>
</tr>
<tr>
<td>Highland</td>
<td>858,528</td>
<td>8</td>
</tr>
<tr>
<td>Moray</td>
<td>393,879</td>
<td>0</td>
</tr>
<tr>
<td>Orkney</td>
<td>130,673</td>
<td>1</td>
</tr>
<tr>
<td>Perth and Kinross</td>
<td>619,166</td>
<td>1</td>
</tr>
<tr>
<td>Scottish Borders</td>
<td>549,726</td>
<td>1</td>
</tr>
<tr>
<td>Shetland Islands</td>
<td>150,037</td>
<td>0</td>
</tr>
<tr>
<td>South Ayrshire</td>
<td>443,604</td>
<td>0</td>
</tr>
<tr>
<td>Stirling</td>
<td>345,192</td>
<td>0</td>
</tr>
<tr>
<td>Western Isles</td>
<td>155,328</td>
<td>0</td>
</tr>
<tr>
<td>All rural authorities</td>
<td>484,222</td>
<td>2</td>
</tr>
<tr>
<td>All urban authorities</td>
<td>493,063</td>
<td>3</td>
</tr>
<tr>
<td>Scotland</td>
<td>15,631,696</td>
<td>86</td>
</tr>
</tbody>
</table>

Note: Figures for “all rural authorities” and “all urban authorities” are mean figures for the categories. National figures are totals.

Source: Returns to Scottish Office/Scottish Executive

Conclusions

4.8 This analysis of planning applications data shows that across Scotland over the period 1996-2000, rural and urban authorities determined a similar number of planning applications, and approved the great majority. Across the country, the biggest single category of applications related to householder developments. For rural authorities, applications to build houses were more commonly for smaller developments than for urban councils. Across the country, a very small number of applications are granted with a section 75 linkage.

4.9 The inference from these data is that if there is a planning system problem in dealing with (affordable) housing developments, it probably does not lie in applications not being approved. Rather, a supply shortage may relate to potential developers being deterred from applying at a discussion with planning officers. Equally, a shortage may relate to (affordable)
housing development applications not being made. Testing the relative significance of these causes, and their own causes, is part of the purpose of the case study phase of the research.
CHAPTER FIVE  THE INNER MORAY FIRTH

Context

5.1 The case study area is Scottish Homes’ Inner Moray Firth housing market area (HMA), one of twelve identified in the Highlands and Islands. The HMA has a population of c.112,500, more than half of the total Highlands’ and Islands’ population. The aggregate population of the Highlands and Islands is expected to grow by 5% to 220,000 in 2017 (The Highland Council, 1999). Most new growth will be centred in and around Inverness City which, with a population of c. 61,000, is the area’s main commercial and service centre. The remainder of the case study area is a large hinterland extending north (across The Black Isle to the settlement of Dingwall), east, south and west of Inverness, to include Nairn, Strathnairn and the Loch Ness area, Cannich and Glen Affric.

5.2 The case study area is complex and is recognised by Highland Council and Scottish Homes to be hard to delineate in precise terms. Part of the explanation for this is that full and up-to-date data to establish intra and inter settlement need are not available. Further, there are a wide range of policy initiatives active locally. Local Plans are currently being revised and consolidated. There is however clear evidence, in Scottish Homes’ literature, The Highland Council Structure Plan, Local Plans, Housing Strategies and associated documents, that the Inner Moray Firth area is under considerable pressure for the additional provision of affordable housing. A major factor is the growth of Inverness itself, which has just been awarded City status.

5.3 There is also evidence in the documents and from interviews of a pro-active stance being taken by the Local Authority and by housing associations to increase affordable housing provision. A key initiative is the Rural Partnership for Change Pilot, established in 2000 to tackle housing challenges using a partnership approach. This is a 3-year pilot programme led by The Highland Council in association with housing associations and Scottish Homes. It is a high-profile project for which resources of £10 million have been dedicated from Scottish Homes’ development programme. More details are given later in this chapter.

The Case Study Area: Local Housing Need and Market Structure

5.4 The Inner Moray Firth area is classified as rural by The Highland Council and Scottish Homes (based on the ‘Randall’ population-density definition of less than one person per hectare). Scottish Homes has further classified the Inner Moray Firth as a ‘Buoyant Commuter’ area, whose key characteristics are pressure on housing, particular needs to be met (with some concern over provision for elderly households) and constraints on options to rent (Scottish Homes’ Regional Plan, 1998-2001). Outwith the city of Inverness, the area contains only two major population centres (of over 4,000 residents): Dingwall to the north and Nairn to the east. There are several smaller towns and numerous villages set within an extensive, sparsely populated area. Much of the land to the far south and west of Inverness is uninhabited upland.

5.5 In the Inner Moray Firth area as a whole, owner-occupation and private rented occupation in 1998 were 64% and 11% respectively, both above the Scottish averages of 58%
and 7% (Scottish Homes, 1998). However, around 40% of private-rented housing in the case study area was tied housing. Local Authority housing was significantly below the Scottish average of 37%, at 27%. The HMA had a relatively high percentage of poor quality housing recorded in the Scottish House Condition Survey (1996).

5.6 The Highland Council Structure Plan Written Statement (1999) refers to need for affordable housing in terms of ‘the number of households who have special housing requirements and/or who are unable to compete in the existing local market for housing’ (p.139). This figure is estimated to be 30% of total households in The Highland Council area, and is based on calculations of average incomes in relation to average house prices and rents in the area. The Plan identifies a need for almost 5,000 affordable houses in Highland between 1998-2003.

5.7 In the Inner Moray Firth area, there appears to be broad agreement between the Structure Plan and other key strategic reports from The Highland Council (Planning Development and Housing), and Scottish Homes, about the need for affordable housing, with specific localised issues identified in the Inner Moray Firth area. Planning officers perceived one of the main issues to be a recent increase in housing pressure generated from increased numbers of in-migrants and commuters, both in communities around Inverness and within the corridors along the coasts to Tain (including Dingwall and the Black Isle) and Nairn. There was reported to be less pressure westwards towards Beauly and in the south-west of the HMA around Loch Ness.

5.8 There was a perception among several interviewees that the greatest need was for affordable rented accommodation, as opposed to low-cost home ownership (LCHO). There seemed to be a feeling that the Scottish Homes’ Highlands and Islands Regional Strategy had over-emphasised LCHO for some time and that there was clearly a backlog of unmet need for social rented housing. At the same time, it should be noted that the Regional Plan to which Scottish Homes has been operating since 1998 has prioritised affordable housing provision in the HMA with an equal split in output terms, and a 75% rent: 25% ownership split in funding.

5.9 The HMA comprises three sub-areas exhibiting distinct social and economic features:

Inverness Area: A high-growth area, particularly for the city though some smaller settlements have experienced falls in population. The most prosperous part of the Highlands. Most of the Inverness area, apart from the far South and West, is part of a broad commuter belt stretching north to include the town of Muir of Ord, and the area known as The Black Isle, as well as east to the town of Nairn. To the South and West, there are several sub-markets which appear to have a particularly ageing population plus a higher proportion of tied housing and second homes (Scottish Homes, 1998). In line with the case study area generally, data for the Inverness Area in 1998 showed a relatively high proportion of houses in the private sector, either owned (62%) or rented (9%). Only 20% of the total was council-owned, with only 4.4% owned by housing associations (Scottish Homes, 1998). Over 35% of the 1980 council housing stock in the area has been sold through the right-to-buy.

Nairn Area: The area has a population of c.11,000, with around 80% of this is concentrated in the coastal town of Nairn, 11 miles east of Inverness. Only 2 landward villages contain more than 500 people (Auldearn and Cawdor). Recent
population growth appears to be turning around, with a 7% decrease in area population projected from 1994-2011. Population decline is particularly evident in the younger age groups, especially 25-39 year olds (Scottish Homes, 1998). Indeed both the town and landward areas have a higher than average proportion of elderly people. Expansion of rural villages, plus the attraction of Nairn as a retirement destination, have contributed to relatively older age profiles in the town. Levels of economic activity were quite high in the early 1990s but were severely affected by large-scale job losses. A growing population in the 1980s and early 90’s, plus in-migration has been reflected in a surge of building activity, which has included a high proportion of private speculative build as well as affordable rented housing. The town of Nairn has a particularly high proportion of stock in home-ownership.

The Black Isle: part of the Ross and Cromarty administrative sub-area. It is considered to be part of a large housing market which also incorporates Nairn and Inverness City. The Black Isle has witnessed population growth over the past two decades. There is a history of highly-productive arable agriculture - but the area is now also characterised by commuting to Inverness and in-migration for retirement. There are few local first-time buyers, due to the very small number of houses in the lowest two price-bands on the market.

5.10 For the Highlands as a whole, house prices in the private sector rose consistently throughout the early 1990s in line with national increases (Scottish Homes, 1998). More recent data have been supplied by The Highland Council for house sales between 1994-1999 in the Inner Moray Firth area (excluding Inverness City). These show:

- A significant amount of new-build activity. Over the period, sales of newly–built housing accounted for over a fifth of all transactions.
- Second-hand housing tended to be rather more expensive than new-build. The data, compiled in council tax bands, show that new houses tended to sell in the lower three bands, whilst second hand sales were more often found in the middle and upper bands. The predominance of sales of cheaper housing in the new-build category is largely accounted for by two large-scale sales in the Culloden area on the eastern outskirts of the City, in 1996 and 1997. This area has grown since the 1980s as a residential suburb with large-scale housing developments. Throughout the period, there were also high numbers of second-hand sales of low to middle price band housing in the Culloden area.

5.11 Data on land sales for housing in 1998 and 1999 made available by the Highland Council show that 24 single house plots were sold to individuals in the Inner Moray Firth area during these two years. Prices were almost all in the region of £25-30,000. Construction costs for a 2 bedroomed house would probably be around £35 - £40, 000 at a minimum. With total ‘self-build’ costs therefore likely to be of £60 to £70, 000, it is likely that without assistance, many people at the lower end of the local income distribution would find it hard to make this a feasible housing solution.

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4 4.5% between the last two censuses of population.
Current Housing Initiatives

Rural Partnership for Change

5.12 This was the main affordable housing initiative at work in the Inner Moray Firth area in the study period. The overall objective of the Highlands Rural Partnership for Change (RPfC) was, as stated in the draft report, ‘to pilot a new and sustainable partnership approach to meet the housing needs of communities in rural areas of housing-related stress’ (The Highland Council, 2000). The project also aimed to provide a forum for more participatory planning of rural areas.

5.13 The project was led by The Highland Council, which, working in partnership with housing associations and Scottish Homes, has sought to identify shortages of affordable housing both to rent and to buy, in fragile areas and in areas where there is a high level of external housing market demand resulting from in-migration or second-home ownership. The project has also developed several indicators of housing-related ‘stress’ – based on community viability, market/demand and supply factors (the latter including planning controls). These have been used to map individual communities experiencing stress.

5.14 The draft RPfC report acknowledges that ‘recorded/expressed housing need information in some communities is non-existent or very scant’ (p.11). Nonetheless, options and solutions were drawn up through consultation with local professionals at housing market area level and at strategic level, which enabled the development of frameworks for local options appraisal and project selection. Innovative projects will test new methods.

5.15 The report concludes that communities and individuals in the Highlands experience great levels of housing stress. This is compounded by the particular challenges faced in the rural areas of the Highlands:

- Lack of accessible and developable land; challenging topography
- Poor and weak infrastructure;
- Lack of affordable housing opportunities, poor-quality housing, external pressures on housing markets;
- Remote living and fragile communities.

5.16 The RPfC has prioritised areas for action and has identified options for new development and planning processes. In particular several recommendations are made for the Community Planning process, to include:

- Action to improve and share data and understanding at the community and strategic level
- Area housing fora to be established as part of community planning
- To work towards better engagement with communities on needs and solutions

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5 It is understood that the finalised report of the Highland pilot will be published on the Internet through a link from Scottish Executive guidance on Local Housing Strategies. The Scottish Executive has published the report of the National Steering Group for Rural Partnership for Change and its commentary on the Highland pilot (National Steering Group, 2001a; 2001b)
**The Inner Moray Firth Partnership**

5.17 As regards the case study area specifically, The Inner Moray Firth (IMF) Partnership has been formed to make best use of New Housing Partnership resources for housing development and to achieve ‘added value’ from The Highland Council’s Housing Services’ land bank. The project is one of three parts making up ‘Homes for the Highlands’ – a new housing partnership. The other two initiatives are The Highlands Small Communities’ Housing Trust and the Highlands Housing and Community Care Trust.

5.18 The aim of the IMF Partnership is to split the investment programme geographically as follows: Inverness (50%), Ross & Cromarty (35%) and Badenoch & Strathspey (15%), based on relative housing need. In terms of development agents, there is to be a 50/50 split between Albyn Housing Society Ltd, and Cairn Housing Association.

5.19 The partnership is reported to have faced early challenges in development. It was recognised from the outset that there would be more sites than resources available. There is now a substantial shadow programme and the difficulty is reported to be lack of resources to develop the available Council-owned sites. A preliminary feasibility study identified fifteen sites within the local authority land bank that could be used for social housing development. However, after more detailed technical investigation, it became apparent that only one-third of the sites were actually capable of development within available resources due to topographical and infrastructural constraints.

**Scottish Homes’ low cost home ownership programmes**

5.20 Across the HMA, shared ownership and GRO projects were agreed to have been reasonably successful, and as a contextual point, Scottish Homes emphasised that Shared Ownership also releases houses to rent. It was therefore seen as a mechanism for increasing renting opportunities as well as meeting ownership demand.

5.21 Looking at Rural Home Ownership Grants (RHOGs), support for this mechanism was expressed by the Highlands Small Communities’ Housing Trust in particular. Talks with Scottish Homes revealed that RHOGS had not been targeted to the case study area until relatively recently (March, 2000) as other mechanisms (HAG and GRO) had previously been recognised to be more cost-effective. RHOGs were seen to be equally efficient in dealing with settlements where relatively small numbers of houses are needed. In this context, it was also important to clarify that from the Scottish Homes’ perspective the approval of RHOGs was not restricted to situations where site provision is directly linked to de-crofting.

**Land Supply for Housing and Affordable Housing**

5.22 The majority of those interviewed confirmed that assessment of land supply for housing, and particularly affordable housing, is problematic. Effectively, none of those interviewed for this research was able to give a clear overview of the state of land availability for affordable housing in the study area. Nonetheless, there does appear to be a pro-active stance on the part of the Housing and Planning Services of The Highland Council, as well as in Scottish Homes, to promote land supply for affordable housing.

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6 Principally because the planning system does not allocate land on that basis.
Factors affecting housing land supply generally

5.23 As part of the Statutory Development Plan process, there is a finite general supply of rural land zoned for housing, which is determined in accordance with NPPG3. There was general consensus among interviewees that within many parts of the case study area, a substantial number of the designated sites exhibit either access or infrastructure problems (or both).

5.24 A recent feasibility study by the Inner Moray Firth Partnership of sites within the local authority land bank identified as suitable for social housing showed that only one-third of sites were actually capable of development. The remainder exhibited significant problems of poor ground conditions and/or lack of infrastructure. Interviews also indicated that many sites had been ruled out due to adverse local opinion.

5.25 The importance of infrastructure was also emphasised in the context of ‘Planning Gain’ agreements. When these are being negotiated, it is often difficult to gain concessions for affordable housing because of competing interests, such as the need to defray the costs of essential infrastructure. In conclusion it would appear that the effective supply of developable land is somewhat less than the official supply designated by the planning system.

5.26 In the plan areas covering Inverness and Nairn, the view of the Local Plans officer was that general land supply was now adequate for the longer term. Until recently, lack of infrastructure had been a significant constraint within and around Inverness, but these problems had been largely overcome. There were reported to be some remaining infrastructure difficulties, particularly in North Kessock (water/drainage and roads) and in Evanton (surface drainage), as well as significant surface water problems in Dingwall, Conon Bridge and Strathpeffer, requiring considerable spend to overcome. Discussions with a local housing association revealed the view that drainage and water supply problems were usually resolvable within smaller settlements given the relatively small scale of housing association developments. However, the consequent high site development and servicing costs on these sites made housing projects difficult to approve within the current total cost benchmark system.

Factors affecting Land Supply for Affordable Housing

5.27 Factors investigated in this respect were infrastructural and topographical/access constraints, landowner behaviour, land prices, land banking, and funding mechanisms for affordable housing.

Infrastructure, Access and Topography

5.28 As with land supply generally, these factors were reported to limit the potential of affordable housing providers to acquire effective housing sites.

Land Prices

5.29 Access and infrastructure problems may also result in increased pressure on land prices, making site acquisition more problematic for organisations interested in the development of affordable housing. Indeed several of those interviewed expressed the view that high land prices are likely to be a problem for social housing providers in the areas close to Inverness. It would appear that prices are driven high by supply constraints (discussed above), making site acquisition more problematic for organisations interested in the
development of affordable housing. One potentially negative process in this respect is an emerging shortage of land in areas around Inverness where speculative builders have been most active.

5.30 Within The Black Isle, there was seen to be a significant shortage of developable land. Since the completion of the Kessock Bridge over the Moray Firth, private developers have been expanding their activities on The Black Isle, particularly in the form of upmarket family housing in the smaller towns. There was a suspicion from one planning officer that housing associations might have problems should they have to compete with the private sector for land in that area. Albyn Housing Society confirmed this perception, though to date it has had a reasonable supply of local authority owned and developer-led sites.

Land Banks
5.31 The Highland Council is monitoring its own land bank with a view to identifying possible sites for affordable housing. There was discussion of the mechanism by which sites held on the housing account can be sold or transferred for housing purposes at less than market value, whereas the Scottish Executive expects that sites held on other local authority accounts should be sold off at market value. Although, in theory, land can be transferred to the housing account to help relieve housing stress, this was argued to be difficult to achieve in practice because the other local authority services need to realise capital receipts from the sale of surplus land in order to reduce the pressures of chronic under-funding.

5.32 In the case-study interviews, there was mention of four private developers active in the GRO programme within the Inverness area. Developers were reported to be coming forward to Scottish Homes with proposals for small schemes on sites from their own landbanks, as it suits their commercial interests. Developers are also in regular contact with the local Housing Associations about possible site provision.

5.33 Housing associations banking land themselves may be an alternative to The Council doing so; indeed one Council source remarked that The Council itself has no effective resources with which to bank land. Land availability or land costs were not regarded as a significant constraint to the actions of Housing Associations in this respect; however, it would appear that they have difficulty in effective landbanking because of the annuality of Scottish Homes’ programmes. This is argued to be a key problem in land supply. In addition there are reported problems facing associations in competing with private developers for land. It was suggested that it may be necessary to improve the framework for housing association involvement in partnership initiatives with private housebuilders. To do this, housing associations would need to be allowed and funded by Scottish Homes to build up their own landbanks.

Landowner behaviour
5.34 Views on the willingness of landowners to sell land for affordable housing were generally consistent with the findings of previous research that many but not all would be favourably inclined (Satsangi et al, 2000). There was consensus among interviewees that the reluctance of larger landowners to sell off land for housing was indeed a particular problem for some parts of the Highlands, but not all respondents felt that it was a problem in the Inner Moray Firth area.
5.35 A willing landowner, however, as pointed out by one interviewee, does not guarantee a positive result for affordable housing provision. Scottish Homes reported that for its funding purposes, it will consider funding no more than the District Valuer’s valuation of a site. It is recognised that it may well be more difficult for the private sector to provide affordable housing for those on low incomes due to the limit on grant available to that sector from Scottish Homes. This is currently limited to 40% of approved development costs. If the private sector wishes to house low income households and faces exactly the same development costs as Registered Social Landlords, then a 40% maximum grant would not suffice unless there is a reduction in some aspects of the costs. It was recognised that some landowners have contributed the land value to projects so that the cost of land is excluded from development costs.

5.36 Another key issue regarding landowners, also echoing the previous research findings, is perceived to be whether the local community will receive benefit from the development of affordable housing in perpetuity. Willing landowners have expressed concerns about providing sites for rental projects where there is a potential for stock to be lost through the Right-to-Buy. Similarly, there is a reluctance to participate in LCHO initiatives that allow the purchasers to resell at open market value (in a pressured market) once the ‘claw-back’ period has elapsed. In effect, this would deprive the landowner of the greater financial return that could have been generated by a conventional speculative housing development.

**Funding for Housing Providers**

5.37 While high land prices may be a constraint on social housing provision, it is worth noting that within the Planning and Development Service there was the view that a real primary constraint is the size of the Scottish Homes’ budget and the limited supply of HAG funding for affordable rented housing provision.

**Planning Policies for Affordable Housing, and their Implementation**

5.38 As outlined above, various factors were identified by interviewees for this research as potential constraints on the supply of land for affordable housing in rural areas. In this context, the planning system, and difficulties with implementing planning policies for affordable housing, were raised as factors which may make these constraints more severe.

5.39 The following section first outlines the key official land-use planning policies relating to affordable rural housing, as set out in The Highland Council Structure Plan (1999). The section then discusses issues surrounding the implementation of these policies, and also discusses proposed changes to the Use Classes Order. The main conclusion arising is that the planning system clearly has a responsibility for monitoring the general supply of land for housing, but land is not allocated specifically for affordable housing. Planning mechanisms designed explicitly to promote affordable housing have made little progress, while other regulatory mechanisms were seen to be creating some difficulties for existing and potential providers of affordable housing. However, such difficulties have not prevented housing providers from achieving some degree of success.
Existing Planning Policies

Housing Allocations

5.40 The Highland Council (1999) estimates an overall requirement for sites for a maximum additional 17,650 new houses by 2017, in Inverness, Nairn and Ross & Cromarty. Of these, 9100 will require to be allocated from 1998-2007. Policies for housing, as stated in the 1999 Structure Plan, ‘aim to steer demand to appropriate locations within existing settlements. The main allocation for housing sites is towards Inverness, reflecting demand. However, in order to support the settlement hierarchy, housing allocations have been decentralised to some extent.’

Policy H2 New Settlements

5.41 National policy recognises that in some circumstances new settlements have a role to play in meeting housing demand, notably where there are infrastructure or other constraints to the growth of existing settlements. New settlements may be particularly appropriate to assist in repopulating fragile rural areas or to accommodate demand in the Inner Moray Firth area. The Inner Moray Firth is defined as ‘the optimum location in terms of demand and marketing factors, and in making the most efficient use of infrastructure. New settlements should not, however, be merely residential dormitories but should be comprehensively planned to create balanced communities’.

Policy H3 Housing in the Countryside

5.42 In the hinterland of towns, new housing and conversions of non-traditional buildings in the open countryside will not be permitted, unless required for the management of the land and related family purposes. Exceptions may also be made for social housing providers in meeting demonstrated local affordable housing needs that cannot be met within settlements. Elsewhere, housing in the countryside of an appropriate location, scale, design and materials may be acceptable where it supports communities experiencing difficulty in maintaining population and services.’

Policy H4 Affordable Housing

5.43 The Council’s current Housing Strategy identified a need for almost 5,000 affordable houses in the period 1998-2003, to be provided via a number of mechanisms.

5.44 The Council is committed to working with other agencies to press the Executive for a commitment to increased financial resources and changes to the Use Classes Order to allow land to be allocated specifically for social housing provision and thus keep land values at more affordable levels. Under such provisions, sites allocated for social housing through Local Plans could not be developed for private housing without securing planning permission.

5.45 Developers will be required to provide an element of affordable housing based upon identified need. Section 75 Agreements and other mechanisms will be used to secure such provision. In rural areas, The Council will pursue more radical measures, including continued support for new methods such as the Highlands Small Communities Housing Trust and Local Housing Partnerships; changes to the Council tax system with regard to second and holiday homes; encouraging landowners to make land available; and linking of agricultural occupancy conditions to affordable housing.
Planning Agreements and Conditions

5.46 Structure Plan policy on affordable housing (which makes reference to the use of planning agreements) is currently being developed for inclusion in the new Inverness Local Plan. It is important to point out that none of the respondents from the Planning and Development Service was aware of any application of Section 75 for affordable housing within the Inner Moray Firth Area. Section 75 agreements have been used only in a very small number of cases, and the Council has on occasion achieved the same ends through voluntary agreements without having to enter into a formal Section 75 and there was mention of an ongoing attempt to reach a negotiated planning agreement with a private developer and a housing association, for a site in Westhill, on the outskirts of the city. The general feeling was that s75 agreements are time-consuming, difficult to negotiate, and are unlikely to be applied successfully, in small-scale rural situations, since large-scale, high-value developments are needed in order to create reasonable opportunities for negotiating planning gain. A further interesting consideration was that s75 agreements are not necessary if leverage can be made with the use of planning conditions. There had been some positive experience from this route.

5.47 Cross-compliance, whereby the council might place conditions on a grant provided by another body, had also appeared to form a possible mechanism for levering affordable housing provision from developers. It was, however, reported not to have been used in the Inner Moray Firth area for affordable housing or other purposes. In terms of its legality, it is uncertain whether Highland Council can place an additional condition on a grant provided by another public body without the legal consent of that body. However, possibilities for low-cost housing using cross-compliance are being investigated, having been put forward in The Highland Council Structure Plan and its Rural Partnership for Change pilot, and such efforts are laudable.

5.48 As regards planning agreements with local housing associations, Scottish Homes reported that for such agreements to be viable, the resources to support the housing association contribution must be committed ‘up-front’. In practice, this was seen to be difficult to achieve without more attention to forward planning of the Scottish Homes’ investment programme. Specifically, it was reported that where planning agreements result in a demand for Registered Social Landlord activity, there could be funding availability issues if the RSL and Scottish Homes have not built this demand into the RSL’s funding programme. Planning authorities and Scottish Homes should therefore agree where planning agreements are appropriate and when funding would be available.

Housing in the Countryside Policy

5.49 There were mixed views on the efficacy of this policy. Support for it was expressed on the grounds that the Inner Moray Firth is classified in housing market terms as a Buoyant Commuter area (Scottish Homes, 1998b), i.e. it is experiencing growth. By this definition it is not a fragile or weak area. There is a related issue of the sustainability of scattered housing development, which is expensive in terms of infrastructure, access and service provision.

5.50 It was emphasised that the policy is nationally as opposed to locally-driven, as it stems from National Planning Policy Guideline (NPPG) 3. Planning officers reported that there are a number of considerations, as well as national guidance, which have resulted in the tightening-up of the housing in the countryside policy.
Interviews also suggested that there was room for the exact provisions for exceptions to the policy to be interpreted in different ways. This is despite the fact that exceptions are clearly stated in The Highland Council Structure Plan Policy H3 – i.e. when a house is required for the management of the land and related family purposes, or if it is provided by a social housing provider to meet a demonstrated local affordable housing need. Evidence from within the case study area suggests that some applicants for housing in the countryside are receiving planning permission, while others are having difficulties. A recognition amongst elected members was that officer recommendations to reject an application to build housing in the countryside were upheld if that housing were seen as speculative in orientation whereas the recommendation may well be overturned for a local applicant. There is arguably a need for more consistency in this decision-making process and Highland Council will shortly be issuing further guidance on the interpretation of the Policy.

Several respondents commented that neighbour objections to housing developments can be a problem in the case study area. Issues were also raised about the degree to which community councils were representative of the wider community and the difficulties faced by local elected members in reconciling local constituency views on social housing developments with national planning policy guidance.

**Housing Design Standards**

There was some criticism of design standards imposed by planning and other officers (notably Roads and Transport) on new housing development, which were argued to add unreasonably to the cost of some schemes (via specification of materials, parking standards, turning radii of roadways and restraints on density).

**Site Capacities**

Mixed views were expressed about the setting of site capacities for designated housing sites in Local Plans. Opinions varied between the development control viewpoint and the more strategic overview.

From the strategic standpoint in favour of site capacities it was pointed out that local residents within the vicinity of a new housing site will want to be informed of the size of proposed housing developments. The Planning Authority is required to give such information and, like all matters in the Local Plan, if there is a sound reason to change the density (affordable housing would be a material consideration in this respect) then the Area Planning Manager and Councillors have the power to do so.

However, others interviewed within The Highland Council planning service reported that the application of site capacities at low densities can create problems for social housing providers funded by Scottish Homes. One suggestion was that indicative capacities should be specified but not be binding, in order to give development control officers more flexibility to negotiate concessions for affordable housing and make it easier to meet the feasibility criteria of housing association developments in density terms. Capacities for affordable housing should perhaps be negotiable.

**Social Housing Use Class**

Discussions with planning officers revealed doubts about the efficacy of a new social/affordable housing use class. It was felt that the planning system is not designed for this: in areas with scope for private development, it would be likely to generate a significant
number of objections from landowners, especially on sites close to Inverness. In areas where private developers were inactive, there would be little point in a social housing use class since social housing providers were unlikely to have difficulty in competing for sites. It was also pointed out that the use class could potentially create a stigmatised land-use situation where social housing residents did not feel integrated with the rest of their community.

5.58 Support for the Use Class came largely from the Highlands Small Communities Housing Trust (HSCHT). The main question was argued to be the nature of the process of selection of key sites. HSCHT is strongly committed to the principle of local community involvement and argued that decisions on the designation of key sites should be resolved locally by a community forum. The locally elected member, as well as the local planner and development control officer, should participate regularly in the forum to ensure that decisions are taken in an informed and democratic manner.

Second/Holiday Home Use Class

5.59 There was limited support for this proposal. The Highland Council’s view appears to be that this mechanism has greatest potential significance on the West Coast and in Badenoch/Strathspey, where numbers of ineffective housing are highest. Within the Inner Moray Firth area, scope was argued to be generally limited to The Black Isle. It was also viewed as being very difficult to enforce.

5.60 HSCHT was less enthusiastic about the introduction of a second homes use class than for a social housing class. However, it was felt to be very important that the local authority identifies when a given property is no longer occupied as a permanent residence. To promote full stock utilisation, it was advocated that there should be removal of the current policy of a 50% reduction in the Council Tax charge for a second home. Toward this end, the Highland Council and others were reported to be currently arguing for the ability to vary charges. For areas of housing pressure, there was support for a higher-than-normal Council Tax charge for second homes.

5.61 In summary, there appears to have been limited progress to date with direct attempts to use the planning system as a facilitator of affordable housing provision. There is a view that the way forward lies as much with improving the framework for forward planning within the Scottish Homes’ investment programme, as it does with changes to the planning system. However, discussions with The Highland Council revealed the view that significant progress has been made in terms of integrating the housing and land use planning processes, and that what is now required is further guidance from the Scottish Executive, or a change in legislation to allow planning to play a greater role – for example, tenure and price are not currently material planning considerations, which limits the effectiveness of planning policies.

Conclusions

5.62 To summarise, it is clear that land supply for affordable housing is a problematic issue in the Inner Moray Firth area, as it is across many parts of the Highlands and Islands. The planning system itself cannot plan specifically for affordable housing, and there are varied, significant constraints operating on land supply in the case study area. These include infrastructure, access, and topographical/geological constraints, as well as unwillingness by
some landowners to make land available for housing. Consequently, the general designated supply includes some land that exhibits difficulties with development.

5.63 Infrastructural and topographical constraints, in addition to high land prices and difficulties with acquiring land-banks, have also to some extent limited the potential for social housing providers to acquire effective housing sites in some parts of the case study area.

5.64 Land supply inflexibility was reported to be an issue for some young households in the area who wish to build housing on family-owned land in the countryside, but who may be prevented from doing so depending on how NPPG3 policy guidelines are interpreted.

5.65 Little, if any, progress has been made to make land available for affordable housing by the use of planning agreements, namely Section 75 and Cross-Compliance mechanisms. There are strong views in favour of the use of planning conditions as a more applicable mechanism.

5.66 In terms of addressing these problems, the case study revealed two broadly distinct views about the best way forward:

- Progress outwith the planning system – via changes to funders’ budgeting frameworks, in order to facilitate longer-term planning by housing associations and their ability to ensure a flow of developable sites.
- And with rather less support, progress within the planning system – via increasing flexibility within the Housing in the Countryside Policy, or via a Social Housing Use Class. The latter would aim to eliminate competition with speculative house-builders, and should involve clear designation of key sites, linked to local community fora for decision-making on site selection.
CHAPTER SIX CUPAR AND THE HOWE OF FIFE

Context

6.1 This Housing Market Area has a population of about 25,000 and is situated in a traditional agricultural area in central Fife; Perth and Kinross lies to the west. Cupar is the main commercial and service centre, with a population of almost 9,000; the rest of the area contains villages and small towns, the largest of which is Auchtermuchty, population about 2,000. The area lies within the fairly flat basin of the River Eden and consists of an attractive landscape containing rich agricultural land, bordered by the Lomond Hills to the south and the Firth of Tay to the north. There are six separate Conservation Areas and the quality of the built environment tends to be relatively high. There are no significant infrastructure constraints but school capacity is an important factor potentially constraining development.

6.2 The population is increasing slightly and Cupar in particular has experienced growth in terms of new, mainly private, housing. The HMA has a higher than Fife average proportion of elderly people. The area is fairly buoyant economically; incomes are higher than the Fife average and there is a fairly high car ownership rate. One of the main employers is Fife Council in Cupar, which used to be the county town. Most people, however, work outside the area, commuting to St. Andrews, Glenrothes, Dundee, Perth, Kirkcaldy or Edinburgh. There are railway stations at Cupar, Ladybank and Springfield and several main roads providing links to major settlements in different directions.

6.3 The Scottish Homes’ Fife Housing Market Analysis: North and East (Scottish Homes, 1999) provides useful contextual information for the HMA. There are just over 11,000 dwellings within the case study area. House prices are above the rest of Fife, but not as high as St. Andrews and the East Neuk; the average house price is about £60,000. Housing tenure is estimated to be around 69% owner occupied; the social rented stock is just over 21% and 10% is private rented, including 4.2% renting accommodation from their employer. Around 350 dwellings through Right to Buy have been sold since 1991, 15% of the 1991 public sector stock; the trend is continuing, albeit slowing down. Of the 825 new houses built since 1991, 527 were private, 183 social rented and 115 for low cost sale; the latter two categories were funded through Scottish Homes. There is a relatively high proportion of detached housing and little evidence of poor quality housing. It is a ‘medium contained’ housing market, with 40-60% of people moving within the housing market area.

6.4 In line with national planning policy, statutory plans emphasise brownfield over greenfield development (Fife Council, 1993; 1998; 1999; 2000). There is an increased focus on local housing need compared with earlier more liberal régimes in terms of allowing development.

Housing Need/Land Supply Analysis

6.5 Housing need: A generally agreed definition of affordable housing is in the Structure Plan: “housing which is accessible to people whose income does not enable them to buy or rent appropriate to their needs in the free housing market” (Fife Council, 2001). One of the key problems in the past has been the lack of hard evidence about what the exact needs of the area are in terms of affordable housing. Council interviewees from both planning and housing
expressed a strong desire to have more concrete information on which to base their policies and procedures. Information was obtained about Council waiting lists, which are on the increase, but the housing department cautioned that this was a rather crude tool upon which to base conclusions. There is a perceived need for affordable housing amongst elected members and community councillors. The two estate agents interviewed did not perceive a housing shortage and confirmed that there are flats at the cheaper end of the market available. It is unlikely, however, that people unable to buy privately would make use of estate agents. Corroborating this, Citizens’ Advice and Rights Fife and Fife Keyfund (for non-priority homeless) report that in a pressured housing market, they often see problems of people who can’t find affordable housing in the area. Interestingly, people closer to the local community perceived the problem more acutely than more remote officials.

6.6 However, the situation has significantly changed recently. In September 2000, Fordham Research produced a (draft) *Fife Council Housing Needs Survey* showing that there is indeed a shortage of affordable housing in Cupar and the Howe of Fife. Fife Council (both the housing and planning departments) has set store in this to drive future planning policy and housing activity. By November 2000, elected members had approved a new Structure Plan policy saying that in Cupar and the Howe of Fife, 40% of new housing contributing to the Housing Land Requirement should be affordable. The study makes specific recommendations about the need for affordable housing in each HMA and shows roughly that there is a need for affordable housing in East Fife and parts of West Fife, but not elsewhere. The methodology for determining housing need includes existing households, concealed households and homeless households; existing households are assessed in terms of the suitability of their current house and their means. A number of parties acknowledged that while better information was required about housing need, no method was ‘flawless.’

6.7 Kingdom Housing Association, the most active in the area, reports considerable interest in the social rented sector and has also identified a big demand for low cost home ownership, including shared ownership. It has identified a particular need for houses as opposed to flats because of the historical development pattern and culture of the area (apart from a demand from single people, especially in Cupar). Its preference is to build two-bedroom single storey houses, which are the most flexible in terms of design and long-term use. In its experience, there is a need for three types of accommodation: first time rented housing for people moving from temporary or insecure accommodation, including partnership breakdown; people suffering from overcrowding looking for a larger house; elderly people in unsuitable accommodation. There is more demand in Cupar from a mix of single people, families and couples, whereas there is more demand from families in the villages. The Association’s views on housing need are derived from its own waiting lists, demographic and housing stock information and its own housing needs analysis as well as local information from schools, councillors and community councils.

6.8 There does seem to be a general acknowledgement amongst all parties that, in a pressured market, a combination of factors has squeezed the provision of affordable housing within the area:

- Increase in commuting to Dundee, Perth, St. Andrews, Glenrothes, Edinburgh, Kirkcaldy as car ownership has increased; St. Andrews is very near and this is a highly pressured market that affects the case study area
- Rising house and land prices, making it harder to implement affordable housing in the face of competition from the private sector
• Loss of social rented stock as a result of Right to Buy
• Agricultural cottages sold privately
• Increasing household formation, particularly for small households; greater aspiration amongst young people to have their own home
• Planning policies, with tight village envelopes, are commonly perceived to be increasingly restrictive. Many of the sites allocated in previous plans are now developed and there are not many brownfield sites within rural areas
• Small houses/flats may have been knocked together, reducing the stock
• People are living longer, causing less turnover in houses

6.9 Interviewees varied in their perceptions of where problems were concentrated. Some thought that the problem is more keenly felt in Cupar while others thought that the smaller towns and villages experienced greater shortage. Cupar has had more sites made available than the smaller settlements and there are preliminary plans for a Rough Sleepers Initiative there. The need in villages is for small numbers of houses, too small to make it cost effective for housing associations to develop. There was also a feeling, although not backed up with hard evidence, that there might be a need for older persons’ housing as well as for young people and first time buyers. Others, however, thought that the biggest problem was younger people (single people and families); older people are more settled in their homes and are more often looked after by the community.

6.10 Many interviewees made the point that this shouldn’t be looked at as solely a housing issue. It is often especially important for affordable housing to take place where there are nearby facilities, employment and good public transport routes. Rural communities need to be looked at holistically; self-sustaining communities should be the goal.

6.11 Land supply: The Fife Structure Plan (Fife Council, 2001) has followed the guidance in PAN 38 and provided calculations of housing need, backed up with site allocations for a 5 and 10 year land supply; the Local Plan includes a 5 year supply. In the recent past, there have been a number of housing sites developed both in Cupar and the surrounding area, in line with planning policy. Cupar has grown by about 25% in the last 10 years; community councils are concerned that new housing has eroded the character of small towns and villages. Landowners seem only too keen to sell land for housing and there is no evidence of them discriminating against the affordable housing sector, although a housing association suggested that its buying land may take longer to process than a private developer’s. In earlier research into landowners’ views, 60% of respondents from Fife and Central Region said that they would be willing to consider low-cost housing on their estate and 40% said they would not, a similar proportion to that across the country (Satsangi et al, 2000). A larger percentage of landowners in Fife and Central Region than elsewhere identified planning as constraining the provision of housing. There was also a view expressed that Councils are under pressure to realise maximum income if selling their own land and this can militate against lower cost housing.

6.12 Housing needs data from housing associations, Scottish Homes’ Local Housing Systems Analysis, growing Council waiting lists and evidence from councillors, voluntary organisations and community councils show that there is a significant problem of a shortage of affordable housing. (Whilst the planning service indicates that it has not been able to estimate this in a reliable way until the recent research). There is an acknowledgement that the way the planning system operates generally favours private developers over affordable housing. Once a site is allocated, the private market can usually afford to outbid housing
associations for it. The planning department envisages that there will be problems in the future as sites dry up. Even if affordable housing is provided, there are sometimes issues about who these are allocated to and whether the people are ‘local’ or not; this is more obvious in a village than a big city. Scottish Homes is concerned that in considering the issues around the quantity of affordable housing, the equally important issues surrounding quality are not overlooked. There was acknowledgement from people close to the problems that rural homelessness and affordable housing shortage were hidden problems but very real.

The Interface between Housing Provision and Planning Policies

The Policy Context

6.13 Structure and Local Plan policies emphasise sustainable development, sustainable communities, retaining settlement scale and character and meeting local housing need. Planning policies in recent plans are much more restrictive than previously. A Structure Plan amendment 2 years ago tightened land allocation generally. The small towns and villages have tight envelopes drawn around them, prohibiting development outside them. In certain circumstances, policy allows exemption to this for affordable or special needs housing. Because the quality of the agricultural land is high, this serves as a significant planning constraint in the area.

6.14 The finalised Structure Plan (Fife Council, 2001) sets out the 10 year housing land requirement for the HMA. It identifies a need for 600 houses and a shortfall in the 10 year period of 200 homes. It includes a general policy saying local plans should identify sites to provide these figures, in accordance with ‘identified local needs’ (Policy H2). Importantly, Policy H3, Affordable Housing, says that the Council will seek to secure, in association with housing agencies and developers, defined levels of affordable housing to meet local needs. For Cupar and Howe of Fife, at least 40% of the Housing Land Requirement is indicated for affordable housing. In applying this policy, the document says the Council will assess the potential of Section 75 agreements, negotiations with developers and other mechanisms. Kingdom Housing Association regards Section 75 as a blunt instrument; the planners need to be well advised on local need and not apply them in a blanket fashion. Communication between all parties on local need would improve the process. In the draft plan, concerns were expressed about how a target percentage could be enforced and also whether these provisions might inhibit housing associations from securing necessary funding.

6.15 The plan also endorses the following policies, though it is too early to comment on their implementation. Policy H4 Density: for sites close to town centres and public transport nodes, there will be a minimum of 35 units per ha, 20 for other sites, to encourage ‘smaller, affordable houses.’ There were objections from six developers to this policy in the draft. There are reservations expressed by the housing association, who are afraid that this might lead to cramming by developers; they think it is naïve to think that smallness equates to affordable and are concerned that space standards are small anyway. Policy H5, Housing in the Countryside, says that new housing outwith settlement boundaries will only be supported if it involves upgrading a (vacant) house, converting a redundant agricultural building or is justified by the essential operational needs of a rural business (primarily agriculture and forestry). Policy H6 on exceeding the housing land requirement: a proposal may be supported where it is for affordable housing on a greenfield site meeting an identified local
need; in Cupar, this may not be effective because affordable housing should be nearer the town centre as opposed to a greenfield site, according to the local housing association.

**Policy Implementation**

6.16 Regarding the implementation of planning policies, one of the local elected members, who is Vice-Chairman of the Development Committee, notes there is a need to look at rural areas as a whole with the aim of creating sustainable communities. What is right for one village may not be right for another, as even nearby villages have distinct characters. He advocates a finer grain for planning activity, tailored to the needs of individual communities.

6.17 Beyond this, some problems were noted. Elected members sometimes overturn officer recommendations, as they are representing their constituents who may be prejudiced against the idea of social housing in their neighbourhood. Kingdom Housing Association reported some problems with landowners reticent to sell to it and local people objecting to proposed development in an attempt to keep outsiders away. When homes do get built, the problems do not materialise and therefore the association feels that there is a perceptual problem which does not reflect reality. Its strategy is to work closely with the local community and planners and not swamp small places with major development. Vociferous community councils were seen by some as aggravating this problem and may not be representative. Unfortunately, people in housing need do not have an effective voice. At the same time, there was evidence of community councils strongly supporting the provision of more affordable housing and acting as a catalyst to its development where conversion opportunities had arisen. The slowness of the planning process can also cause frustration and delay for housing providers. Self-build plots were mentioned as a possible vehicle for improving the current situation.

6.18 Case studies provided by the development control section did not throw up major problems from the association’s point of view and there was no evidence that the development control system was hindering the provision of affordable housing. Certain standards may be more leniently applied for social housing, for example, lowering parking requirements and reducing garden sizes. Scottish Homes reported that sometimes too much parking was still being demanded by planners (on behalf of the Transportation Service). In relation to design, the housing association said it was fair enough for planners to insist on good design as it helped obviate potential difficulties of poor quality housing being equated with the affordable sector. While Scottish Homes is willing to be supportive of good design, its costs have to be put alongside the fact that there is not a limitless pot of money available for the provision of affordable homes. However, restrictive design policies by agencies such as Historic Scotland were mentioned as a source of problems. Some reservations were cited by community councils and the housing association about the danger of cramming too much development on a site, thereby eroding local character. There needs to be ample space between houses and enough room and flexibility inside to allow for homeworking, which can be especially important in rural areas, where new technology brings opportunities for dispersed working patterns.
Views on changes to the planning system

6.19 There was widespread support for more national guidance, including tighter guidance in NPPG3, about definitions of and mechanisms to promote affordable housing, including the use of Section 75s. It was suggested that the (English) PPG3 offered more guidance to officers and others south of the border.

6.20 There was concern expressed about the idea of a new affordable housing use class, on the grounds that it could increase the stigma attached to social housing. The housing association was afraid that this might result in allocating the poorest sites and likes the flexibility afforded by the present system, while recognising the problems in competing in the open market.

Conclusions

6.21 On the evidence collected, it seems that Cupar and the Howe of Fife experience problems in the provision of affordable housing, especially for young people including families. Housing need in rural areas can be a hidden problem but is very real. Current problems are likely to get worse, given increased patterns in commuting, Right to Buy, household formation, house and land prices and the selling of agricultural cottages. Though offering support, through exemptions, for affordable housing, planning policies are more restrictive on housing development.

6.22 In identifying the scale of need and how it can be met, there was a clear view that affordable housing cannot be divorced from discussions about the viability of rural communities and must be linked to the issues of community development, employment opportunities, public transport, schools and other facilities. Prejudices against it must be recognised and dealt with in a positive way. This should include attention to the process: identifying sites, early discussion with the planning officers, councillors, housing providers and communities.

6.23 Interviewees also agreed that there is a need for stronger national guidance on the definition of affordable housing, how to calculate need, suitable policies to address needs, mechanisms for achieving it on the ground and sustaining its aim in the longer term.

6.24 In general, there is not much evidence of the planning system hindering the provision of (land for) affordable rural housing. There is considerable good will amongst planning officers, who would welcome more information on needs and implementation issues. Although they are rather general and have not been tested, recent planning policies in the Structure and Local Plans have tried to promote the provision of affordable housing. These new policies need to be carefully monitored. It is generally acknowledged that the planning system favours private housing, given the fact that it does not distinguish it from affordable housing and the clout of the development industry. Having said this, there is no evidence that a new affordable housing use class would work. The fear is that it could lead to poorer sites being allocated and stigmatise inhabitants and there should be no diminution of design quality for social housing.
6.25 There is also no evidence that the planning system in itself is effective at providing affordable housing. Mechanisms for implementation need more attention and review and the interaction between policy and implementation needs to be better addressed. Monitoring of Section 75 agreements, sustainability indicators in the Structure Plan, the exceptions policy and housing density policy needs to be explicitly carried out so that effective policy review can take place. These policies need to be sensitively applied to local areas, not applied everywhere in a blanket fashion.
CHAPTER SEVEN STEWARTRY

Context

Location

7.1 The Stewartry Housing Market Area (HMA) is situated in a relatively sparsely populated and isolated area of South-West Scotland. The HMA boundaries follow those of the former district of Stewartry, subsumed within the unitary authority of Dumfries and Galloway in 1996. In practice, the HMA is recognised to comprise a number of interacting part-market areas, each with its own geographic focus and spread. As well as three small market towns close to the coast there is a relatively thinly settled inland area (Scottish Homes, 2000b).

Demographic characteristics and trends

7.2 Within the HMA, about half of the total population and is concentrated in the three settlements of Castle Douglas (1991 population: 3,765), Dalbeattie (4,328) and Kirkcudbright (3,494). Whilst all of these settlements expanded during the 1980s and have continued to do so, smaller settlements lost population during the 1981-91 period (down by 1.8 per cent) and this may also have continued.

7.3 Because the expansion of the three main settlements more than compensated for rural depopulation, Stewartry’s overall population grew by 2.9 per cent in the decade to 1991. However, this was achieved only because net in-migration substantially outweighed the effect of natural change (i.e. excess of deaths over births). Retirement and commuting both account for a significant component of in-migration. The effects of migration on the area are spatially concentrated, with incomers tending to favour coastal settlements; generally the same areas benefiting from the growth in tourism.

7.4 Reflecting the significance of retirement migration, the structure of the population is weighted towards the elderly. 25 per cent of the 1998 population is over pension age (as compared with 21.5 per cent across Dumfries and Galloway, as a whole).

7.5 Stewartry’s household population has been expanding and is predicted to grow by 8.6 per cent during the 1998-2009 period. This growth rate is similar to that forecast for Dumfries and Galloway, as a whole. However, a disproportionate share of this forecast increase is attributable to projected net in-migration.

Economic base

7.6 In economic terms, Stewartry, like most of Dumfries and Galloway, is significantly dependent on agriculture, forestry and fishing. However, across the council area as a whole, these activities contributed only just over ten per cent of full time male employment in 1991. Services, including tourism, have become increasingly important in recent years in both relative and absolute terms.
Local housing market structure and conditions

7.7 By comparison with the rest of Dumfries and Galloway (and Scotland as a whole), Stewartry’s housing stock contains a relatively small proportion of social housing (see Table 7a).

Table 7a Tenure distribution, Stewartry and Scotland, 1991 (% of total)

<table>
<thead>
<tr>
<th></th>
<th>Owner occupied</th>
<th>Private rented</th>
<th>Housing association</th>
<th>LA/Scottish Homes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stewartry</td>
<td>67</td>
<td>8</td>
<td>2</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>Scotland</td>
<td>52</td>
<td>7</td>
<td>3</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

7.8 In spite of having developed a considerable number of homes during the 1990s, housing associations still have only 300 dwellings in Stewartry, with the local authority having just 1,700.

7.9 House prices in Stewartry are relatively high, both in comparison to the remainder of Dumfries and Galloway, and by national standards. Average prices in 2000 in Stewartry are around 10% higher than the national figure. House price trends in Stewartry are also unusual. Confirming the experience of the local solicitors’ property centre (SPC), Scottish Homes’ analysis found that, similar to the rest of the country, the area was unaffected by the house price slump that hit neighbouring English markets in the early to mid-1990s. SPC evidence shows that in the past year prices in Stewartry have been rising rapidly – at well above the rates seen in the remainder of Dumfries and Galloway and elsewhere in Scotland.

7.10 The SPC hypothesis is that Stewartry’s housing market – particularly in the coastal settlements – is substantially affected by demand associated with in-migration and second home purchasers. Currently, the strength of the housing market in the south of England is generating increased demand from this quarter and this could be the main driver responsible for the recent sharp increase in prices seen in the area. There is also a small but growing international clientele for second homes in the area, facilitated by the SPC’s development of internet marketing.

Housing development

7.11 Over the period 1993-97, some 439 houses were built in the Stewartry area. Private developers’ output peaked in 1990, but subsequently fell back quickly to below the average level recorded during the 1980s. Most developments are small in scale, with 60 per cent of the 1993-97 output being in small settlements and elsewhere outwith the three main towns. Volume housebuilders have taken very little interest in Stewartry in recent years, preferring to focus on the town of Dumfries.

7.12 Perhaps surprisingly, Council figures show that the majority of homes developed in Stewartry in the 1993-97 period were built by social landlords. Among those constructed by housing associations, 75 per cent were in Castle Douglas and Dalbeattie – a pattern of development more focused on larger towns than was the case for private developers. To some extent, this tendency may follow from the higher unit costs typically associated with smaller

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Reported figures and trends are not mix-adjusted.
schemes sited in smaller settlements. The housing association view, supported by planners, is that greater Scottish Homes’ flexibility on development cost limits would be required in order to shift the focus of new development away from the larger towns.

7.13 In general, the main association operating in Dumfries and Galloway reports that development planning is becoming increasingly driven by assessment of local housing needs rather than by the availability of sites. On this basis, it can be anticipated that the future programme will focus to an increased extent on Castle Douglas and coastal Stewartry (as well as Dumfries, Stranraer etc) and less on some other areas of Dumfries and Galloway. The implication is that greater efforts are now made to identify and/or assemble suitable sites in areas where need is demonstrably most pressing.

7.14 Particularly during the mid-90s, housing associations operating in Dumfries and Galloway were strongly encouraged by Scottish Homes to develop Shared Ownership (SO) housing on a significant scale. In some cases, this involved a requirement for a SO element within schemes in small and relatively remote villages. Among associations who (perhaps reluctantly) accepted such conditions there are, with hindsight, now some regrets about this. Whilst initial marketing was not found to be impossible, there is often only a very limited resale market for such homes and, with some original owners now moving on, difficulties in finding second generation occupiers are proving to be a major headache for some landlords. The Scottish Homes’ view, however, is that SO has been a success story in Dumfries and Galloway – in smaller settlements as well as in the larger towns. With the increasing emphasis on the benefits of ‘mixed communities’, Scottish Homes believes that the policy of prioritising SO components within larger schemes continues to be justifiable.

7.15 As well as Shared Ownership, there has been at least one successful GRO scheme in Stewartry and this is seen as having been a great success in facilitating the development of new housing for sale on a scale (and in a market) which developers are generally reluctant to engage in. Other than through subsidies of this kind, the Planning and Building Control Service view is that there is unlikely to be significant developer interest in building (low-cost) homes for sale in any of the smaller settlements of Dumfries and Galloway unless there is some element of public subsidy (i.e. land or money).

**Need for Affordable Housing**

*Context*

7.16 Over the past few years the Council has taken an increased interest in the issue of housing needs assessment. This can be attributed to two main factors. Firstly, in the context of the revision to the Structure Plan for Dumfries and Galloway (completed in 1999) the Planning and Building Control Service has been keen to develop explicit policies to facilitate the development of affordable housing – much on the English model. In implementing this policy the planners were aware that robust evidence of ‘affordable housing shortage’ would be required. Secondly, the anticipated transfer of the council’s housing stock has focused the housing department’s attention on the need to analyse social housing demand at both the district and local levels. This will form an essential element within the business plan of the stock transfer landlord body the Council plans to create. It will also inform the Council’s own decisions as to the pattern of development funding for additional social housing over the next few years.
The experience of Dumfries and Galloway’s main housing association is that the Council’s ability to respond to queries about the potential level of demand with respect to proposed new developments has significantly improved in recent years. Scottish Homes shares this view.

Sources and methods

Data on the need for affordable housing have traditionally been produced from analysis of the Council’s housing waiting list. In 1998 a housing needs assessment was commissioned (Dumfries and Galloway Council, 1999a). Anticipating the output of this study, the draft structure plan committed the Council to setting affordable housing targets in line with its findings. However, the report produced by the consultants was seen as somewhat inadequate in that it relied wholly on a social survey and did not convincingly validate results against other data sources – e.g. waiting list figures on expressed demand. The Planning and Building Control Service view was that the report would not be sufficient, in itself, to sustain the Council’s position if challenged at a planning inquiry. Whilst it is accepted that the brief for the study may have had some room for improvement, this is in part a reflection of the absence of official advice on local housing needs assessment from the Scottish Executive.

Associated with the planned transfer of the Council’s housing stock, a more recent analysis of housing needs has been carried out by Craigforth consultants (Craigforth Housing Consultancy and Advice Services, 2000). This study was based on the analysis of council waiting list data and its conclusions have informed the local housing strategy to be pursued by the Council and its partner agencies. The study has the strength that, on the supply side, it uses recorded turnover rates specific to particular settlements and stock sizes. As the report acknowledges, however, the analysis is far from comprehensive in that it excluded demand or supply relating to housing associations (though it does refer to the views of housing associations as to levels of demand in different areas and settlements). Further, being based on an analysis of expressed demand, the data relate only to the ‘backlog’ of housing need, not to newly arising need (that is, the needs of households that might be expected to form and the changes in needs of existing households (Bramley and Pawson, 2000)). Finally, no distinction was made between housing waiting list applicants ‘in need’ and ‘not in need’ (i.e. registered as an ‘insurance policy for the future’ as opposed to requiring rehousing immediately).

At the same time, Scottish Homes has been revising its own local housing systems analysis for the whole of Dumfries and Galloway, and for the Stewartry area within it. Again, this analysis is wholly based on administrative data and uses a methodology similar to that employed by Craigforth.

Findings of analyses

On the basis of the 1998 Housing Needs Survey, carried out by Market Research Scotland, it was estimated that the backlog and (three year) newly emerging demand for social housing was in excess of projected three year supply by 1,223 units. The Craigforth report is also believed to emphasise that the shortage of affordable housing is particularly acute in Castle Douglas and the southern part of Stewartry.
Nearly a third of the total need for affordable housing (32%) was found to be in and around the three main market towns of Stewartry. Given that the Stewartry area contains less than a fifth of the total social housing stock in Dumfries and Galloway, it is implicit that social housing shortage is far more acute in this locality than in the remainder of the Council’s area.

Similarly, the Scottish Homes’ LHSA ‘pressure ratio’ (waiting list: annual supply) shows unmet need in Stewartry being the highest in Dumfries and Galloway – though similar to that in Wigtown. Particularly high pressure for 3 and 5+ apt homes. Within Stewartry, the analysis shows Castle Douglas as having the highest pressure ratio.

The LHSA also highlights some areas of Stewartry as ‘pressured areas’ in terms of the proportion of waiting list to transfer list applications. This analysis ‘confirms the widespread pressure in the more rural and coastal areas from indigenous applicants wanting to live where they have family or local connections and/or work’ (p11). The Housing Department believes that the extent of housing need within coastal Stewartry reflects the pressure of demand from in-migrants which forces up local house prices and prices local people out.

Planning Policies With Respect to Housing

Context

The Council’s planning policies with respect to housing – and, specifically, relating to affordable housing – are set within the framework of the newly published Structure Plan for Dumfries and Galloway, and the local plan for Stewartry, currently in draft form (Dumfries and Galloway Council, 1999b;1999c;2000a).

Housing in general

In all, the Structure Plan estimates that 6,880 additional dwellings are needed across Dumfries and Galloway between 1997 and 2008. This calculation is based on household projections taking account of changes in the number of second homes and demolitions. In all, there were 7,470 established sites existed in 1996. Of these, 3,230 were ‘effective sites’. In the rural west, effective sites outnumber the allocation of new homes needed. ‘These sites will have to be phased out gradually as existing planning permissions lapse and there is a shift towards achieving the allocations for the main settlements’.

Infrastructure constraints are significant in many settlements – especially education and/or waste water. As a result of programmed expenditure it is estimated that the water supply/waste water constraints will be reduced, though not eliminated for a significant number of settlements, by 2006. Such constraints are found to be a significant problem by housing associations. Large sites earmarked by the planners as potentially suitable for housing tend to be on the peripheries of existing towns and would be expensive to develop due to problems with road access, sustainable urban drainage systems etc.

Most of the Stewartry allocation (72 per cent) is for the three towns – Castle Douglas, Dalbeattie and Kirkcudbright. The remainder is for the rural areas.
Applications to build housing in the countryside outwith designated sites are to be judged against the criteria set out in the Structure Plan. These take account of NPPG3 and PAN 36 which discourage isolated development in open countryside. Exceptions may be made where a ‘special need’ exists – e.g.

- where the nature of employment requires residence in a specific location
- where the particular circumstances of the area (e.g. remoteness) justify relaxation of policy.

Partly in recognition of Member interest in ‘housing in the countryside’, the Council has adopted a policy under which small scale development (of 1-2 dwellings) within existing building groups is allowed, on certain conditions. ‘The Planning Authority recognises that if development can be directed to these small building groups it will meet some of the demand for houses in the countryside without causing a loss of amenity, placing undue pressure on servicing resources or contravening national policy relative to new housing in the countryside’.

Identification of building groups suitable for small scale development takes into account:

- physical cohesion of the buildings
- physical separateness from other settlements
- extent to which development may support existing rural services or facilities
- extent to which development would contribute to post-1945 ribbon development.

Proposals for residential development on unallocated sites will be considered favourably if:

- all allocated sites in the settlement have already been developed, or
- the scheme meets a proven need for low cost rented or special needs housing/affordable housing which is not otherwise provided for on the allocated sites, and
- it is not of a scale to adversely affect the overall development strategy of the Plan and any related service provision, and
- the proposals are in line with policy on small scale infill development.

It is considered that ‘there are servicing, infrastructure and environmental constraints upon the future expansion of Castle Douglas. This has created difficulties in meeting the target for new houses set out in the Structure Plan.

Certain villages are regarded as of a form, character or appearance which would be compromised by any further significant development. Thus, only infill development is to be allowed in these.

In the remotest northern part of Stewartry, the general presumption against the development of housing in the countryside is relaxed on the grounds of its remoteness and history of population decline. This adoption of this policy was partly prompted by representations from the local community council.
Affordable housing

7.36 The Structure Plan contains an explicit policy on affordable housing. ‘The Planning Authority, taking into account the Housing Needs Assessment, will negotiate with developers to secure an element of affordable housing on both allocated and unallocated sites by way of a Section 75 Agreement under the Town & Country Planning (Scotland) Act 1997 to meet identified deficiencies in the provision of such housing in local areas’ [General Policy 20: Affordable Housing].

7.37 Local Plans will define the requirement for affordable housing taking into account the local housing needs assessment and the Council’s housing plan. In the meantime ‘the Council, when considering planning applications for housing will consider the need to negotiate with the developer some provision for low cost housing as part of the proposal taking into account the scheme proposed, the size of the site and the availability of other affordable housing sites in the locality…On larger sites developers should normally provide a proportion of the site for affordable houses for local people and through the use of Section 75 (50) Agreements and other planning mechanisms’.

7.38 ‘Affordable housing’, in this context, is defined by the 1999 Structure Plan as meaning that the houses should be available to local people who cannot afford market prices or rents. Any houses provided should remain available to meet local needs in perpetuity. The proportion of affordable housing to be provided should be negotiated on a site by site basis reflecting site characteristics and local requirements based on guidance provided by the Housing Department. As noted by Scottish Homes, the reference to housing being affordable ‘in perpetuity’ is highly ambitious and difficult to implement.

Implementation of Planning Policies in Relation to Housing/Affordable Housing

Requiring developers to include an element of affordable housing within schemes

7.39 In practice, the planners view this policy as having little practical value in current housing market conditions. Currently, Dumfries itself is the only part of the Council’s area where developers are interested in building new housing in significant quantities (and even here the view is that there is currently insufficient leverage available to the authority to fully implement the policy). Whilst demand for housing remains relatively strong in Stewartry (in relation to existing supply), the local economy does not appear currently capable of sustaining new developments on any significant scale. The planners point to the depressed state of agriculture as a prime causal factor here.

7.40 Even with respect to Dumfries, however, the Planning and Building Control Service view is that the affordable housing policy is currently unenforceable. The present relationship between building costs and market values is such that the Council has insufficient leverage to require an affordable housing component within new schemes. Even if this were negotiable, previous discussions have shown that developers would insist on a rigid spatial segregation of social housing and housing for sale. Again, the absence of any requirements (or specification) for mixed income (or mixed tenure) development in current planning guidance puts the Council (and housing associations seeking to engage in development partnerships) in a weak position here.
Impact of presumption against scattered housing development in the countryside

7.41 Whilst some planning applications for new housing are rejected, the Council’s own view is that it is ‘broad minded’ in interpreting government guidance discouraging the development of scattered housing in the countryside. The Planning and Building Control Service points out that the number of planning applications which result in approvals for sites which are never, in fact, developed at all is far greater than the number rejected. For example, figures for small sites in Stewartry in the 1991-93 period show a ‘completion rate’ of just 42 per cent – that is, the number of sites on which schemes were completed during the period was only 42 per cent of the number of sites for which planning permission was granted. One reason for the low rate of completion is also believed by the Council to be that permissions are sought by a landowner to provide a financial security.

7.42 The relatively low ‘completion rate’ is also regarded by the planners as evidence that any shortfall in housing development (including affordable housing) results largely from the ‘weak state’ of the housing market and a lack of financial resources rather than over-restrictive planning policies. In this connection, the Council welcomes the Scottish Executive’s recent announcement that grant assistance can be made available for the conversion of redundant agricultural buildings into housing for rent. This is part of the Executive’s Farm Business Development Scheme which seeks to assist in the diversification of the farming economy.

7.43 In the remoter northern part of Stewartry, the Council’s ‘exceptional policy’ allowing for relaxation in its general stance against scattered housing in the countryside has generated only a handful of newly-built dwellings over a number of years.

Flexibility on ‘change of use’ planning applications

7.44 The experience of the major housing association operating in Dumfries and Galloway is that the Council is often prepared to be flexible in considering planning applications for housing development with respect to sites designated for non-housing uses. Housing officers often play a significant role in supporting such bids but the sympathetic support of key Members is usually crucial in securing a favourable decision.

Other possible constraints on the development of affordable housing

Council responses to possible housing association development of former Council-owned land

7.45 The Council still holds a significant portfolio of developable sites in certain parts of Dumfries and Galloway. From time to time, attempts to purchase and develop these sites are made by housing associations. In the past this has proved extremely problematic, mainly due to the ‘best consideration’ valuations applied. There has been an extreme reluctance on the part of valuers to factor in any benefit to the Council (and to the community, as a whole) arising from council nominations to homes built on former Council-owned sites. More recently, the Housing Department has begun to advocate more actively on behalf of housing associations in these circumstances.
NIMBYism

7.46 NIMBYism – expressed through objections to planning applications – can be a problem for housing associations when seeking to develop in smaller villages. In the Stewartry context, this is often associated with an unsubstantiated claim that house-purchasing in-migrants to the area from other parts of the UK oppose new housing development – particularly social housing. It is reported that longer-established local residents tend to be more in favour of housing association schemes in such circumstances, particularly where an indirect impact may be to shore up the viability of a village school. Education Department officers have also played a supportive role in such circumstances.

Land and tender prices

7.47 Land prices in Dumfries and Galloway have been rising in the recent past. However, at around £6,500 per dwelling, these are still relatively low in comparison with surrounding areas, and the central belt. (Typically £10,000 in Ayrshire). There is no evidence that an ‘over restrictive’ planning system is inflating the price of sites designated for housing.

7.48 However, whilst land values are not seen as having been a significant limiting factor, the housing association experience is that tender prices have been rising towards central belt levels. At the same time, Scottish Homes’ construction cost limits based on a large assumed tender price differential between these areas have remained unchanged. The housing association view is that this is starting to become a significant impediment to development. Not discounting this, the Scottish Homes’ view is that cost limits have not yet proved to be a significant limiting factor in housing association development in Dumfries and Galloway.

Infrastructure issues and the contribution of non-housing agencies

7.49 The absence of infrastructure – and the costs of remedying this – is a limiting factor in some parts of Dumfries and Galloway (including Stewartry). School provision is one issue (see above). Sewerage capacity, sustainable urban drainage systems and site access are others. The major housing association operating in the area points out that it cannot fund such infrastructure. Also, with the increasingly dominant view that developers should underwrite infrastructure costs associated with particular sites, the effective threshold size of private developments is rising.

7.50 A particular concern on the Council’s part relates to West of Scotland Water Authority (WoSWA) investment priorities. The WoSWA capital programme is currently heavily influenced by the higher environmental standards now being required by the Scottish Environment Protection Agency (SEPA). This will require large-scale investment in coastal communities in Dumfries & Galloway, Ayrshire and Argyll and Bute in the period 2002-06; a programme which does not reflect development demands. The Council is concerned about the WoSWA priority which is to invest initially in the coastal settlements to the detriment of communities such as Dumfries, Castle Douglas, Lockerbie and Thornhill which require investment to their drainage infrastructure to fulfil their development potential, as part of the Structure Plan Strategy.

7.51 This raises a wider point that the policies and priorities of potentially significant quangos tend to be heavily influenced by policy determined at corporate headquarters in Edinburgh or Glasgow. Whilst there were perceptions that Scottish Enterprise - Dumfries
and Galloway had played an important role in community planning, there were perceptions that SEPA’s input was not as full as might have been expected.

7.52 Nevertheless, there are occasions when the effective joint working of such organisations generates affordable housing. A recent example involved a factory site proposed for conversion to housing use. Scottish Homes and the local enterprise company cooperated with a local housing association in the de-contamination and redevelopment of the site in which a housing association was also involved. This intervention was partly prompted by the contention that the sale of the site for residential development would help to underpin the reprovisioning of the works in the locality, so preserving precious local jobs.

7.53 It is possible that the LEC will play some role in the development of affordable housing in the future, to the extent that this is integral to the regeneration of town centres such as Castle Douglas. The Council is also negotiating with the enterprise company to provide training for local labour to participate in housing renewal and new development subsequent to the planned stock transfer.

Possible Efficacy of New Planning Policy Tools

7.54 The major housing association operating in Dumfries and Galloway reports that a significant proportion of the large sites identified in the Local Plan as potentially suitable for housing are already in the ownership of developers, or subject to ‘first refusal’ agreements between existing owners and developers. The position of housing associations in negotiating with landowners and developers in these circumstances could potentially be strengthened by the existence of an ‘affordable housing’ use class. Whilst the Planning and Building Control Service takes an ambivalent view on this suggestion, Scottish Homes is doubtful on the grounds that this could serve to stigmatise localities.

7.55 None of the interviewees expressed any support for a ‘second homes’ use class.

Conclusions

7.56 Whilst Dumfries and Galloway Council has recently taken a greater interest in the assessment of local housing needs, this continues to be a problematic activity. Both the recent studies commissioned by the Council are vulnerable to criticism on the grounds that they are each over-reliant on a methodology relatively narrow in comparison to the LHSA framework (Maclennan et al 1998). The absence of central government guidance on how local authorities should go about such an assessment is a factor which has contributed to this situation. Nevertheless, the most recent (waiting list-based) study has generated local estimates of shortage and surplus which command some credibility with local stakeholders.

7.57 There is encouraging evidence that decisions on the spatial distribution and type of social housing development within Dumfries and Galloway are increasingly based on rational needs assessment, rather than being led by development opportunities to the extent that has traditionally been the case.

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8 It is also relatively narrow in relation to a good practice model developed for the different English context, Bramley and Pawson, 2000).
7.58 All the recent analyses indicate that there is an appreciable unmet need for affordable housing in Stewartry, and that – in relative terms – this is more pronounced than in any other parts of Dumfries and Galloway. This situation arises, in part, from the relatively vigorous state of the local housing market, in which demand from in-migrants and second home purchasers probably contributes to relatively high prices.

7.59 However, the shortage of affordable housing can not be attributed to the effects of the planning system nor to the planning policies of the local authority. The supply of designated development sites is not a major limiting factor in the supply of affordable housing in the area. Neither is an ‘inflexible’ attitude on the part of the Council when faced with planning applications involving non-designated sites. More significant issues include infrastructure constraints and the size of the national budget for social housing development.

7.60 Whilst the Stewartry housing market could be seen as relatively strong by comparison with other parts of southern Scotland, the overall volume of demand is not sufficient to interest housebuilders in developing schemes on any significant scale. Consequently, there is little or no scope for the Council to implement its well-drafted affordable housing policy under which developers could be required to set aside a proportion of homes in new schemes as ‘affordable housing’. In any case, in the absence of central government guidance emphasising a need for genuinely socially mixed communities, it is likely that such agreements would generate highly partitioned developments.
CHAPTER EIGHT  MULL, IONA AND ULVA

The Housing Market in Context

People and Economy

8.1 Administratively part of Argyll and Bute Council, the three islands are considered as a single housing market area by Scottish Homes. In planning terms, the islands are currently grouped into a single planning area with the (more distant) islands of Coll and Tiree. The housing market area is classed as in a remote location in Scottish Rural Life, and had a population of some 1,140 households (in 1991). The most populous of the islands is Mull and the nearest major mainland settlement, which is also the origin of the main ferry service, is Oban (population 8,390 in 1991).

8.2 The 1991 Census shows Mull and Iona with a population of 2,864, having gone up by around a fifth since the previous Census. In interviews, there was consensus that the next Census will show Mull and Iona with a population ranging between 3,000 and 3,500\(^9\). Again in contrast to the rest of Argyll and Bute, Mull would therefore show significant population increases. The majority of this population lives on Mull, with Iona having around 90 people at present. Iona will be likely to have seen some decline, having housed 109 people in the 1991 Census. Coll and Tiree also showed significant growth from 1981 to 1991, by around a third to 936 people. At the last Census, all of the isles had a population disproportionately heavy in pensioner-only households: a national average of 24% compared to Iona at 35%, Tiree 32%, Mull 28% and Coll 26%. Interviewees felt that the isles’ populations are increasingly elderly, suggesting that the differential from the Scottish average will at least be held in the 2001 Census and onwards. The increasingly elderly nature of the population can be explained by two demographic trends - selective in-migration and selective out-migration. In other words, the isles are increasingly favoured as retirement destinations, whilst young people are more inclined to leave. Corroboratory housing market evidence is explored below.

8.3 The economies of the isles are heavily-geared towards the service sector, specifically tourism (especially on Mull and Iona), fishing and fish-farming. The housing market area also shows, as do many parts of the Highlands and Islands and other rural areas, evidence of pluri-activity (fundamental to crofting) amongst the economically active. Even this does not, however, prevent earned incomes being significantly lower than the Scottish national average (circa 70%). The past two-three years have been difficult ones for the key industries of the isles - lower visitor numbers, falling fish prices, concerns about fish disease - and these difficulties are reflected in Mull in concern for the fate of some smaller settlements. At the same time, however, there is some discrepancy between the relatively buoyant economy of the north - including the settlements of Tobermory, Dervaig, Salen and Craignure - and the much more fragile south, which includes the sparsely-populated Ross of Mull and its settlements of Fionnphort, Buinessan and Pennyghael.

8.4 It is important to bear in mind that communities in Mull, and particularly the Ross, are quite self-contained. Whilst there may be a housing planning rationale for regarding Mull,

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\(^9\) This refers to the normally-resident population. In the summertime, the figures increase significantly with some people estimating that about ten times the normal figure can be on the islands.
Iona (and Ulva) as one housing market area, a "bottom-up" process, reflecting community identity, geographic distance and travel times, may in fact suggest a number of distinct settlement-bounded housing markets. On this line of argument, it might be anticipated that need in Bunessan or Pennyghael may not be met through provision in Fionnphort - and vice versa.

The Housing System and Housing Need

Stock and Supply

8.5 In common with other rural areas of Scotland, the 1991 Census showed that the isles had a more privately-oriented housing tenure structure than the nation as a whole. Table 8a shows this in the higher proportion of owner-occupied housing, the lower share of social housing, and, in the share of private renting. To a stronger degree than might be expected (witness the 1996 Scottish House Condition Survey showing an approximate 50:50 split), interviewees tended to the view that full-time private renting on the isles is overwhelmingly tied housing, with a smaller open sector in Tobermory. As discussed below, a difficult phenomenon on the isles is part-time (winter) letting of holiday homes.

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Mull (%)</th>
<th>Iona (%)</th>
<th>Argyll and Bute (%)</th>
<th>Scotland (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied</td>
<td>55</td>
<td>55</td>
<td>56</td>
<td>52</td>
</tr>
<tr>
<td>Private Renting</td>
<td>24</td>
<td>43</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Local Authority</td>
<td>18</td>
<td>2</td>
<td>24</td>
<td>38</td>
</tr>
<tr>
<td>Housing Association</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Number of Dwellings</td>
<td>1,081</td>
<td>51</td>
<td>42,807</td>
<td>2,160,000</td>
</tr>
</tbody>
</table>


8.6 Since 1991, the main changes to the housing stock have been new additions in the owner-occupied sector, further transfer to it through the Right to Buy of Argyll and Bute Council houses and additions in voluntary sector provision. 56 completions were made in the private sector between 1992 and 1998 and 57 council house sales made. West Highland Housing Association (formerly Lorn and the Isles) has added 55 houses to its stock.

8.7 The sale of local authority stock is a significant issue in the housing market, with interviewees citing it as a source, or for some the major cause, of a shortage of affordable housing. Since 1980, 109 sales have been made, equating to a transfer of 43% of the council’s stock. This is rather higher than both the council average (32%) and the National average for rural authorities (36%, both figures from Scottish Executive, 2000a). On Mull, that average conceals some important variations – the main town of Tobermory has lost some sixty per cent of its council stock (89 in 1980), the village of Dervaig has lost the same proportion (but only had 12 houses). In the south, five of eleven council houses in
Fionnphort have been sold, whilst Bunessan has seen sales of (only) ten of thirty-five (Argyll and Bute Council, 1998, *Housing Plan 1998-2003*). Iona now only has one council house, with Coll and Tiree having similarly small numbers.

**Housing Need**

8.8 Looking at housing need, the council’s waiting list for Mull and Iona currently numbers 104 households. In composition, the main change in the past few years – likely to continue – has been increasing expressed need from single person households. Both within the council and outwith, it is recognised that the waiting list figure is likely to significantly underestimate need. The main issue here, as attested by other research in Scotland and other countries is that particularly in rural areas, people do not apply if they consider that there is little chance of being housed in the foreseeable future. The Council’s Housing Plan for 1998-2003 shows that on average, each of Mull’s settlements generates an average of one let per year, and average waiting times range from two to eleven years.

8.9 One dimension of this is that young single people consider (with some justification) that they are unlikely to be a priority for re-housing, and continue to live at the parental home, successfully or otherwise. Interviewees also pointed out that young people seeing little prospect of secure and reasonably paid employment, and little prospect of secure and independent housing were also likely to leave. A second important dimension, particularly for the Ross of Mull, is that there are many households (a 1994 estimate of 65; Rural Forum *et al.*, 1995, *Argyll Islands Housing Study*) living in caravans. The households are mainly single persons, and mainly male. Expressed in interview was a view that the option was perhaps ok for a single person or couple, but intolerable if there were children. The council waiting list currently records ten caravan dwellers.

8.10 Also seen as intolerable was the fact that people were living in (poor condition, unserviced in some cases) caravans whilst holiday-let houses and second homes were vacant or seldom-occupied. Indeed, the relatively large number of holiday and second homes on the isles is a significant and contentious issue. In its Housing Plan, Argyll and Bute Council (1998) notes that one house in four on Mull and two in five on Iona are holiday homes, second homes or vacant[^10]. For interviewees, the economic benefits of:

- investment in the local economy from building and refurbishment work,
- visitors’ spending and
- the potentially higher ability to spend locally by second home owners

have to be set against:

- effective reductions in permanent accommodation for local people, with people having a house for the winter and being forced into caravans for the summer or being forced into a contract in which they would be homeless for a fortnight or month in the summer[^11],
- mainland housing equity overheating the owner-occupied housing market, so pushing prices beyond locals’ reach;

[^10]: With far higher proportions in Penyghael, Kilninian and other parts of the Ross of Mull.
[^11]: Assuming that no replacement supply is affordable. It was also noted that many new owners of holiday homes, with limited local connection, had stopped even doing this, choosing to install electric storage heaters to keep their property free from damp.
• the tendency amongst holiday home owners to bring food with them rather than buying it locally; and
• wealthy retirees’ undercutting B+B rates and, working themselves, depressing part-time work wage rates.

Affordable Housing Supply

8.11 Evidence gathered both in this research and in previous studies (Rural Forum *et al*, 1995; Corrom Trust, 1999) shows that not only is affordable housing shortage a ‘housing’ problem, it also hinders local businesses. Local employers have made representations on the issue to Argyll and Bute Council, and those affected include fish-farmers, a bakery and a creamery.

"In the West Highlands, nothing is really affordable".

8.12 All of the qualitative evidence gathered complements housing planning data in showing that the Mull, Iona and Ulva housing market area has a shortage of affordable housing. It was a minority view that the isles have an absolute overall housing shortage, though some areas were clearly agreed to have shortages. There are some common bounds on what is agreed to be affordable housing, but also some interesting disagreement on key segments. Agreed components of affordable housing supply are Argyll and Bute Council’s stock, the cheapest third or so of owner-occupied houses, private rental stock (clearly excluding holiday lets), older housing association stock and, provided the household is either well-clear of benefit dependence or qualifies for and claims full housing benefit, newer housing association stock. It was generally agreed that reliable up-to-date evidence on affordability difficulties, incomes, housing choices and aspirations was missing, a gap which hindered effective housing planning.

8.13 The clear common theme that runs through the demand side of housing affordability is that not only are incomes relatively low by national standards, they are also highly seasonal. The isles provide very attractive environments, natural and built, and the demand for home ownership is distorted by the relatively high income and/or wealth levels of second/holiday home purchasers. For relatively small properties, prices were boosted beyond local people's means as these would make good holiday lets. And bigger properties would be more attractive as B+B houses. To a certain extent, demand for this market segment has fallen as tourism has been depressed, but rather than price falls, larger houses may stay on the market for a considerable period. So, one perspective on the home-ownership market would be that none is affordable to local people. Having been out-bid, or hearing of friends/family being outbid is consistent with what some interviewees called the ‘mindset’ of islanders being that home-ownership is not a realistic prospect12. A more sanguine perspective would be that home ownership, or trading up, is a realistic aspiration for those on more stable incomes and perhaps some who have inherited wealth. The available data tend to support the second view - in the 1993-1995 period, three house purchasers in five on Mull, Iona (and Lismore) originated in that area, and the figure was 72% in the lowest third of the price distribution (Argyll and Bute Council, 1998, Appendix 2).

12 Similar comments apply to the prospect of self-build being a viable housing solution: even if supported by a Rural Home Ownership Grant (RHOG), a widespread view is that home ownership is only for a few.
8.14 Interview data showed that West Highland Housing Association's stock is contested territory as far as affordability is concerned. One argument says that new stock is developed and funded so as to meet housing need and Housing Association Grant is paid at a proportion of development costs to keep rents affordable to the client group. All of the recently-developed properties are occupied, and the opening of two of the three schemes has brought out additional demand for houses at the rents levied. So, all of the association's stock must be affordable. Those who question this say that, in the main, it has been people having their rent met in full by housing benefit who have tenanted the houses, and that there were doubts that all would be occupied. For those on the margin of benefit, and those eligible to partial housing benefit, the poverty trap acts to stop them claiming benefit and stops them feeling that the rent levels would be tenable. Their flexibility to take up another part-time job would be seriously affected by receiving benefit whilst being an association tenant, and so they choose not to apply for the new houses, staying in a combination of caravan and winter let.

Planning Policy

8.15 Assessment of past population, social and economic change and their possible futures are key aspects of strategic planning and the Council’s planning stance for the future is set in its Structure Plan (Consultative Draft, 2000). The plan establishes four key priorities:

- Sustaining and developing indigenous businesses;
- Attracting inward investment;
- Improving communications both physical and electronic; and,
- Improving the skills and qualifications of the workforce. (p.1)

8.16 For Council planners and members, the most fundamental issues that have to be tackled are that Argyll and Bute is the second poorest of Scotland’s authorities and that there are considerable inequalities in income and wealth. For Mull and Iona, as for other parts of the council (save around Loch Lomond), the (Consultative Draft) Structure Plan therefore embodies some relaxation of development restraint from the (still current) 1995 Strathclyde Structure Plan. Whilst the latter is very much in line with NPPG3 in directing housing towards the larger settlements, the consultative draft has a greater degree of flexibility. The Housing Strategy section starts:

8.17 “The intervention of land-use planning in housing markets should be measured and balanced between meeting local housing need and responding to need and responding positively to housing demand…this involves general support for housing in the Settlements – for up to and including large scale in Towns, medium scale in Villages and for small scale in Minor Settlements – and a qualified support for small scale housing development in countryside areas.” (Argyll and Bute Council, 2000a, p.81; emphasis added).

8.18 Its housing objectives include “...securing long-term delivery of local housing needs (including low-cost and special needs housing) balanced with meeting general housing demand and the movement of markets through time” (p.82). ‘Low Cost’ Housing is defined as equating to “...housing up to two thirds average house prices or the equivalent rent or shared equity price within the whole of Argyll and Bute..”(Argyll and Bute Council, 2000b, p.40). In terms of implementation, it is important to note that the key agents – the local authority, the principal housing association and Scottish Homes – laid stress on very good working relationships. As one manifestation of this, Scottish Homes and the council have a
Strategic Agreement (1999), setting out a co-operative working style and agreed investment priorities.

8.19 Council officials and other interviewees agreed that the way in which Mull’s housing market had moved – in particular with development pressure on Tobermory – had been such as to make both the Local Plan (1985) and its review, alteration and monitoring report (1988) quite outdated. Arguably, one result of this is some uncertainty on the part of potential developers of what might/might not be acceptable in different areas. Equally, the lack of a recent plan spelling out developable locations may be argued to constrain the degree to which development decisions may proceed according to a clear rationale and may therefore generate perceived inconsistencies in decisions. It clearly does not help the establishment of a plan-led development system, which some professionals and commentators would feel sets an appropriate rationale for the land-use planning system.

Affordable Housing, Planning and Supply Constraints

Supply constraints

8.20 Accepting that affordable housing is in short supply, what are the causes? Outwith the factors mentioned above (council house sales, non-effective stock and overheating in the home ownership market), a consensus amongst interviewees was that it is difficult to get suitable land at a price that makes development of affordable housing viable.

8.21 There was broad agreement that first, compared to the mainland, island development costs are high. Interviewees referred to a "Cal-Mac premium" boosting both materials and labour costs. Delays in work due to adverse weather inevitably increase costs, particularly when workers' subsistence costs have to be incorporated.

8.22 Second, some suggested that actually-developable land is short because of topography and difficult ground conditions. The majority view would probably accord with the reflection that "land can't really be that short: the housing association has tripled its stock over the past three years".

8.23 Third, a view amongst planning officers was that a landowner may wish to preserve the integrity of the Estate and not sell land at all. Or, the owner may not want to release land that would be best from a housing point of view, as it may be in a sensitive position on the holding. The general view amongst interviewees was that landowners, and particularly those with small scale working estates, were much more amenable to sale. These views are broadly in line with evidence across Argyll suggesting that four landowners in five have made sales of land for housing development in the past decade and two in three would consider doing so again or re-using other buildings for low-cost housing if it could be made financially viable (Satsangi et al, 2000).

8.24 A variant on these points, and in some ways an intermediate view, was that "...the association tends to get the B-listed land". Following this point, the more attractive, easily developable sites tend to go for open-market housing, principally as a landowner would

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13 Sensitivity may relate to the parcel containing valuable agricultural land or proximity to the owner’s principal residence.
achieve a higher price through this route than selling to the housing association. That simple point of economic logic was recognised to be much more important than an owner's possible reluctance to sell to a social landlord.

Do land-use planning considerations hinder affordable housing supply?

Perceptions of planning

8.25 Looking at the simple neo-classical model of the land market, an argument can be made that land-use planning restricts the supply of developable land, increasing its price and reducing the quantity of (affordable) housing developed. Equally, having to obtain permission to develop may be argued to constitute a cost to potential development, which may restrain supply or may be perceived as an insurmountable hurdle.

8.26 So how restrictive is planning on Mull? Angus MacNeil (1998; 2000) has presented a powerful critique, arguing that land-use planning is a major obstacle to the supply of land for (low cost) housing. In two publications, the first concerning Mull, the second a general view across the Highlands, he drew on evidence14 that land values are commonly pushed from around £400 per acre (in agricultural use) to between £15, 000 and £30, 000 per quarter acre for residential use. He argued that planning regulations, restricting house-building to small areas in or near existing towns, are the cause of this inflation15. In an economy of low or seasonal wages, it is not surprising to find that as a result, few local people can afford to build a house. Local people may find, further, that they are outbid by in-migrants and some attach blame to those people, rather than recognising that the problem lies with planning restrictions.

8.27 In October/November 2000, a significant proportion of people interviewed would share a perspective quite critical of the nature and impact of the planning system. "..planning is restrictive, and planners are in many ways 'anti-planners'; land prices are high partly because of planning restrictions". A common view was that, as councillors have the power to approve departures from approved plans, so they had the scope to be more "liberal" than officers. For some, however, the downside was "..planners are inconsistent in their decisions on what sorts of locations are suitable for development and what sorts of development are acceptable...Local people can't see why a house is allowed in one place and the same design not allowed just up the road..". Criticisms were made of the council's design code and its use and its limitations on numbers of houses developed through landscape/area capacity evaluation. Typical amongst these were comments such as "Planning tries to get houses to resemble traditional styles, but what is traditional? ...(the majority of) recent developments have been kit houses, which do look pretty much like each other, but don't really look like the older housing that you see about the place". Further, a number of interviewees made comments to the effect that "...design is essentially subjective, it's wrong to stop housing and other development because of personal judgement".

14 Based in part on his own difficulties in attempting to build a house on Mull.
15 A counter to this argument is that as prices, land values are market determined and planning works to increase or decrease the impact of market forces.
Development in the small, remote settlement of Ulva Ferry had aroused a lot of controversy, partly due to the potential re-use of a school-house, partly due to permission having been refused for the development of two houses by a farmer on spare land for local people but granted for one: "If it's OK to build one, why on earth shouldn't it be OK to build two?"

Other interviewees pointed to counter-evidence with a first simple quantitative issue that not all outline planning consents are actually acted upon to become housing starts (or completions). Further interview evidence suggests that consents are not converted for a range of reasons:

- Commonly, outline planning permission is applied for and obtained with relatively little investigation of site and ground conditions, and little appreciation of total development costs. “When it comes to a proper look at the ground and estimation of costs… people don't believe it'll cost that much..and pull-out”.
- Outline consent is obtained as a means of raising the value of a parcel of land in a holding, and the capital used as security to raise money for farming/fishing equipment.
- Consent is obtained to build a house for a family member, that member changes plans, and the ‘developer’ does not want to build and sell to a non-family member.

Interviews suggest that planning officers have some support in arguing that the council has neither a very liberal nor highly restrictive stance on housing development, and a "...relaxed if not generous attitude to land supply for housing". For many people, a number of positive points reflect the perceived benefits of attempting to balance socio-economic and environmental demands. One point was that "...the obstacle of obtaining planning permission may be helpful in forcing an applicant to reflect on their objectives". Or, "...focussing development on the bigger settlements makes for an efficient use of resources". Or, "you can't have a free-for-all...it's right that there should be some restrictions on development". On design, it was suggested that additional costs imposed by having to comply with the code may add relatively little (a further 3%) to total development costs and may therefore not unduly hinder affordable housing development.

Part of the explanation for differences in opinion lies in people's different experiences of working with the planning system, and their differing capacity - principally time and money - so to do. The point was made that "...it's OK if you know the rules (or have architects who do) about what's acceptable and what's not...". For what might be judged elsewhere as the most likely affordable housing developers - the housing association - "Planning regulations (and Scottish Homes' funding procedures) can be very bureaucratic. Once you know your way around, you tend to accept them as necessary evils. To the inexperienced, they may be off-putting".

It is clear that Argyll and Bute Council planners are aware of both the positive and negative ways in which their actions are perceived. Part of the explanation for a negative view amongst the community at large and amongst potential small-scale builders or developers may relate to a failure to see the complete picture or "...they don't really know what planning is all about". The difficulty that small-scale affordable housing supply faces in this instance is, however, quite serious. Three issues about community perception are important here:
• Development on Mull can be hindered by objections to applications - essentially NIMBYism, sometimes from people who own holiday homes on the isle. This is iniquitous and damaging. People can be put-off applying to develop for fear of rejection due to nimby objections.
• 'Horror stories' about development and planning restrict development interest, be they about planning being claimed to impose unreasonable delays or conditions or architects over-specifying in order to inflate their fees.
• Appeals are seen as being costly, which is true, in part because of time, but partly because people fear they will have to pay more money to professionals whose interest lies in prolonging the process.

Case studies

8.33 West Highland Housing Association opened three schemes in Spring, 2000 - 21 houses in Tobermory, 8 in Fionnphort and 4 in Dervaig. The Fionnphort and Dervaig developments show interesting examples of how planning interacts with other affordable housing supply-side forces. A number of interviewees commented that housing association development can be a long process in rural areas. For some, this was a major complaint: "At Fionnphort, by the time the scheme opened, a lot of people in need had moved away". For others, a lengthy negotiation period can be justified "...to make sure that all of the people involved feel that the result was right". Interviewees suggested that in Fionnphort, from Scottish Homes, the association and the council agreeing that there was need to be met, and the approximate scale of investment to the scheme opening took eight years. What were the sources of delay?

• First, identification of buildable land and its acquisition were not straightforward. The land was purchased from the Argyll Estate. It was claimed that its agreement to sell was slower than would have been the case for other owners on the isle, and "...at least a fair price" was achieved.
• Second, disagreement with council planners was held to have cost time: "...the first planner came across and rejected the design...we had to call the Head of Planning across to over-rule the objections".
• Third, following competitive tender, the contract to build the scheme was awarded to a West Highlands' contractor. Committee members were concerned that although the bid was the lowest, that same contractor had failed to deliver against expectations on other (mainland schemes). After discussion, Scottish Homes consented to a different appointment.
• Finally, ensuring that accountability in the use of public money is maintained - demonstrating the case for investment, pursuing decisions through gaining committee approvals and liaison with Scottish Homes and "...the paperwork that entails" may limit the association's speed of action.

8.34 In Dervaig, land acquisition was not a problem, as the housing association purchased it at "very low cost" from Argyll and Bute Council. But it had difficult ground conditions. And there were infrastructure problems in water and sewerage capacity. Originally, the scheme had been planned for houses to have open fires (as power cuts are common),

16 With the interviewee’s perception that the period was longer than the eight weeks normally allowed for determinations.
chimneys, roof slates (in common with older houses in the village) and porches (to protect interiors from rain, mud, sleet, snow and wind). Each of these items can probably be justified in terms of building style or with respect to climate and the long-term care of the houses. However, site preparation and early building costs turned out to be higher than anticipated. Which meant that all of the design specifications above had to be sacrificed. Clay tiles were used, there are no porches and no open fires. In turn, it is anticipated that residents will bring in (perhaps dangerous, certainly costly) portable fires, and the houses will have faster wear-and-tear.

Iona

8.35 The consensus in relation to Iona was that it was in many ways, a special case. Most obviously because of the extent to which land-release is constrained due to sites of archaeological interest. A further issue is that it is economically quite fragile with there being a perception that more working people are needed to make the community viable. This has obviously been compounded by the recent accidental loss of four young working men. Iona has only one council house, and many holiday lets. Here, as on Ulva, building costs are increased as another boat trip beyond Mull is needed to bring in labour and materials. Representatives of the Mull and Iona Community Trust, a charitable body established with a socio-economic development purpose (including low cost housing provision) indicated that a new manager of the Iona Community Heritage Centre had to commute from Fionnphort as there was no suitable housing for him and his family. Both Scottish Homes and the housing association have, to date, been reticent about involvement on Iona, partly because of there being different views from the community as to what sort of investment was sought, partly through a wish not to upset a delicate balance through a hastily-conceived measure, and partly because there are questions in the distribution of Scottish Homes' rural development programme as to the weight that could be given to that form of need against clear evidence of under-provision elsewhere.

Facilitating Land Supply for Affordable Housing

8.36 The review of development constraints and housing market conditions in the foregoing paragraphs suggests that it is not straightforward to ascribe affordable housing shortages to a single cause. It is therefore probably not surprising to find that interviewees were sceptical of the extent to which policies aimed in a single direction would significantly improve supply. One of the key research questions was of course looking at the extent to which changes to the planning régime may facilitate supply, and four issues were looked at:

- a greater permissiveness on the part of the Council, perhaps through a lesser adherence to NPPG3 presumptions against housing development in the open countryside;
- the creation of a specific use class of affordable housing;
- the creation of a specific use class of holiday homes; and,
- the greater use of section 75 agreements to require developers to put aside a proportion of new housing developed for affordable housing.
Relaxing Planning

8.37 Of the specific measures discussed with respect to planning, this was the only one that gathered any real favour though it should be noted that not all were convinced that relaxation would guarantee the greater supply of affordable housing. There was only quite limited support for a view that Mull’s housing market conformed to a simple textbook model in which an increase in the total quantity of housing supplied would tend to lower the price of housing. The over-riding issue for the planning authority (which probably explains why it is regarded as being made-up of ‘anti-planners’) is that it does not really control the means to implement policy, no matter how supportive that policy may be of (affordable housing) development: "...we (the council) can continue to identify sites...true affordable housing won't be developed without Scottish Homes'/housing association capital".

8.38 At the same time, a widely-held view is that current planning policy (which of course in large part determines officers’ recommendations on decisions) is unduly restrictive. Elected members can, equally, accept or reject these recommendations and can therefore be more ‘liberal’ than their officers. For some interviewees, a policy endowing greater sympathy on housing development in remote locations would accord with people’s wishes. An important caveat that was made by some was that if there were (further) moves to increase flexibility, it was important that they applied evenly. Discussion suggested that there was some support within the council for exempting affordable housing from presumptions against development.

Changes to the use classes order

8.39 Interviewees were virtually all unconvinced of the merits, for the case study area, of amending the use classes order. Indeed, there were some specific points made against a class for affordable housing - namely, that it ran the risk of artificially separating 'normal' from 'affordable housing'. For many interviewees, as suggested earlier, second and holiday homes were a mixed blessing. There was strong criticism of the fact that second homes are liable for only half normal council tax rates, and widespread support for levies two or three times the standard. Posed with the view that this may hinder investment, a common response was that “…if you can afford to buy a holiday home, you can afford higher taxes”.

Planning agreements

8.40 For Mull, Iona and Ulva, there was consensus that using section 75 agreements would rarely be a helpful tool. This is because of the context. In the past two decades, there has only been one ‘speculative’ housing development on Mull, and private housing developers are in the vast majority builders of one or two houses. (At the time of writing, one planning agreement is in the process of being negotiated, allowing the further development of a fish-farm where it otherwise would not be permitted provided that housing for a manager and for temporary staff is built.)

8.41 Outwith these specific measures, interviewees raised a series of other points about improving affordable housing supply:

8.42 Funding and organising delivery - an important theme in many interviews was that future stock development was largely dependent on West Highland Housing Association's development programme. Allowing the association the chance to have a longer-term
development programme, probably through landbanking, was generally supported. Recent stock additions were clearly very much welcomed, and it was recognised by some that a further four houses were likely to be started in Dervaig. But that total investment level would be difficult to sustain, given that the association is not concerned with housing need solely on Mull. Some interviewees felt it was desirable to be able to tap into other sources of funding, perhaps allowing a greater degree of opportunism, for low-cost housing that might complement the association's activities, and what the Mull and Iona Community Trust achieves will be keenly observed. Finally, as the Right-to-Buy of council housing was apparent to many as a cause of housing system difficulty, its possible extension to the housing association was a major cause for concern. The association's schemes had taken a significant voluntary commitment on top of public funds, and it was felt that should the right-to-buy be extended, there would be far fewer people willing to put in that effort.

8.43 Information - funded through HomePoint, Mull and Iona has had an Information Service which is recognised to have improved people's knowledge of housing options open to them. There do remain some concerns, however, about whether everyone who might be argued to be in need of information and advice has been able to gain it. A number of interviewees suggested that there was a particular need to promote RHOGs. A final issue about information is that data about need, preferences, housing and other socio-economic circumstance are recognised to be poor.

8.44 Planning - signs in the Structure Plan consultative draft of the council moving to a more flexible and pro-active planning stance were welcomed, notably in respect of the drive to improve the local economy. Further information - perhaps a brochure for sellers of land, and consistent development advice was sought. There was also a view that planning consultation should comprise meaningful negotiation, rather than tokenistic discussion.

8.45 From the planning professionals' perspective, three views are important - that in looking at development possibilities, planners should be an initial contact, rather than a final stage. Second, it was felt inappropriate that the Executive should have separate policy guidelines for rural and urban Scotland. National guidelines, which removed inconsistencies in current guidance, should be produced. Finally, it was recognised that out-of-date plans hindered decision-making. It was suggested that the Scottish Executive should set and enforce maximal timescales for local plan adoption and review, and should resource councils to meet those deadlines.

8.46 Taxation - stamp duty should be removed from sales at the lower end of the housing market. Sales of land for social housing should be exempt from capital gains tax. To allow parity with new house-building, the refurbishment of houses should be exempt from VAT.

Conclusions

8.47 Quantitative and qualitative data are clear in showing that the Mull, Iona and Ulva housing market area has clear supply shortages in the low cost rental and low cost home ownership sectors. Local people have a high dependence on low and seasonal incomes but the housing market is distorted by significant in-migration for retirement and second and holiday home purchase. The Right-to-Buy has also had a significant impact in reducing the stock of cheaper housing.
8.48 Housing development is made costly partly due to location, partly due to difficult terrain. Affordable housing supply has had to contend with high development costs also and it is commonly recognised that public subsidy levels and the way that they are channelled are the principal issues that affect the volume of future supply of affordable housing.

8.49 The likely future direction of planning policy, endorsing a greater degree of relaxation of control, is regarded as positive with a perceived legacy of strong restraint having frustrated development in many eyes. It is by no means guaranteed, however, that planning amendments *per se* would significantly improve supply.
CHAPTER NINE CONCLUSIONS

Introduction

9.1 This chapter presents the key conclusions and recommendations from the research. Its aim is to synthesise the new evidence collected and to relate that to the evidence that can be drawn from previous research. (The reader is referred to Chapter One for research methodology, including case study content). The chapter proceeds by looking at evidence under the key research questions:

- Is there evidence of a shortage of affordable housing in rural Scotland?
- Why is there a shortage?
- Is there a general problem of undersupply of land?
- Is there a specific problem of undersupply of land for affordable housing?
- In what ways does planning constrain land supply for affordable housing?
- What planning policies would facilitate land supply for affordable housing?

Affordable Housing in Rural Scotland

9.2 Data gathered in this research confirm those from numerous other studies that many parts of rural Scotland have experienced, and are likely to go on experiencing, significant shortages in the supply of affordable housing. Not only are stocks of social rented, privately rented and cheaper owner-occupied houses relatively scarce, but, particularly in social rented housing, turnover rates are low. This means that queuing times for social housing can be very long. Looking across the country, the evidence from strategic documents such as Scottish Homes’ Regional Plans is clear that affordable housing shortages can attend both local economic growth and local economic fragility. At the same time, it must be recognised that parts of some local authority and housing market areas have been experiencing depopulation attendant upon economic difficulty. This suggests that some landlords’ stocks can have localised difficulties of low demand. Are these considerations brought in to Structure Plans? The evidence presented in Chapter Three is that the plans, as strategic documents, include general policies about providing affordable housing but most are thin on implementation. None contain much information on housing need. A number have a specific emphasis on maintaining viable rural communities but these make only general links with affordable housing. The plans rely on other agencies and supporting documents to flesh out the policies.

9.3 Table 9a below summarises evidence from the four case studies on the extent of affordable housing shortages and their causes. It is important to remember the rationale for choosing these areas: that they were indicative of rural housing markets facing quite different pressures: commuting, retirement, holiday and second home intrusion. They are exemplars therefore of the sorts of situation and outcome that can be expected to be found in rural markets of similar structural characteristics across the country. Consultation with other, non case-study, rural councils showed that the outcomes were indeed common to other housing markets across the country.

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17 Rather than mechanically going through each of the objectives noted in paragraph 1.1
There are a number of important general issues behind and within these data. The first is that ‘affordable housing’ and ‘housing need’ are not unambiguous items – there are varying conceptions of the terms and different understandings of what is covered. To take an example, both housing investment to retain people and sustain a fragile economy and investment to meet waiting list pressure can be considered as responses to housing need. They can command quite different levels of priority from different standpoints.

### Table 9a Case Study Evidence of Affordable Housing Shortages

<table>
<thead>
<tr>
<th>Area</th>
<th>Economic Situation</th>
<th>Evidence of Shortage</th>
<th>Cause(s) of Shortage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Moray Firth</td>
<td>Growth</td>
<td>Yes, especially for rented housing. Not easy to assess spatially, though some suggestions that the Black Isle may be the most acutely affected (witnessed by population growth projections and interpretations of these).</td>
<td>Increase in commuting to Inverness, facilitated by road improvement. Low pay in some employment means difficulty for these workers to compete.</td>
</tr>
<tr>
<td>Cupar and Howe of Fife</td>
<td>Fairly buoyant</td>
<td>Yes, a clear shortage and hidden need felt to be a significant issue. Lack of reliable quantitative evidence has been recognised as a difficulty, but recent housing needs survey has confirmed other data. (Witnessed by housing needs survey and qualitative data)</td>
<td>Increases in commuting to Dundee, Edinburgh, St. Andrews and Perth, associated increases in car-ownership. Loss of stock through Right-to-Buy. Increases in number of households (splitting of larger units, longevity). Planning policies more restrictive on development, though exemptions for affordable housing.</td>
</tr>
<tr>
<td>Stewartry</td>
<td>Weak</td>
<td>Yes, the biggest pressure point in Dumfries and Galloway. A real shortage in the three market towns, though remote north is depopulating (witnessed through 2 housing needs surveys).</td>
<td>Market distorted by incomers. Though wages are well below the national average, prices are well above. In-migration facilitated by improvement to the A75.</td>
</tr>
<tr>
<td>Mull, Iona And Ulva</td>
<td>Stable but some evidence of fragility/weakness.</td>
<td>Strong evidence of shortage in low cost rented and ownership sectors. Council waiting list approximately equal to total stock. Hidden need too. (Witnessed by waiting list data, qualitative data)</td>
<td>Right to Buy has removed over 40% of social rented stock, not fully replaced by HA investment. Generally low, seasonal incomes. High demand for second and holiday homes, which average around 20% of stock of Mull, though can be much higher.</td>
</tr>
</tbody>
</table>
9.5 Second, reliable and up-to-date evidence on need, as well as people’s housing preferences and aspirations and their economic circumstances, was generally recognised to be not as readily available as is desirable. A related point was that even where people ‘on the ground’ had good understandings of the scale and dimension of need, that information might not always percolate through to centralised decision-makers. It is not yet apparent, therefore, that the effort laudably expended by Scottish Homes in developing a clear and consistent framework for Local Housing Systems Analysis has been returned in accepted data for planning purposes, housing and land-use, statutory, private and voluntary. This may be a matter of time, but it may be that further advice or guidance on making that framework operational would be welcomed.

9.6 Finally, it is clear that there is no simple correspondence between economic circumstance and affordable housing shortage. A shortage in some villages might be associated with the pattern of social housing investment being oriented (to reduce risk) to larger settlements. The right to buy local authority stock has reduced social landlords’ capacities to meet need, and observations in this research about former council stock ending up as holiday homes need to be placed alongside evidence from elsewhere of resold rural council houses tending to be used as retirement homes or being captured in an inflating general owner-occupied housing market.

Land Availability

9.7 On the supply side, affordable housing shortages can relate to a lack of development opportunities and/or a lack of the means to realise opportunities. This research focussed on new development rather than redevelopment/conversion opportunities (often recognised as being more risky or costly)\(^{18}\). The evidence from the case studies (Table 9b) complements data from our review of structure plans that whilst land supply in general may not be too problematic, obtaining land at a price that makes affordable housing development viable is. This is principally because developers of affordable housing – housing associations – are generally outbid by private developers (small scale in the majority of cases in our study areas). Case study evidence confirms suggestions from the review of literature that the planning system has favoured private housing development over that of affordable housing. This is because housing land requirements do not tend to be fine-grained in policy terms and, deliberately, do not differentiate between private and social housing. Finally, the data obtained here do not generally suggest that landowners are unwilling to sell land for social housing provision, a finding which is consistent with our previous research.

Planning and Affordable Housing Land Supply

9.8 It could be argued that the planning system has a set of expectations on providing an adequate residential land supply, but has no effective means of ensuring that housing – affordable or otherwise – will be developed. The means, i.e. principally development capital, are held and programmed in either the private, public (Scottish Homes, local authority) or voluntary sector. Private developers adjust their strategies and outputs in relation to market demand signals, local authorities have had relatively little money to pursue new affordable

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\(^{18}\) We did not therefore look here at the scope of the Empty Homes Initiative programmes, and acknowledge consultees’ views that these can form helpful parts of local housing strategies.
housing (capital) projects. The voluntary sector, that is housing associations and co-operatives, has a high degree of dependence on public subsidy, routed through Scottish Homes. Not only are its funds (and the scale of the rural programme) limited, but also they are subject to change from year to year. This makes it difficult to give anything other than short-term specific project-linked financial commitments to voluntary providers. In turn, this makes it virtually impossible for housing associations to plan their investments or to pursue land-banking or other strategies. Land-use planning has, at most, only a limited influence on these means, and there are those who feel that it is consequently not particularly relevant to the provision of affordable housing.

### Table 9b Case Study Evidence of Land Supply Constraints

<table>
<thead>
<tr>
<th>Area</th>
<th>Is there a general problem of undersupply of land?</th>
<th>Is there a specific problem of undersupply of land for affordable housing?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Moray Firth</td>
<td>Yes. A significant proportion of allocated land is not effective due principally to infrastructure, but also to ownership and release problems. More acute difficulties on fringe of Inverness.</td>
<td>Site acquisition is recognised as a problem by providers. Private developers are able to landbank, which housing associations are not able to do due to Scottish Homes’ restraint. The planning system looks at residential land in general and that hinders getting an overview of land supply for affordable housing. Infrastructure constrains some sites being developed.</td>
</tr>
<tr>
<td>Cupar and Howe of Fife</td>
<td>Not at present. The ‘sustainability’ emphasis of plans is leading to tighter policies, so that sites may begin to dry up in the future.</td>
<td>Yes, increasingly. Planning system generally tends to favour private housebuilding by default. Infrastructure is not a significant issue, but location of development – in relation to employment and public transport – is. NIMBYism poses difficulties, though some community councils are supportive of affordable housing.</td>
</tr>
<tr>
<td>Stewartry</td>
<td>Consensus is ‘no’. Planning policies support development, under half of planning permissions are actually developed, no volume builders are active.</td>
<td>Availability of sites in desired locations is a problem, with the housing association preferring to gather more accessible sites – more peripheral sites tend to have greater infrastructure costs. Water authority priorities – quality of existing system – are not the same as the local authority’s. Land prices – c. £6,000 to £6,500 per dwelling – are not seen as a problem</td>
</tr>
<tr>
<td>Mull, Iona and Ulva</td>
<td>Divergent opinion, but probable tilt to ‘no’. Development costs are high. Planning is becoming more permissive toward development, though is perceived to have been quite restrictive.</td>
<td>Yes. Affordable housing providers are either priced out of the market or are forced on to sites which are more costly to develop. Difficulty of development constrains specification as well as what can be built.</td>
</tr>
</tbody>
</table>

9.9 Not withstanding these points, it can be argued that land-use planning can facilitate supply – through helping establish to different areas’ capacities for additional housing or helping to identify appropriate sites. Or indeed, land-use planning might constrain supply, through restraint upon the sorts of location, design or density permitted. Tables 9c and 9d show evidence from our case studies.

9.10 Putting this together with earlier material and with national consultation data, a number of general points emerge. First, though there are many good intentions, land-use
planning does not play a central role in the supply of land for affordable housing. In part, this can be explained by tradition, with planning seeing itself as having legitimacy only in respect of physical land-use. In part, planning in Scotland, as in the other countries of the U.K., is generally reactive in nature. But there are reasons for change. The Government’s principal policy objective continues to be to combat poverty and social exclusion, and the recent revision to NPPG1 notes that: “Strong, vibrant and healthy communities, in rural and urban areas, are an essential part of the vision for a socially just Scotland…The planning system should feature as part of an integrated approach to social justice…” (Scottish Executive, 2000b, p.5). Furthermore, Government has also recognised that “...housing is …the single most important issue in the sustainable development of rural Scotland” (Scottish Office, 1998, p.41). Following this line of argument, planning to foster inclusion might be seen to imply endorsing and emphasising the supply of affordable housing as an important planning policy objective. Arguably, therefore, the price at which new housing is to be supplied could become an important consideration in determining a planning application. The imminent review of NPPG3 offers the ideal opportunity for Government to clarify its intentions in this respect.

**Table 9c** Case Study Evidence on Whether Planning Facilitates Affordable Housing Supply

<table>
<thead>
<tr>
<th>Area</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Moray Firth</td>
<td>Structure Plan (Consultation) endorses usage of s75, cross-compliance and consideration of affordable housing use class. Some support for community housing use class as a vehicle of fostering community involvement in/control over their futures. But change to use class order seen as being difficult to implement. Cross-compliance has limited applicability and is difficult to implement, no use of s75 as developments have not been of sufficient scale to make them viable. One on-going development shows that there is possible gain through use of planning conditions.</td>
</tr>
<tr>
<td>Cupar and Howe of Fife</td>
<td>Planning has willingness to help affordable provision, and local plan takes up recent housing needs study in setting a percentage target for affordable housing. Council has recently developed policies on s75 and rural exceptions – to permit affordable housing development where others would not be allowed. These have not been tested. Affordable Housing Use Class seen as potentially stigmatising. Council also has a new minimal density policy to encourage provision of more small houses/flats.</td>
</tr>
<tr>
<td>Stewartry</td>
<td>Planners see themselves as powerless due to their limited leverage on the market, and have a fairly permissive development stance. S75 is written into development plans, but can’t be implemented due to the lack of speculative developments of an appropriate scale. Planners and Scottish Homes are cool on an affordable housing use class, partly due to stigmatisation. There is no interest in a use class of second homes.</td>
</tr>
<tr>
<td>Mull, Iona And Ulva</td>
<td>Planners and development plans aim to help affordable housing provision if they can. S75 has limited applicability (only 1 speculative development in about 20 years). No party is convinced of the merits of an affordable housing use class for this area, and a class for second homes would be a cumbersome way of reaching an objective (see below).</td>
</tr>
</tbody>
</table>

9.11 Second, it is unlikely that amending the use classes order or recasting s75 rules would make any major impact (even if they were feasible) on shortages of housing in rural areas.
Third, variations between housing markets in different economic circumstances do exist in the key factors that affect affordable housing land supply, but the common theme is that subsidy availability and the procedures associated with it dominate. As the great majority of rural developments are small scale, it is likely that development costs will be relatively high on a per unit basis as economies of scale cannot be captured. On the smallest scale, supporting individual self-build housing (through RHOGS for example) may provide solutions, but it is clear that they are no panacea across the country.

Table 9d  Case Study Evidence on Whether Planning Constrains Affordable Housing Supply

<table>
<thead>
<tr>
<th>Area</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Moray Firth</td>
<td>Planning (through strict interpretation of NPPG3) seen as constraining affordable single housing development for local residents in some locations. There are perceptions of lack of consistency and transparency in decision making. Density constraints and design criteria militate against supply.</td>
</tr>
<tr>
<td>Cupar and Howe of Fife</td>
<td>No strong evidence of policy or its implementation hindering supply.</td>
</tr>
<tr>
<td>Stewartry</td>
<td>No strong evidence of policy or its implementation hindering supply.</td>
</tr>
<tr>
<td>Mull, Iona and Ulva</td>
<td>A more permissive planning stance might help, but planning is far from being the central issue. Less restrictive stance welcomed, but legacy of perceived inflexibility, particularly towards affordable single housing development for local residents. There are perceptions of lack of consistency and transparency in decision making.</td>
</tr>
</tbody>
</table>

Finally, some comment must be made about the nature of the affordable housing development process. Supply comprises the traded parts of the low cost owner occupied (including self-build) and private rental markets and new and relets of social landlords' stocks, with new supply from housing associations being particularly important. Housing association provision has to go through a process of proving need, approving development to meet need and approving the costs and quality of development with Scottish Homes. This is part of the audit process to ensure that public moneys are properly spent. As a statutory part of local governance and democracy, land-use planning exerts another series of controls on development and design. There may well be some case for the streamlining of processes. As the evidence shows, further, a number of authorities have evolved rural exceptions policies for affordable housing supply to escape presumptions against development. From justice and inclusion principles, low-cost self-build solutions should be treated as sympathetically.

**Recommendations**

**Guidance**

1. Affordable housing should be considered as integral to sustaining and strengthening rural communities, and considered alongside strategic assessment of employment, education, transport and facility provision. The policy framework should recognise this in ensuring that adequate support is given to rural areas so that rural Scotland is not disadvantaged in comparison to urban Scotland.

2. The Scottish Executive should clarify its expectations on planning for affordable housing in the light of revision to NPPG1. This should include detailing appropriate mechanisms...
and the circumstances for their use, though there seems little case for establishing affordable housing as a use class as it may well have a stigmatising impact.

3. A straightforward way of doing this is that NPPG3 should be revised so as to encourage authorities, where need has been established, to define and implement rural exceptions policies. These would free affordable housing development from restrictions on location, within reasonable financial and quality consideration. The exceptions should extend to low-cost self-build housing. At the national and local levels, consideration will need to be given as to how exceptions policies can be used to support the provision of affordable housing in perpetuity. At the local level, consideration will need to be given on the appropriate boundaries of what is considered low-cost and affordable housing in the light of local housing market conditions (recommendations 5 and 11 are important here).

4. In the light of amendment to NPPGs1 and 3, PANs relating to rural development should be checked for consistency and amended as necessary.

5. The Executive should clarify its expectations on housing needs assessments by local authorities. Appropriate guidance to supplement or complement the Local Housing Systems Analysis framework should be given. This should incorporate community participation in and sharing of needs assessments, as well as inter-departmental and inter-agency co-ordination. It is important that a framework consistent for planning and housing purposes is developed and implemented.

*Development Plans*

6. Local authorities and the Scottish Executive should have maximal timescales for plan adoption, monitoring and amendment. Local authority development planning teams should be resourced to meet these timescales.

7. Structure Plans should include, for each of their housing market areas, an analysis of affordable housing needs and how they might be expected to change over their horizon. Plans should show how sufficient capacity to meet needs will be ensured. These should be clearly linked to, and consistent with, local housing strategies.

8. Local Plans should contain information on the scale of affordable housing stocks, supply and need at settlement level. They should show how needs will be met over the plan horizon, consistent with the implementation of local housing strategies.

*Information*

9. In making development control decisions, the basis should be made as transparent as possible to all parties involved. There is a case for the Scottish Executive and local authorities to review, and amend as necessary, the nature of information provided on the development planning process.

10. Respecting important democratic inputs to the process of decision-making, development control decisions need to be consistent within local housing market areas and between them. Recommendation 2 should help achieve this aim.

11. In the light of recommendation 5, the Scottish Executive should consider how best to supply appropriately-grained data on household circumstances and income to feed into affordability assessments.
Funding and Funding Procedures

12. Within agreed Strategy and Development Funding plans, rural housing associations should be given the freedom and resources to landbank, so as to ensure a flow of developable sites.
13. Within agreed Strategy and Development Funding plans, rural housing associations should be given the freedom and resources to make long-term commitments with private developers.
14. Rural Home Ownership Grants should be promoted by Scottish Homes and housing associations. Funding provision should be increased accordingly.
15. Indicative cost limits for affordable housing development in rural areas should be reviewed to avoid undesirable cuts in specification and design quality.

Other Policies

16. Local authorities should be empowered to charge standard council tax rates for second and holiday homes without clawback.
17. The ceiling on stamp duty exemption for sales in the lower segments of owner-occupied housing markets should be reviewed and adjusted in the light of evidence on the volume of transactions in particular segments.
18. Further to the reductions in the 2001 Budget, house refurbishment should be exempt from VAT. This would create a level playing field with new house-building.
19. Capital gains tax on land sales to social housing developers should be abolished.
20. The Right to Buy council homes in some pressured housing markets has been an important cause of affordable housing shortage. In the context of the Housing Bill, the Executive’s review of exemption criteria is welcome and should consider the impact of Right to Buy extension on community motivation to support affordable housing provision.

Monitoring and Research

21. The Scottish Executive will need to monitor the impact of proceeding with any of the amendments suggested above.
22. The Scottish Executive should consider the training needs of elected members in respect of policy revision.
23. The Scottish Executive should further research the impact of in-migration, second and holiday homes on rural housing markets.
24. The Scottish Executive should further research the scale and significance of right-to-buy resales in rural housing markets.
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APPENDIX I  TOPIC GUIDE FOR CASE STUDY INTERVIEWS

Planning Staff, Councillors

1. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How do you think that this has been changing over the past few years? And what do you think will happen in the next few?
2. What do you think are the main causes of shortage?
3. Do you think that people in the area have problems in finding housing to rent/to buy? Which people are particularly affected? Do you have an explicit view on what affordable housing means in the local context?
4. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about the shortage of rented housing? or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?
5. Do you think there are significant problems of housing land shortage locally? Across the whole study area, or in selected parts?
6. (If so) What are the main factors that make for land shortage locally – do owners not want to release land? Or not believe it is financially viable to do so? Do developers think that they are unlikely to make a reasonable return?
7. Are land prices the most important issue determining housing development costs? What has been happening to land prices over the past few years? How do you think they will change in the next few?
8. In what ways do you think that the statutory planning system hinders (land supply for) affordable housing locally – because of the protection of agricultural land? Is environmental sensitivity a major factor for high demand areas? Because of NPPG3 presumptions against greenfield development? Do you think local design and density considerations militate against affordable housing development? (Are there any recent cases that we can talk about?)
9. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)? (Are there any recent cases that we can talk about?)
10. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would it helpful, for example, to have affordable housing defined as a use class, or second homes? Why? Would you favour reshaping s75? Would a more liberal régime yield more supply?
11. Are there other steps that the council could take that might be effective? Or the Scottish Executive? What about the role of housing associations, Scottish Homes and LECs?
12. Are there any other points that you would like to make?
HA Director/Development Staff

1. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How do you think that this has been changing over the past few years? And what do you think will happen in the next few?

2. What do you think are the main causes of shortage?

3. Do you think that people in the area have problems in finding housing to rent/to buy? Which people are particularly affected? Do you have an explicit view on what affordable housing means in the local context?

4. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?

5. Do you think there are significant problems of housing land shortage locally? Across the whole study area, or in selected parts?

6. What are the main factors that make for land shortage locally – do owners not want to release land? Or not believe it is financially viable to do so? Or do access and infrastructure costs prohibit development?

7. Are land prices the most important issue determining housing development costs? What has been happening to land prices over the past few years? How do you think they will change in the next few?

8. What are the main ways that the association has worked with the council on providing affordable housing?

9. In what ways do you think that the statutory planning system hinders (land supply for) affordable housing locally – because of the protection of agricultural land? Is environmental sensitivity a major factor for high demand areas? Because of NPPG3 presumptions against greenfield development? Do you think local design and density considerations militate against affordable housing development?

10. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)?

11. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would it helpful, for example, to have affordable housing defined as a use class, or second homes? Why? Would you favour reshaping s75? Would a more liberal régime yield more supply?

12. What more could the housing association do to help sustain rural communities? What about the role of Scottish Homes and LECs?

13. Are there any other points that you would like to make?
Local developers/builders

1. What is the scale of activity of your firm in the ________ area? How has this changed over the past few years?
2. Does your firm have much of its business in low cost housing? (For rent/sale) Do you have an explicit view on what affordable housing means in the local context?
3. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How do you think this has been changing over the past few years? And how do you think it will change over the next few?
4. What do you think are the main causes of shortage?
5. Do you think that people in the area have problems in finding housing to rent/to buy? Are particular groups of people affected?
6. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about the shortage of rented housing? or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?
7. What are the main factors that make for land shortage locally – do owners not want to release land? Or not believe it is financially viable to do so? Or do access and infrastructure costs prohibit development?
8. Are land prices the most important issue determining housing development costs? What has been happening to land prices over the past few years? How do you think they will change in the next few?
9. In what ways do you think that the statutory planning system hinders (land supply for) affordable housing locally – because of the protection of agricultural land? Is environmental sensitivity a major factor for high demand areas? Because of NPPG3 presumptions against greenfield development? Do you think local design and density considerations militate against affordable housing development? (Are there any recent cases that we can talk about?)
10. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)? (Are there any recent cases that we can talk about?)
11. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would it helpful, for example, to have affordable housing defined as a use class, or second homes? Why? Would you favour reshaping s75? Would a more liberal régime yield more supply?
12. Outwith applying for planning consent, do you have much contact with the council – for example in consultations on the council’s plans or development intentions?
13. Are there any other points that you would like to make?
**Landowners/factors**

1. What is the scale of housing on your estate? How has this changed over the past few years?
2. Does your estate have much of its business in low cost housing? (For rent/sale) Do you have an explicit view on what affordable housing means in the local context? (How) have you worked with the council or local housing associations on housing provision?
3. Has the estate sold much land for housing (or commercial) development in the past few years? To whom have sales been made? Do you see it selling more in the future? What are the main things that constrain development – problems of access or infrastructure? Or the sensitivity of particular land parcels?
4. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How do you think this has been changing over the past few years? And how do you think it will change over the next few?
5. What do you think are the main causes of shortage?
6. Do you think that people in the area have problems in finding housing to rent/to buy?
7. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about a shortage of rented housing, or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?
8. Do you think there are significant problems of housing land shortage locally? Across the whole study area, or in selected parts?
9. What are the main factors that make for land shortage locally? – do owners not want to release land? Or not believe it is financially viable to do so? Or do access and infrastructure costs prohibit development?
10. Are land prices the most important issue determining housing development costs? What has been happening to land prices over the past few years? How do you think they will change in the next few?
11. In what ways do you think that the statutory planning system hinders (land supply for) affordable housing locally – because of the protection of agricultural land? Is environmental sensitivity a major factor for high demand areas? Because of NPPG3 presumptions against greenfield development? Do you think local design and density considerations militate against affordable housing development? (Are there any recent cases that we can talk about?) (Are there any recent cases that we can talk about?)
12. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)?
13. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would it helpful, for example, to have affordable housing defined as a use class, or second homes? Why? Would you favour reshaping s75? Would a more liberal régime yield more supply?
14. Outwith applying for planning consent, do you have much contact with the council – for example in consultations on the council’s plans or development intentions?
15. Are there any other points that you would like to make?
Chair/Secretary of Community Council

1. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How do you think this has been changing over the past few years? And what do you think will happen over the next few years?

2. What do you think are the main causes of shortage?

3. Do you think that people in the area have problems in finding housing to rent/to buy? Are particular groups of people affected? Do you have an explicit view on what affordable housing means in the local context?

4. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about the shortage of rented housing, or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?

5. Do you think that there are significant problems of housing land shortage locally? Across the whole case study area, or in selected parts?

6. What are the main factors that make for land shortage locally – do owners not want to release land? Or not believe it is financially viable to do so?

7. In what ways do you think that the statutory planning system hinders (land supply for) affordable housing locally – because of the protection of agricultural land? Is environmental sensitivity a major factor for high demand areas? Because of NPPG3 presumptions against greenfield development? Do you think local design and density considerations militate against affordable housing development? (Are there any recent cases that we can talk about?)

8. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)? (Are there any recent cases that we can talk about?)

9. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would it helpful, for example, to have affordable housing defined as a use class, or second homes? Why? Would you favour reshaping s75? Would a more liberal régime yield more supply?

10. Are there other steps that the council could take that might be effective? Or the Scottish Executive? What about the role of housing associations, Scottish Homes and LECs?

11. Are there any other points that you would like to make?
Estate Agents/Solicitors

1. What has been happening to house prices in the _________ area over the past few years?
2. Do you think there are significant problems of housing shortage locally? Across the whole study area, or in selected parts? How has this been changing over the past few years? And what do you think will happen over the next few?
3. What do you think are the main causes of shortage?
4. Do you think that people in the area have problems in finding housing to rent/to buy? Are particular groups of people affected? Do you have an explicit view on what affordable housing means in the local context?
5. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about the shortage of rented housing? or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?
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9. Are there other steps that the council could take that might be effective? Or the Scottish Executive? What about the role of housing associations, Scottish Homes and LECs?
10. Are there any other points that you would like to make?
Scottish Homes’ Development/Planning Staff

1. Do you think there are significant problems of housing shortage in the _______ area? Across the whole study area, or in selected parts? How does the area compare to other housing markets in the region? How do you think this has been changing over the past few years? And what do you think will happen over the next few?

2. What do you think are the main causes of shortage?

3. Do you think that people in the area have problems in finding housing to rent/to buy? Are particular groups of people affected? Do you have an explicit view on what affordable housing means in the local context?

4. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, about the shortage of rented housing, or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?

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6. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Through s75? Would you say that the council has a liberal or restrictive attitude to new housing (in the countryside)? (Are there any recent cases that we can talk about?)

7. Do you have any views as to how amending the planning system may help facilitate (land supply for) affordable housing supply? Would a more liberal régime yield more supply?

8. Are there other steps that the council could take that might be effective? Or the Scottish Executive? What about the role of housing associations and LECs?

9. Are there any other points that you would like to make?
LEC Staff

1. Do you think there are significant problems of housing shortage in the _______ area? Across the whole study area, or in selected parts? Do housing shortages restrict economic development – as firms can’t attract (the right) workers for example? What do you think are the main causes of shortage?

2. Do you think that people in the area have problems in finding housing to rent/to buy? Are particular groups of people affected? Do you have an explicit view on what affordable housing means in the local context?

3. What are the main causes of affordable housing shortage? Is it mainly about low or seasonal incomes, about second/holiday homes, about higher income commuters pushing prices up, or do high building/infrastructure costs, or low availability of suitable sites make it hard to supply housing at this end of the market?

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5. In what ways do you think that the statutory planning system facilitates (land supply for) affordable housing supply locally – because of NPPG3/15 provisions? Would you say that the council has a liberal or restrictive attitude to development (in the countryside)? (Are there any recent cases that we can talk about?)

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