

# Planning Committee

10am, Thursday, 6 August 2015

## Developer Contributions and Affordable Housing Guidance – update for consultation

Item number 6.1  
Report number  
Executive/routine  
Wards

### Executive summary

---

Following the approval of the Second Proposed Local Development Plan (LDP June 2014) the Council's approach to developer contributions and affordable housing has been revised. The purpose of this report is to seek the Committee's approval of updated guidance on Developer Contributions and Affordable Housing (Appendix 1) for consultation and for use in determining planning applications.

### Links

---

Coalition pledges	<a href="#">P4</a> , <a href="#">P8</a> , <a href="#">P15</a> , <a href="#">P17</a> , <a href="#">P18</a>
Council outcomes	<a href="#">CO7</a> , <a href="#">CO8</a> , <a href="#">CO16</a> , <a href="#">CO18</a> , <a href="#">CO19</a> , <a href="#">CO22</a> , <a href="#">CO23</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Developer Contributions and Affordable Housing Guidance – update for consultation

### Recommendations

---

- 1.1 It is recommended that the Committee approves the update to Guidance on Developer Contributions and Affordable Housing (Appendix 1) for consultation and for use in determining planning applications.

### Background

---

- 2.1 The Second Proposed Local Development Plan (LDP June 2014) sets out a new approach to developer contributions and infrastructure provision linked closely with the second proposed Action Programme. Policies Del1 (Developer Contributions) and Del2 (Retrospective Developer Contributions) require developer contributions from any development if:
1. It will have a net impact on infrastructure capacity; and
  2. It is necessary to mitigate that impact by providing additional capacity or otherwise improving existing infrastructure.
- 2.2 The second proposed Action Programme sets out the actions required to help mitigate the impact of strategic and planned growth and to deliver the proposals identified within the Plan. To support the new approach, planning guidance on Developer Contributions and Affordable Housing was reviewed in February 2014.
- 2.3 In approving the Second Proposed LDP, in June 2014, Committee noted a requirement to have in place sufficient infrastructure to facilitate the level of housing development set out in the LDP and that the required infrastructure be identified and costed with a budget provision identified through the Action Programme. In order to allow for timely delivery of infrastructure, Committee agreed on 2 October 2014 to use the Second Proposed Action Programme in advance of the adoption of the LDP.
- 2.4 An update to the Second Proposed Action Programme was approved by Committee in May 2015. This report also set out an update on strengthened governance arrangements for delivery, costing and financial modelling of actions, and progress on early design work.

### **Proposed updates to Guidance on Developer Contributions and Affordable Housing.**

- 3.1 Following the approval of the update to the Second Proposed Action Programme it is proposed to make the following changes to guidance on Developer Contributions and Affordable Housing.

#### **Part 1 - Education**

- 3.2 The changes which are required to the existing education infrastructure capacity to accommodate growth from the planned development sites within the LDP are set out in the current Action Programme. These actions have been established by the LDP Education Infrastructure Appraisal (Updated June 2014).

#### *Costing of Actions*

- 3.3 Following a detailed appraisal, the costs of the education actions set out within the Action Programme have been updated (at 30 June 2015). These costs now take the base capital costs of the changes required to the existing education infrastructure (derived from either national guidance for new primary schools or from recent project experience regarding extensions to primary and secondary school) and include:
- Estimated future cost inflation to the point when it is forecast that the action will require to be delivered.
  - A 7.5% contingency to cover:
    - risks such as a higher than expected level of cost inflation;
    - a change in the timescale to deliver the action; and/or
    - abnormal or other site specific cost.
  - Land costs (value, servicing and remediation) assumed at £1.5m/acre and considered before acquisition.

#### *Action Programme Requirements*

- 3.4 The Action Programme identifies infrastructure improvements which are needed to support development across a wide area. Where cumulative impacts have been identified, and infrastructure actions established by the LDP Education Appraisal, a Contribution Zone has been established. Within these zones, legal agreements will be used to secure developer contributions cumulatively and pro-rata across a wide area.

- 3.5 The zones set out within the Action Programme (May 2015) are
- West Edinburgh
  - South East Edinburgh 1 – Liberton/Gilmerton
  - South East Edinburgh 2 - Brunstane/Newcraighall
  - South West Edinburgh
  - Queensferry
  - Craigmillar (under preparation)
  - Leith waterfront (under preparation)
  - Granton waterfront (under preparation).
- 3.6 For each contribution zone, the guidance now provides a breakdown of the costs to be attributed to each zone, by each allocated LDP site. A map of the proposed LDP sites and Contribution Zones is provided in Annex 1 of the Guidance.
- 3.7 Due to revised development proposals within Craigmillar, Leith and Granton waterfront, detailed analysis of the education infrastructure, land and cost requirements for these areas is underway and revised actions will be updated in due course.
- 3.8 With regards to other development which falls within Contribution Zones, the guidance has been updated to include how the net impact, including any additional costs arising, will be assessed when either a) additional units are proposed beyond the site capacities set out within the LDP or b) additional sites or extensions to sites are proposed within a Zone.

*Outwith Contribution Zones*

- 3.9 To ensure that development which has a net impact on education infrastructure (located outwith Contribution Zones) mitigates this impact, Part 1b: Site specific education now sets out:
- The circumstances in which contributions to education infrastructure will be required;
  - The approach to determining the extent and cost of the required additional infrastructure;
  - The approach taken where there are no education infrastructure solutions or when the cost of the required infrastructure cannot be met by the developer; and

- Where consideration will be given to whether, rather than recommend refusal, the identified actions can be added to the Action Programme and an Action Programme Contribution Zone established.
- 3.10 In order for applicants to assess the cost implications of education infrastructure (out with contribution zones) an illustrative cost per house and per flat is provided in Appendix 1, based on two example developments of 100 units (each of which assumes a different mix of houses and flats).
- 3.11 Although each individual development will still ultimately be subject to an education infrastructure assessment, to determine the actual extent and cost of any required additional education infrastructure, this illustrative cost will allow applicants to have regard to the education requirements when preparing financial appraisals. Where development is proposed beyond 100 units, the illustrative costs would not be relevant and a pre-application discussion with Children & Families should be held to establish the impact of the proposal on the existing education infrastructure and any costs arising as a consequence.

## **Part 2 – Transport - General**

### *Action Programme Requirements*

- 3.12 The road infrastructure capacity requirements to meet growth from the planned development sites within the LDP are set out in the current Action Programme. These actions have been established by the LDP Transport Appraisal (March 2013). The Action Programme establishes the following Transport Contribution Zones:
- Barnton / Maybury Junctions
  - Kaimes Junction
  - Gilmerton Crossroads
  - Gillespie Crossroads
  - Hermiston Park & Ride

3.13 The Guidance now sets out the infrastructure requirements for each of the contribution zones, expressed as a percentage share of cost.

3.14 Due to revised development proposals within, Leith and Granton waterfront detailed analysis of the transport infrastructure requirements for these areas is underway and revised actions will be updated in due course.

## **Part 3 - Transport - Tram**

3.15 Guidance on Tram contributions has been updated to reflect Del 2 of the Second Proposed Local Development Plan. The proposed changes seek to clarify:

- how tram contributions are calculated including change of use developments. This is to comply with the recent Scottish Government changes to developer contributions with regard to the test that the contribution should, 'reasonably relate to the scale of the proposed development'.
- when tram contributions will be required for developments which fall out with the tram contribution zone.

#### **Part 4 – Public Realm**

- 3.16 A new process is being developed which will help set priorities for public realm investment. Projects will be assessed against a limited number of high level criteria to produce a priority list. By setting out the criteria and a simple scoring system, transparency will be ensured. This process also needs to complement the approach used to determine priorities for the footway and carriageway capital programme. The methodology will be reported to Committee in due course. This Annex will be updated following the approval of the methodology.
- 3.17 When this methodology is complete and the Public Realm Strategy Updated, strategic public realm contributions will be pursued. Developments will still be required to provide public realm within their sites and site environs.

#### **Part 5 – Open Space**

- 3.18 No change to guidance.

#### **Part 6 – Affordable Housing**

- 3.19 A number of technical amendments have been made to guidance on Affordable Housing. These include:
- a. An update to the household income threshold to reflect changes since 2011.
  - b. A maximum purchase price for Golden Share properties is proposed for consultation with stakeholders, based on the average purchase price across the city.

### **Measures of success**

---

- 4.1 A measure of success is an efficient and effective approach to land use planning, which ensures that new developments are suitably served by supporting infrastructure.

### **Financial impact**

---

- 5.1 There is no direct financial impact arising from the approval of this report. The revised developer contribution guidance aims to provide clarity to all parties involved in the Section 75 agreement process.
- 5.2 It should be noted that the education and transport infrastructure actions required to support the Local Development Plan are currently projected to cost £205m. Although the revised developer guidance will create more clarity to Section 75 agreements, it is unlikely to lead to full cost recovery from developers. There is a risk both on the timing and achievement of developer contributions which could create a short-term or overall funding pressure.
- 5.3 Members should note that no allowance for this infrastructure cost is provided for within the current Capital Investment Programme 2015-2020 or indicative five year plan 2019/20 – 2023/24. Therefore, there remains a real risk to the Council that required infrastructure cannot be delivered as required within the Local Development Plan proposals without identification of additional resources required to fund this.
- 5.4 Funding of £905,000 was identified in the Council Budget 2015/16 to be used for feasibility studies required in relation to this project.

## **Risk, policy, compliance and governance impact**

---

- 6.1 The risks associated with this area of work are significant in terms of finance, reputation, and performance in relation to the statutory duties of the Council as Planning Authority, Roads Authority and Education Authority. The proposed guidance will help to minimise all of these risks and ensure compliance. The approval of this report and its recommendations has a positive impact in terms of risk, policy, compliance and governance.

## **Equalities impact**

---

- 7.1 No equalities or rights issues have been identified in relation to this report.

## **Sustainability impact**

---

- 8.1 The impact of this report in relation to the Climate Change (Scotland) Act 2009 Public Bodies Duties has been considered for the Action Programme, and the outcomes are summarised below:
  - The proposals in this report will have a positive impact on carbon emissions because the Guidance deals with the application of policy in relation to the Local Development Plan. Development Plans set out policy which aims to reduce carbon emissions from new development (transport, design, open space and education) and the Guidance implements this.
  - The proposals in this report will have a positive effect on the city's resilience to climate change impacts because the report deals with the

application of the Guidance in relation to the Local Development Plan. Development Plans set out policy which aims to reduce carbon emissions from new development (transport, design, open space and education) and the Guidance implements this.

- The Guidance will help achieve a healthy and resilient economy by ensuring that infrastructure in relation to the housing, economic and mixed use proposals within the development plan are delivered.
- The Guidance will have no impact directly on natural resources, although it implements development plan policy that aims to use resources efficiently and protect biodiversity.
- The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised.

## Consultation and engagement

---

- 9.1 The updated guidance has been prepared in discussion with the relevant Council services and engagement will continue during the consultation period on the changes proposed within the guidance.
- 9.2 The following groups and organisations will be consulted: the Key Agencies, neighbouring authorities, house builders and the development industry, community councils and city-wide amenity and community organisations. The consultation period will start on 17 August and will run for 6 weeks. It is intended to report the responses to the consultation in December 2015.
- 9.3 During the consultation period a series of workshops with developers of the proposed LDP sites in the relevant Contribution Zones will be held. The aim of these meetings is to establish a delivery mechanism for the required education and transport infrastructure. A workshop will be arranged with community representatives to assist their understanding of the proposed changes and assist in their responses to the consultation exercise.

## Background reading/external references

---

Local Development Plan: Aims & Delivery – [Report to Corporate Policy & Strategy Committee 4 December 2012](#)

Proposed Local Development Plan – [Report to Planning Committee 19 March 2013](#)

Developer Contributions and Affordable Housing – finalised version – [Report to Planning Committee 27 February 2014.](#)

Second Proposed Local Development Plan – [Report to Planning Committee 19 June 2014](#) ([www.edinburgh.gov.uk/localdevelopmentplan](http://www.edinburgh.gov.uk/localdevelopmentplan)) and [Second Proposed Action Programme](#)

Local Development Plan: Action Programme Update – [Report to Planning Committee 2 October 2014](#).

Local Development Plan: Submission to Examination – [Report to Planning Committee 14 May 2015](#)

Local Development Plan: Action programme Update – [Report to Planning Committee 14 May 2015](#)

Planning Guidance - [Developer Contributions and Affordable Housing](#)

Planning Obligations and Good Neighbour Agreements - [Circular 3/2012](#)

## John Bury

Director of Services for Communities

Contact: Kate Hopper, Senior Planning Officer

E-mail: [kate.hopper@edinburgh.gov.uk](mailto:kate.hopper@edinburgh.gov.uk) | Tel: 0131 529 6232

## Links

---

### Coalition pledges

P2 - Hold the maximum P1 class size ratio at 25 and seek to reduce class sizes in line with Scottish Government recommendations

P4 - Draw up a long term strategic plan to tackle both overcrowding and under use in schools

P8 Make sure the city's people are well-housed, including encouraging developers to built residential communities, starting with brownfield sites

P18 Complete the tram project in accordance with current plans

P15 - Work with public organisations, private sector and social enterprise to promote Edinburgh to investors

P17 - Continue efforts to develop the city's gap sites and encourage regeneration

P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and

protect the economic well being of the City

P30 - Continue to maintain a sound financial position including long term financial planning

P8 - Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites

**Council outcomes**

CO7 Edinburgh draws in new investment in development and regeneration

CO8 Edinburgh's economy creates and sustains job opportunities

CO16 Well-housed – People live in a good quality home that is affordable and meets their needs in a well-managed neighbourhood

CO18 Green – We reduce the local environmental impact of our consumption and production

CO19 Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm

CO22 Moving efficiently – Edinburgh has transport system that improves connectivity and is green, healthy and accessible

CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community

**Single Outcome Agreement**

SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all

SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

SO3 Edinburgh's children and young people enjoy their childhood and fulfil their potential

SO4 Edinburgh's communities are safer and have improved physical and social fabric

**Appendices**

\*

Appendix 1 – Guidance on Developer Contributions and Affordable Housing – update for consultation (August 2015)

## **APPENDIX 1**

# **DEVELOPER CONTRIBUTIONS AND AFFORDABLE HOUSING GUIDANCE**

**Draft for consultation**

**AUGUST 2015**

## **CONTENTS**

### **INTRODUCTION**

- Who is this guidance for?
- What does it do?
- How does it relate to other guidance?
- Transitional arrangements

### **GUIDANCE**

- General Approach
  - Action Programme Requirements
  - Action Programme Contribution Zones
  - Out-with Contribution Zones
- Part 1 - Education
  - 1a - Action Programme Requirements
  - 1b – Out-with Contribution Zones
- Part 2 - Transport - General
  - 2a - Action Programme Requirements
  - 2b Out-with Contribution Zones
- Part 3 - Transport - Tram
- Part 4 – Public Realm.
- Part 5 – Open Space
- Part 6 - Affordable Housing

### **RETROSPECTIVE CONTRIBUTIONS**

### **SPECIAL CONSIDERATIONS**

### **AGREEMENT MECHANICS**

### **AUDIT AND REVIEW PROCEDURES**

Annex 1 - Education Contribution Zones Map

Annex 2 – Transport Contribution Zones Map

Annex 3 – Affordable Housing Practice Note



## **DEVELOPER CONTRIBUTIONS AND AFFORDABLE HOUSING GUIDANCE**

**Draft for consultation**

**AUGUST 2015**

### **INTRODUCTION**

#### **Who is this guidance for?**

This guidance applies to all new development throughout Edinburgh. More detailed guidance on the circumstances in which policies apply is provided in the following sections.

#### **What does it do?**

This guidance sets out the contributions that developers will be required to make in order to ensure that necessary mitigation is delivered with new development, and that the housing, economic and mixed use developments listed within the LDP are timeously delivered.

This guidance interprets policies in the Edinburgh City Local Plan (ECLP, 2010) and the Rural West Edinburgh Local Plan (2006, altered 2011). It also applies to new applications for sites identified within the Second Proposed Local Development Plan (June 2014).

Relevant ECLP Policies:

- Policy Hou 7 – Affordable Housing
- Policy Com 2 – School Contribution
- Policy Tra 2 – Planning Agreements
- Policy Tra 3 – Tram Contributions
- Policy Des 3 – Development Design
- Policy Des 7 – New Pedestrian Routes in the City Centre
- Policy Ca 1 – The Central Area

The Rural West Edinburgh Local Plan (2006, altered 2011) Policy Imp 2 Planning Agreements (read in conjunction with Schedule 2 of the Action Plan) sets out equivalent policy provision.

Relevant Second Proposed LDP Policies:

- Policy Del 1 (Developer Contributions)
- Policy Del 2 (Retrospective Developer Contributions)
- Policy Des 8 – Public Realm and Landscape Design
- Policy Env 18 – Open Space Protection
- Policy Env 20 – Open Space in New Development
- Policy Hou 6 – Affordable Housing
- Policy Hou 3 – Private Open Space in Housing Development

This guidance also refers to contributions towards open space. The relevant local plan policies are interpreted in the Council's Open Space Strategy (2010).

This guidance takes account of Circular 3/2012 and other relevant government advice on contributions and legal agreements.

**How does it relate to other guidance?**

This document is part of a suite of non-statutory planning guidance: *(insert images of suite of guidance documents in final draft)*

**TRANSITIONAL ARRANGEMENTS**This guidance will be used to interpret relevant policy in the adopted Edinburgh City Local Plan and Rural West Edinburgh Local Plan, and the emerging Local Development Plan.

The guidance will be reviewed in the light of any changes to the development plan or the review of the Action Programme.

During the consultation period, this guidance will be used to advise applicants on planning applications.

## **GUIDANCE**

### **General Developer Contributions Approach**

The Second Proposed Local Development Plan (LDP June 2014) sets out a new approach to developer contributions and infrastructure provision linked closely with the Proposed Action Programme. Local Development Plan Policies Del1 (Developer Contributions) and Del2 (Retrospective Developer Contributions) require developer contributions from any development if:

1. It will have a net impact on infrastructure capacity; and
2. It is necessary to mitigate that impact by providing additional capacity or otherwise improving existing infrastructure.

In line with Government guidance developer contributions will only be required where they are necessary, proportionate and directly related to the impact(s) of a proposed development.

### **Action Programme Requirements**

The Action Programme sets out actions to help mitigate the impact of strategic and planned growth and to deliver the proposals identified within the Plan. For the proposals listed within the Plan, contributions will be secured towards actions identified within the Action Programme. These include road and junction improvements, public transport provision, open space and school facilities.

Infrastructure requirements or priorities may be revised through the Action Programme process and the contributions required will reflect this. The Action Programme will be updated annually to take account of any changing circumstances and to include further details, where available, on each action.

The Council will always ensure that contributions are proportionate to the impacts arising from any new development and used to mitigate those impacts. Where any development proposal is likely to give rise to unacceptable impacts it should be noted that planning permission may be refused.

### **Action Programme Contribution Zones**

The Action Programme identifies road, tram, school and public realm infrastructure improvements which are needed to support development across a wide area. Where cumulative impacts have been identified, and infrastructure actions established by the LDP Education Appraisal or Transport Appraisal, a Contribution Zone has been established. Within these zones, legal agreements will be used to secure developer contributions cumulatively and pro-rata across a wide area.

### **Outwith Contribution Zones**

The Action Programme Contribution Zones cover areas where new development is anticipated and land has been specifically allocated with the proposed LDP for this purpose. However, it is expected that new development will also take place outwith these areas and the Council will also seek to accommodate this development where desirable.

These proposals will be considered against the policies in the LDP and an assessment will be carried out in terms of their impact on infrastructure.

Where any development proposal fails to meet any other LDP policy requirements or is likely to give rise to unacceptable impacts, the Council will consider whether a legal agreement can be used to mitigate those impacts or offset any failure in order to comply with policy. However, it should be noted that in cases where it is not possible to do so, planning permission may be refused. Developer contributions will only be required where they are necessary, proportionate and directly related to the impact(s) of the development.

## PART 1 – EDUCATION

### Part 1a - Action Programme Contribution Zones

For proposals listed in tables 3 - of the Second Proposed LDP and shown on the proposals map, or that fall within a contribution zone, planning permission will be granted subject to legal agreements being secured towards the relevant Education actions within the Council's Action Programme.

The education infrastructure capacity requirements to meet growth from the planned development sites within the LDP are set out in the current Action Programme. These actions have been established by the Revised Education Appraisal June 2014 (corrected September 2014).

The Action Programme establishes the following Education Contribution Zones:

- West Edinburgh
- South East Edinburgh 1 – Liberton / Gilmerton
- South East Edinburgh 2 - Newcraighall / Brunstane
- South West Edinburgh
- Queensferry

Due to revised development proposals, further analysis of the education infrastructure (and land) requirements for these areas is underway:

- Craigmillar (under preparation)
- Leith waterfront (under preparation)
- Granton waterfront (under preparation)

Annex 1 contains a map of the Action Programme Education Contribution Zones.

#### Contribution Zone Requirements

<b>WEST CONTRIBUTION ZONE</b>				
<b>Site Capacities</b>	<b>Total</b>	<b>Houses</b>	<b>Flats</b>	<b>Developer Contribution</b>
Maybury	2,000	1,600	400	£29,663,532.98
Cammo	700	560	140	£10,382,236.54
Edinburgh Park / South Gyle	700	140	560	£4,414,976.15
International Business Gateway	400	80	320	£2,522,843.52
<b>Total</b>	<b>3,800</b>	<b>2,380</b>	<b>1,420</b>	

<b>SOUTH EAST 1 LIBERTON / GILMERTON CONTRIBUTION ZONE</b>				
<b>Site Capacities</b>	<b>Total</b>	<b>Houses</b>	<b>Flats</b>	<b>Developer Contribution</b>
Broomhills	595	476	119	£13,974,853.22
Burdiehouse	228	182	46	£5,355,069.81
Gilmerton Dykes Road	70	56	14	£1,644,100.38

Gilmerton Station Road	490	392	98	£11,508,702.66
The Drum	175	140	35	£4,110,250.95
Moredunvale	200	160	40	£2,069,317.84
Ellen's Glen Road	260	156	104	£4,967,810.10
<b>Total</b>	<b>2,018</b>	<b>1,562</b>	<b>456</b>	

<b>SOUTH EAST 2 NEWCRAIGHALL / BRUNSTANE</b>				
<b>Site Capacities</b>	<b>Total</b>	<b>Houses</b>	<b>Flats</b>	<b>Developer Contribution</b>
Brunstane	1,330	1,064	266	£27,723,808.22
Newcraighall	209	167	42	£4,356,598.43
<b>Total</b>	<b>1,539</b>	<b>1,231</b>	<b>308</b>	

<b>QUEENSFERRY CONTRIBUTION ZONE</b>				
<b>Site Capacities</b>	<b>Total</b>	<b>Houses</b>	<b>Flats</b>	<b>Developer Contribution</b>
Builyeon Road	980	784	196	£20,748,243.42
South Scotstoun	510	408	102	£10,797,555.25
Dalmeny	18	14	4	£381,090.19
<b>Total</b>	<b>1,508</b>	<b>1,206</b>	<b>301</b>	

<b>SOUTH WEST CONTRIBUTION ZONE</b>				
<b>Site Capacities</b>	<b>Total</b>	<b>Houses</b>	<b>Flats</b>	<b>Developer Contribution</b>
Newmills	245	196	49	£881,466.72
Curriehill Road	70	56	14	£251,847.64
Riccarton Mains Road	35	28	7	£881,466.72
<b>Total</b>	<b>350</b>	<b>280</b>	<b>70</b>	

<b>LEITH CONTRIBUTION ZONE (Under preparation)</b>
<b>GRANTON CONTRIBUTION ZONE (Under preparation)</b>

#### Note on costs

- In order for education infrastructure costs to be understood across the lifetime of the project, base capital costs have been uplifted to include estimated future cost inflation to the anticipated point of delivery, 7.5% contingency and land costs (value, remediation and servicing) at £1.5m an acre.
- These costs are proportionately split across the proposed LDP housing sites within a Zone.
- As contributions include inflation up front, index linking to the BCIS All in Tender Price Index will only be required beyond the estimated delivery date of actions within a Zone. Details of delivery dates can be provided by the Council at pre-application meetings or during negotiations on planning obligations.

### **Other development within a Contribution Zone**

Where a) additional units are proposed beyond the site capacities set out within the LDP or b) additional sites or extensions to sites are proposed within a Zone, the net impact on infrastructure capacity identified within the Zone will be assessed.

- If there is a net impact and it is necessary to mitigate that impact by providing additional capacity above and beyond the actions identified within the Action Programme, the Council will consider whether a legal agreement can be used.
- Where additional education infrastructure is required, it is likely that these additional costs will be required to be borne by the additional site or developer(s).
- Where additional development will result in a net benefit to the existing actions within a Zone, the actions and baseline costs with that Zone may be adjusted and this guideline updated.
- Where any development proposal is likely to give rise to an unacceptable impact on education infrastructure it should be noted that planning permission may be refused.

In order for applicants to assess the cost implications of a) any additional units are proposed beyond the site capacities set out within the LDP or b) any additional sites or extensions to sites which are proposed within a Zone, pre-application discussions should be held with the Council to establish the impact of proposals on education infrastructure and any additional costs arising.

## Part 1b - Outwith Contribution Zones

Development that has an impact on education infrastructure will be required to make contributions to ensure that this impact is satisfactorily mitigated.

In recent years the primary sector in Edinburgh has experienced significant rising rolls which, based on the latest population projections from the National Records of Scotland, are expected to continue to rise at least until 2030. This increase in pupil numbers will filter through to the secondary sector with current capacity across the estate projected to be exceeded by 2022.

As a result of this significant pressure on education infrastructure the methodology which was previously used to calculate developer's contributions of having a pre-determined rate per household/flat is no longer appropriate and a new methodology which requires an education infrastructure assessment to be carried out for each development is detailed below.

The following principles apply to new housing development located outwith identified contribution zones.

### Developer Contributions will not be required:

- For housing proposals of **less than twelve units** not counting any one bedroom units which are not expected to generate pupils,
- For student housing and development specifically for older people,
- Where there is capacity within the relevant catchment schools and it is predicted that there will be capacity at the time the development is likely to be occupied and generating pupils,
- Where a proposal will result in less than one new pupil.

### Assessing the impact of new development

The impact on education infrastructure is addressed by assessing the number of pupils which it is estimated would be generated from the development using pupil generation rates as set out in the table below. The estimated number of pupils generated from any new development will be assessed against the capacity of the relevant high schools - both non denominational (ND) and Roman Catholic (RC) - and their feeder ND and RC primary schools.

<b>Pupil Generation Rates</b>		
<b>Type of School</b>	<b>Flat</b>	<b>House</b>
Non denominational (ND) Primary	0.06	0.26
Non denominational (ND) Secondary	0.026	0.17
Roman Catholic (RC) Primary	0.01	0.04
Roman catholic (RC) Secondary	0.004	0.03

### **Requirement for developer contributions**

If the proposal is classed as pupil generating and is proposed in a location where there is no school capacity and/or it is predicted that there will not be any school capacity at the time the development is likely to be occupied and generating pupils, then a contribution will be required.

### **The assessment process**

The Council will carry out an education infrastructure assessment and determine the extent and cost of any required additional infrastructure. The cost of infrastructure will be based on the most recent costs experienced by the Council to deliver similar infrastructure or rates established by the Scottish Government for the delivery of new schools.

Where there are no possible education infrastructure solutions or the cost of the required infrastructure cannot be met by the developer, and there is no known opportunity for the Council to use contributions cumulatively, phase development or delay development until such time that the infrastructure can be funded and programmed, then the application may require to be refused.

Where the development will result in the requirement for a new school or more substantial extension/s to accommodate pupils generated and there is a known opportunity for the infrastructure to be funded cumulatively by more than one development, consideration will be given to whether, rather than recommend refusal, the identified actions can be added to the Action Programme and an Action Programme Contribution Zone established.

The establishment of any proposed new school (both the intended site and catchment area), would be subject to a statutory consultation and could only be implemented following that process, if approved by the Council.

Where it may present the only viable solution to a capacity issue, the education infrastructure assessment will outline any requirement for catchment review and whether additional infrastructure provision would be required at the proposed receiving school(s). Any proposed catchment review would be subject to a statutory consultation and could only be implemented following that process, if approved by the Council.

Where required, pre-application meetings with the Council can be arranged and the education infrastructure appraisal can be carried out in advance of the submission of a planning application.

## Costs of infrastructure

In order for applicants to assess the cost implications of education infrastructure (out-with contribution zones) an illustrative cost per house and per flat is provided below based on two example developments of 100 units (each of which assumes a different mix of houses and flats) which could be used for developments up to 100 units.

Although the development will still ultimately require to be subject to an education infrastructure assessment to determine the actual extent and cost of any required additional education infrastructure, this will allow applicants to have regard to the education requirements when preparing financial appraisals.

Where development is proposed beyond 100 units, the illustrative costs would not be relevant and a pre-application discussion with the Council should definitely be held to establish the impact of the proposal on the existing education infrastructure and any costs arising as a consequence.

### Illustrative cost for an assumed 100 unit development (80/20 houses to flats)

Units	Developer Contribution (where land is not required)
Houses (80)	£10,514 per unit
Flats (20)	£1,987 per unit

### Illustrative cost for an assumed 100 unit development (20/80 houses to flats)

Units	Developer Contribution (where land is not required)
Houses (20)	£16,292 per unit
Flats (80)	£3,249 per unit

The above costs have been derived from the latest cost information available to the Council regarding extensions to primary and secondary schools. These costs are stated as at Q1 2015 and **exclude any provision for future cost inflation** and will therefore require to be increased by the estimate cost inflation between Q1 2015 and the estimated date when the new infrastructure would require to be delivered based on the movement in the BCIS All In Tender Price Index (Forecast) between Q1 2015 and the date of delivery.

## PART 2 – TRANSPORT - GENERAL

### Part 2a - Action Programme Contribution Zones

The transport infrastructure requirements from the planned development sites within the LDP are set out in the current Action Programme (Tra 1-24) Contributions will be calculated using a tariff based on the **cumulative contribution zones**:

The road infrastructure capacity requirements to meet growth from the planned development sites within the LDP are set out in the current Action Programme. These actions have been established by the LDP Transport Appraisal (March 2013).

The Action Programme establishes the following Transport Contribution Zones:

- Barnton / Maybury
- Kaimes Crossroads
- Gilmerton Crossroads
- Gillespie Crossroads
- Hermiston Park & Ride

Due to revised development proposals, further analysis of the education infrastructure (and land) requirements for these areas is underway:

- Leith waterfront (under preparation)
- Granton waterfront (under preparation)

Annex 1 contains maps of the Action Programme Transport Contribution Zones.

#### Contribution Zone Requirements

<b>BARNTON / MAYBURY CONTRIBUTION ZONE</b>		
<b>Site Capacities</b>	<b>Total</b>	<b>Developer Contribution</b>
Maybury	2,000	£1,899,832
Cammo	700	£600,168

<b>BROOMHILLS JUNCTION</b>		
<b>Site Capacities</b>	<b>Total</b>	<b>Developer Contribution</b>
Broomhills	595	£314,815
Burdiehouse	228	£185,185

<b>GILMERTON CROSSROADS</b>		
<b>Site Capacities</b>	<b>Total</b>	<b>Developer Contribution</b>
Gilmerton Dykes Road	70	£47,619
Gilmerton Station Road	490	£333,333
The Drum	175	£119,048

<b>GILLESPIE CROSSROADS</b>		
<b>Site Capacities</b>	<b>Total</b>	<b>Developer Contribution</b>
Newmills Rd	245	£225,806
Curriehill Rd	70	£64,516
Riccarton Mains Rd	35	£32,258
Curriemuirend	180	£177,419

<b>HERMISTON PARK AND RIDE</b>	
<b>All sites</b>	<b>£1000 per unit</b>

## **Part 2b - Outwith Contribution Zones - Transport Requirements**

All development that has an impact on the road network or off road, cycle and pedestrian links will be required to make contributions to ensure that these impacts are satisfactorily mitigated. This will be assessed on a case by case basis.

### **Assessing the impact of new development**

The Council will consider the condition and capacity of the road and pedestrian, cycle and public transport network and the existing access arrangements in relation to any proposal. Each application will be considered on its individual merits, taking into account these factors and any identified Action Programme Requirements. Where a Transport Assessment is necessary this will be used to inform decisions on the need for supporting infrastructure.

The following infrastructure requirements will be used as a checklist to be considered in connection with any development proposal. While it is not exhaustive, this provides a clear starting point for discussions between developers and the Council.

### **General Transport Requirements**

Whether or not there is a requirement for major improvements it is likely that the surrounding network will require upgrading to accommodate the development proposal.

The Council is currently developing an updated and comprehensive Street Design Guidance, a requirement of the Scottish Government Policy, Designing Streets, which requires local street design guidance to be developed to inform the policy agenda at a local level. The Street Design Guidance will set out a hierarchy of street types seeking to define the type of improvements and quality of improvements expected. A range of new approaches to street design and maintenance will be sought, including provision for improved sustainable urban drainage solutions.

Unless otherwise stated these requirements apply in principle to all development types. The types of improvements required are as follows:-

#### *1. Road Improvements (Carriageway and Footways)*

Where new access arrangements are required to service a new development, the Council will seek improvements to footways and carriageways adjacent to the new development. These should be designed as an integral part of the proposals for on-site external space.

#### *2. Traffic Signals*

New development often changes travel patterns and can place new demands on the road network. As a result the installation of new traffic signals or controlled pedestrian crossings, or significant upgrading/refurbishment of existing installation, is often required. Exceptionally, minor upgrading or reprogramming will suffice.

### *3. Traffic Calming Measures*

The introduction of new development often generates the need for traffic calming measures, which may include new shared surfaces approaches and more traditional interventions such as speed bumps, pinch points and new signage.

### *4. Cycle/Pedestrian Routes*

Developers are required to provide safe and accessible cycle/pedestrian routes and connections to existing cycle networks/public transport. These may be segregated or on road facilities.

### *5. Bus Stops/Shelters/Real Time Information/Bus Boarders/Buildouts/Bus Priority*

New and upgraded facilities are often required to deal with added demand on public transport created by new development and/or can be a means of offsetting the traffic implications of a development by improving the public transport offer.

### *6. Car Sharing Scheme*

Car sharing schemes such as the City Car Club provide a more sustainable option to individual car ownership and is often required where full parking provision cannot be provided or it is undesirable to do so. The provision of City Car Club spaces or equivalent car sharing scheme along with a contribution towards vehicles is often required.

### *7. Traffic Regulation Orders (TROs)/Stopping-up Orders*

Where the Council needs to promote Orders to facilitate development, developers are required to meet the Council's administration costs in addition to paying for the infrastructure to support the TRO. This could include bollards at a road closures or yellow lines and signage.

## **Transport Indicative Costs Tables**

### *Indicative table of costs and applicability (prices at February 2009)*

The purpose of this table is to provide developers with an indication of the costs involved in meeting the transport infrastructure requirements set out above. The requirements and costs will vary from site to site, and developers are expected to provide and meet, in full, the cost of all external works identified in the Transport Assessment and/or through the planning process. A guarantee cannot be given as to the actual costs arising from the assessment of individual proposals. Early discussion with the Council is encouraged. The tables below set out the costs of specific items of infrastructure for information.

<b>Table 20 - TRANSPORT REQUIREMENTS</b>		
<b>Infrastructure Requirement</b>	<b>Applicability</b>	<b>Cost</b>
Road Improvements (Carriageway and Footways)	This requirement will apply in principle to all developments.	The developer will be required to carry out these works. The costs can vary significantly depending on the extent of works and the materials required.
Traffic Signals	This requirement will apply in principle to all developments.	The cost will vary depending on what is required. A single pedestrian crossings costs approximately £50,000 whereas signalling a four arm junction costs approximately £250,000. There may also be design costs to be met.
Traffic Calming Measures	Where any new development is likely to increase traffic movements on surrounding residential streets this will be a requirement.	The developer will normally be required to provide these improvements. A traffic calming feature costs approximately (road hump or cushion) costs approximately £2000 per feature and they are required at 80 metre intervals. An entrance treatment for a 20mph zone costs £5000.
Cycle Routes	This requirement will apply in principle to all developments.	In addition to providing cycle routes/facillities on roads within new developments developers will be required to fund external links to connect with the wider cycle network. The developer will normally be required to provide these improvements. The estimated cost for such works is in the region of

		£50,000 per kilometre to be provided.
City Car Club (or CAR SHARING SCHEME)	This requirement will apply in principle to all developments.	For 3-7 Units £7000 and one parking space on road (prospectively adopted). For 8-15 Units £12,500 and two parking spaces on road (prospectively adopted). For 16-50 Units £18,000 and three parking spaces on road (prospectively adopted). Over 50 units will be individually assessed. City Car Club contributions will entitle the first purchaser of every residential unit to one year's free membership. Office and other commercial development will be individually assessed.
Traffic Regulation Orders/Stopping-up Orders	All development potentially	Approximately £2,000 per Order required.

### **PART 3 – TRANSPORT - TRAM**

Where the proposed tram network will help to address the transport impacts of a development, a contribution will be sought towards its construction and associated public realm works.

This guidance applies to all new developments requiring planning permission within the defined proximity of the proposed tram lines as shown in the plan below, and throughout the city with regard to major developments.

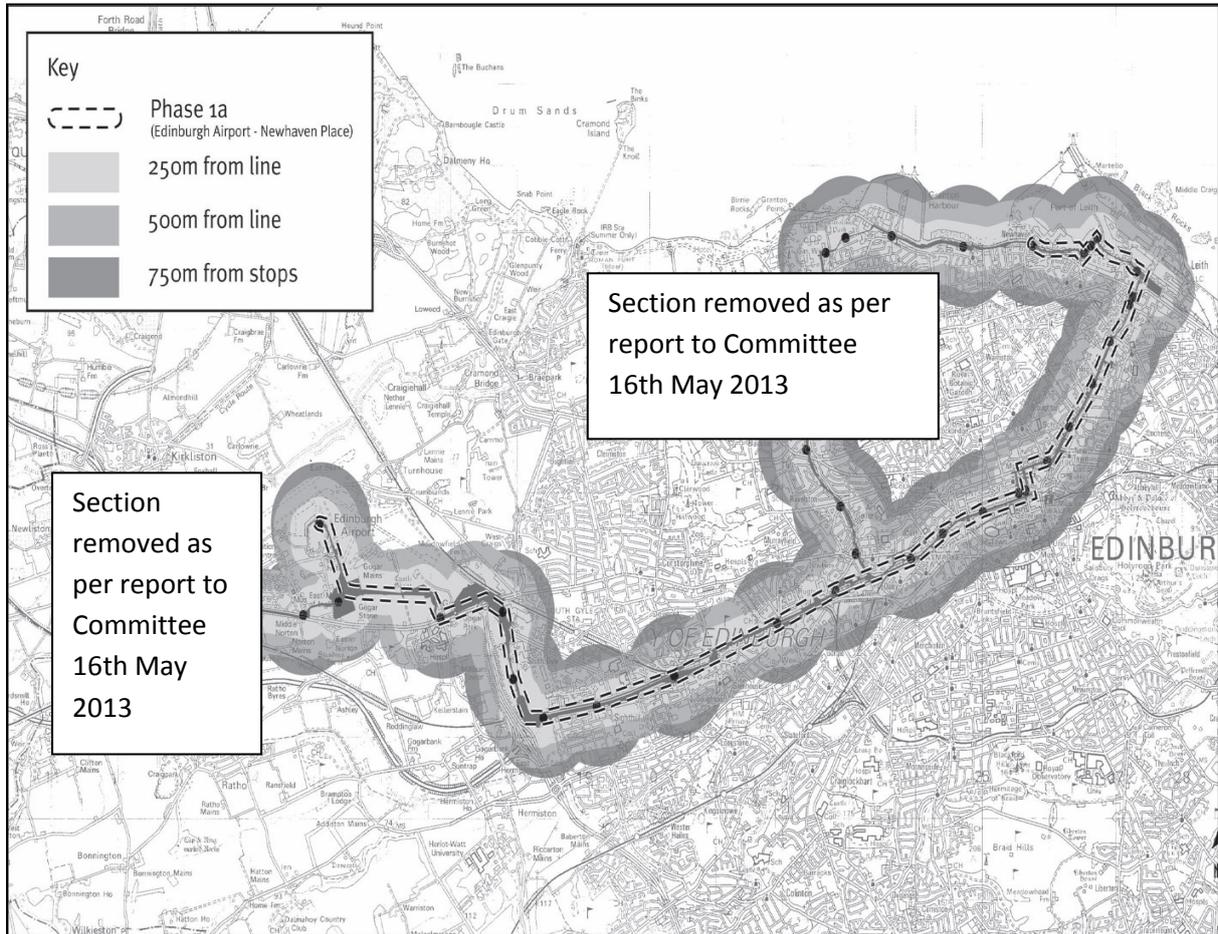
In relation to Phase 1A of the project the Council has constructed the tram line and its associated public realm. As part of the funding strategy money has been borrowed against future contributions from developers. Given the amount of public money that has been spent and the fact that many developers have already contributed towards the project this approach is considered appropriate. The Council in constructing the tram network has provided a necessary piece of transport infrastructure to allow future development to proceed.

#### **Scheme Principles**

- A. All developments should make an appropriate contribution towards the construction costs of the tram system and associated public realm to ensure the necessary transport infrastructure is in place in time to take account of the impacts of these new developments in the City. Contributions will be sought, where they are required, in an appropriate, transparent and equitable manner.
- B. The level of contribution required depends on the following factors:
  - i. type of development,
  - ii. distance from tram route, and
  - iii. size of development.
- C. The level of contribution will be calculated as follows:
  - i. Firstly, from Table 1 below establish scale-factor (1-15) by type of and size (GEA) of development proposed.
  - ii. Secondly, choose appropriate zone within which the development lies. Determination of the zone will be based on the shortest walking distance between any part of the site and the nearest edge of the constructed tram corridor. If the development lies within different zones, the zone closest to the tram will be used. Sites within 250 metres are Zone 1 and sites lying between 250 metres and 500 metres are Zone 2.

- iii. Thirdly, those sites based on the shortest walking distance between any part of the site and the nearest part of a tram stop lying between 500 metres and 750 metres are Zone 3. (The Plan below gives an indication of these Zones).
  - iv. Fourthly, using the Zone appropriate to the particular development, move along Table 2 to the column numbered as the scale factor obtained from Table 1. The figure shown is the amount in £'000s to be contributed towards the tram project by that particular development.
  - v. Fifthly, the contribution, once agreed, will be index-linked from the date of agreement until date of payment on the basis of the BCIS All-in Tender Price Index.
- D. Proposals for change of use will also require to be calculated with regard to a potential contribution. This will be based on the tram contribution based on the proposed planning use(s) for the building(s)/land, minus the tram contribution based on the lawful planning use of the existing building(s)/land. Where, the resultant contribution is positive then that will be the contribution that is required to be paid for that development. Changes of use or subdivision falling below the thresholds shown in Table 1 will not normally be expected to provide a contribution.
- E. Where development proposals are in excess of Tables 1 and 2, these tables will be applied on a pro rata basis to calculate the minimum level of contribution required.
- F. Major developments, as defined in The Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009, on land outwith the defined zone 3 will also be considered in regards to their net impact on transport infrastructure. Where there is a net impact on infrastructure, specifically in relation to trip generation on public transport and this requires mitigation developments may be required to make a contribution to the tram system. In such cases, the Transport Assessment submitted with the application should address fully the potential role which could be played by tram in absorbing the transport impacts of the development.
- G. The construction of the tram system infrastructure (Phase 1A) completed in 2014. The Council has borrowed £23 million to fund the construction of the tram system and intends to repay this amount through developer contributions. This guideline will continue to apply in relation to development along the tram route until the amount of borrowing, including costs, highlighted above has been repaid. This provision relates to Phase 1A of the construction of the tram route as shown in the plan below.
- H. Policy Exemptions are as follows:
- i. Small developments falling below the thresholds shown in the Table will not be expected to provide a contribution unless they are clearly part of a phased development of a larger site. In such cases the Council will seek to agree a pro-rata sum with the applicant.

- ii. In the event of a developer contributing land towards the development of the tram system, the amount of the contribution required under this mechanism may be reduced. Each application will be considered on its individual merits, taking into account factors such as the value of the land, its condition, and the location of existing and proposed services.



### Tram Developer Contribution - Calculations

**TABLE 1 - IDENTIFICATION OF SCALE FACTOR**  
PROPOSALS BY LAND USE (Gross External Floor Area)

scale factor	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Retail (sqm)	250-499	500-999	1,000-1,499	1,500-2,499	2,500-4,999	5,000-7,499	7,500-11,999	12,000-17,499	17,500-24,999	25,000-37,499	37,500-52,499	52,500-70,999	71,000-92,499	92,500-117,999	118,000-157,499	157,500+
Offices (sqm)	250-499	500-999	1,000-1,499	1,500-2,499	2,500-4,999	5,000-7,499	7,500-11,999	12,000-17,499	17,500-24,999	25,000-37,499	37,500-52,499	52,500-70,999	71,000-92,499	92,500-117,999	118,000-157,499	157,500+
Residential (units)	5-19	20-34	35-69	70-104	105-139	140-174	175-209	210-244	245-279	280-314	315-349	350-384	385-419	420-459	460+	
Pubs and Restaurants (sq m)	100-199	200-499	500-799	800-1,099	1,100-1,399	1,400-1,699	1,700-1,999	2,000-2,299	2,300-2,599	2,600-2,899	2,900-3,199	3,200-3,499	3,500-3,799	3,800-4,099	4,100+	
Business Park (sq m)	250-499	500-999	1,000-1,499	1,500-2,499	2,500-4,999	5,000-7,499	7,500-11,999	12,000-17,499	17,500-24,999	25,000-37,499	37,500-52,499	52,500-70,999	71,000-92,499	92,500-117,999	118,000-157,499	157,500+
Industry (sq m)	500-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000-8,999	9,000-9,999	10,000-10,999	11,000-11,999	12,000-12,999	13,000-13,999	14,000+	
Warehousing (sq m)	1,500-2,999	3,000-5,999	6,000-8,999	9,000-11,999	12,000-14,999	15,000-17,999	18,000-20,999	21,000-23,999	24,000-26,999	27,000-29,999	30,000-32,999	33,000-35,999	36,000-38,999	39,000-41,999	42,000+	
Hotels (bedrooms)	5-9	10-24	25-40	41-60	61-75	76-90	91-105	106-120	121-135	136-150	151-165	166-180	181-195	196-210	211+	
Hospitals/Residential Institutions (sq m)	1,000-1,499	1,500-2,499	2,500-3,499	3,500-4,499	4,500-5,499	5,500-6,499	6,500-7,499	7,500-8,499	8,500-9,499	9,500-10,499	10,500-11,499	11,500-12,499	12,500-13,499	13,500-14,499	14,500-15,499	15,500+
Non-residential Institutions (sq m)	1,000-1,499	1,500-2,499	2,500-3,499	3,500-4,499	4,500-5,499	5,500-6,499	6,500-7,499	7,500-8,499	8,500-9,499	9,500-10,499	10,500-11,499	11,500-12,499	12,500-13,499	13,500-14,499	14,500-15,499	15,500+
Medical/Health Services (sq m)	200-299	300-499	500-799	800-1,099	1,100-1,399	1,400-1,699	1,700-1,999	2,000-2,299	2,300-2,599	2,600-2,899	2,900-3,199	3,200-3,499	3,500-3,799	3,800-4,099	4,100+	
Multiplexes (sq m)	250-499	500-999	1,000-1,499	1,500-2,499	2,500-4,999	5,000-7,499	7,500-11,999	12,000-17,499	17,500-24,999	25,000-37,499	37,500-52,499	52,500-70,999	71,000-92,499	92,500-117,999	118,000-157,499	157,500+
Other Leisure Uses (sq m)	1,000-1,499	1,500-2,499	2,500-3,499	3,500-4,499	4,500-5,499	5,500-6,499	6,500-7,499	7,500-8,499	8,500-9,499	9,500-10,499	10,500-11,499	11,500-12,499	12,500-13,499	13,500-14,499	14,500-15,499	15,500+

Larger Developments will be negotiated separately (The application of these tables on a pro rata basis, will be used as a starting point.)

**TABLE 2 - AMOUNT OF CONTRIBUTION IN £000s**

scale factors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Zone 1 (up to 250m)	17-45	46-91	92-137	138-183	184-230	231-274	275-322	323-368	369-414	415-461	462-507	508-553	554-599	600-645	646+
Zone 2 (up to 500m)	12-33	34-68	69-102	103-137	138-172	173-206	207-231	232-276	277-310	311-345	346-380	381-414	415-449	450-484	485+
Zone 3 (up to 750m)	7-22	23-34	35-68	69-91	92-114	115-137	138-160	161-183	184-206	207-230	231-253	254-276	277-299	300-322	323+

\*Zones refer to those on appendix 1 plan

Notes

The amount of contribution attributable to any development will depend on the exact size of the development (sqm/number of units, etc). This table provides the range of financial contribution in each scale factor, which relates to the range of development sizes in each scale factor shown in the map in Annex 1. This table is provided to assist in calculating the level of contribution that will be sought. The exact amount will be confirmed during the planning application process.

#### **PART 4 – PUBLIC REALM**

Where a strategic public realm action has been identified within the Public Realm Strategy, which will help address a deficiency in the public realm requirements of a development, a contribution will be sought towards its construction.

The Edinburgh Public Realm Strategy was approved by the Planning Committee in December 2009. It set out objectives for the delivery of public realm within Edinburgh and identified a list of public realm project priorities.

A new process is being developed which will help set priorities for public realm investment. Projects will be assessed against a limited number of high level criteria to produce a priority list. By setting out the criteria and a simple scoring system, transparency will be ensured. This process also needs to complement the approach used to determine priorities for the footway and carriageway capital programme.

The methodology will be reported to Committee in due course. This Annex will be updated following the approval of the methodology.

**Until this methodology is complete and the Public Realm Strategy Updated, strategic public realm contributions will not be pursued. Developments will still be required to provide public realm within their sites and site environs.**

## **PART 5 – OPEN SPACE**

Where development proposals are unable to deliver any required open space as part of the development, or involve loss of open space, contributions will be sought to deliver improvements off-site.

### **Open Space – Contributions to Improvements**

Local policies set out requirements for provision of open space in new housing development (Policy Hou 3 in the ECLP and LDP) and other development (Policy Os 3 in ECLP, Policy Env 20 in LDP), and identify the limited circumstances in which loss of open space will be permitted (ECLP Policies Os 1 and 2, LDP Policies Env 18 and 19).

The Council's Open Space Strategy sets out analysis and actions which helps interpretation of those policies. Contributions towards the actions identified in the Strategy will be sought where the above requirements for new open space are not to be met fully within a development site or where development involves loss of open space and the relevant policies require off-site enhancement or provision of open space.

### **Open Space – Ongoing Maintenance**

Where development will establish new publicly accessible open space, there should be adequate arrangements for ongoing management and maintenance. These can be:

- Factoring on behalf of the private landowner(s)
- Adoption by the Council

In the case of adoption by the Council, this will result in an additional maintenance burden which the Council will need to pay for using its revenue budget. The Council will only adopt a significant open space if financial contributions towards these ongoing revenue costs are provided.

The cost of this will depend on the size and quality of the open space. Some open space features cost more to maintain per unit area than others. If a developer is interested in transferring an open space to the Council by adoption, early discussion of the landscaping proposals with the Council's Parks and Greenspace service is advised.

## **PART 6 – AFFORDABLE HOUSING**

Planning permission for residential development, including conversions, consisting of 12 or more units should include provision for affordable housing amounting to 25% of the total number of units proposed. For proposals of 20 or more dwellings, the provision should normally be on-site. Whenever practical, the affordable housing should be integrated with the market housing. The detail of how developers will be expected to deliver this is provided below:

### **Affordable Housing Approach**

Affordable housing is defined in the practice note in Appendix 1. In all cases planning applications should clearly set out proposed mechanisms for contributing to local affordable housing need.

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

### **On-Site/ Off-Site Provision**

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

- There are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, where conversions do not lend themselves to affordable provision, or there are other advantages to the Council in accepting off-site provision such as achieving more, higher quality or better-located affordable units elsewhere; and
- An agreed mechanism for delivering the requisite number of affordable units (e.g. through an agreement with a Registered Social Landlord (RSL) at an alternative location elsewhere within the same area of the city is in place; and
- The proposed alternative site makes an equally satisfactory contribution to meeting unmet local housing needs as the principal development site.

### **Commuted Sums**

The payment of commuted sums in lieu of on-site provision will only be acceptable where the total number of dwellings is below 20, or all of the following criteria are met:

- There are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, where conversions do not lend themselves to affordable provision, where it is evidenced to be unviable or unfeasible or where there are other advantages to the Council in accepting a commuted sum such as achieving more, higher quality or better-located affordable units elsewhere; and

- The Council is confident that that the commuted payments can be spent on providing affordable units within the same area of the city within five years of the payment being made; and
- The proposal is for less than 50 dwellings or is for a conversion.

### **Housing Mix**

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

### **Integration**

Social rented housing should be situated close to local amenities, services and public transport. It should be tenure blind and well integrated with housing for sale. Large groupings of the same tenure type should be avoided.

Therefore no more than 0.5 ha of social rented housing should generally be located together.

Further information on the detailed implementation of the Council's affordable housing policy is set out in Annex 1. Among other things, this sets out the priority clients for affordable housing and the calculation of commuted sums.

## **RETROSPECTIVE CONTRIBUTIONS**

Developer contributions will continue to be sought towards the construction of infrastructure identified in the Action Programme, after the construction works are completed and until the associated borrowings have been repaid. The same principle applies to other high cost infrastructure which has been delivered through borrowing.

Where the Council intends to borrow money to deliver infrastructure improvements and then recover, either in part or full, this money through continuing to seek contributions from developers, the details of the amount being borrowed will be identified in the Action Programme.

## **SPECIAL CONSIDERATIONS**

Where it can be demonstrated that there are such abnormally high site preparation costs that addressing the provisions of this guideline threatens the financial viability of developing the site, the requirement to make a contribution towards physical and social infrastructure may be varied or even waived.

Such costs could include remediation of contamination or unusual infrastructure requirements, but not normally the cost of land purchase. It is accepted that for a development to be viable an appropriate site value needs to be achieved by the landowner and an appropriate return for the developer, taking account of market conditions and risk, needs to be achieved. However, developers should take account of the Council's policies in bidding for land. The Council will not accept over-inflated land values as a reason for reducing contribution requirements.

The level of any reduced requirement will be based upon an appraisal of the relevant financial information, which must be made available to the Council. However, if it is not financially viable to meet the requirements of this guideline it may be that the development proposal will be refused.

Alternatively, it may be that in order for development in a particular location to be approved with a lower level of contribution, the scale or intensity of the development itself may have to be reduced, if alternative means of funding necessary infrastructure cannot be identified.

## **AGREEMENT MECHANICS**

The Annexes attached to this guideline provide further advice on the way in which contributions are calculated. Once these requirements are agreed, the timescales for delivery will be agreed between the Council and the applicant. A Section 75 agreement will normally be required, although other arrangements may be made where smaller contributions are to be paid up front.

The Council needs to ensure that contributions are received in good time to allow necessary infrastructure to be delivered in step with new development. However, the Council

appreciates that the timings of payments may have implications in terms of project cash flow and will take this into account in agreeing terms. In the interests of facilitating such discussions, the Council has prepared a Model Legal Agreement, which can be downloaded from the Council's website.

It is anticipated that planning applications will be submitted and construction started at varying timescales. Whilst collecting cumulative contributions, the Council may apportion monies received to deliver the infrastructure needed to support the first phases of development on the ground. Developers will be required to demonstrate that a site can proceed in the short term prior to the delivery of other infrastructure projects that the site would be expected to contribute to.

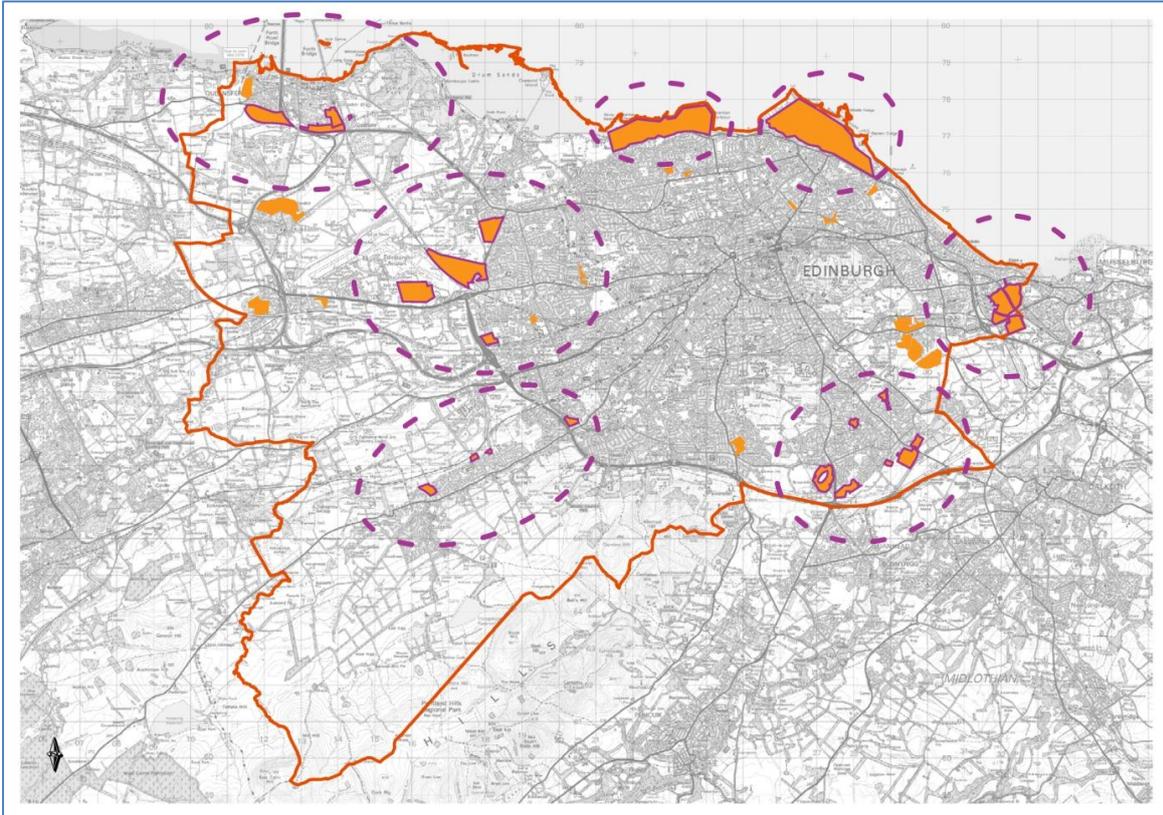
Within Contribution Zones, any remaining contributions will be held and be put towards other actions within the contribution zone that the site lies within as and when required. Future iterations of the Action Programme will provide details of the phasing and delivery of the infrastructure needed to support strategic growth.

#### **AUDIT AND REVIEW PROCEDURES**

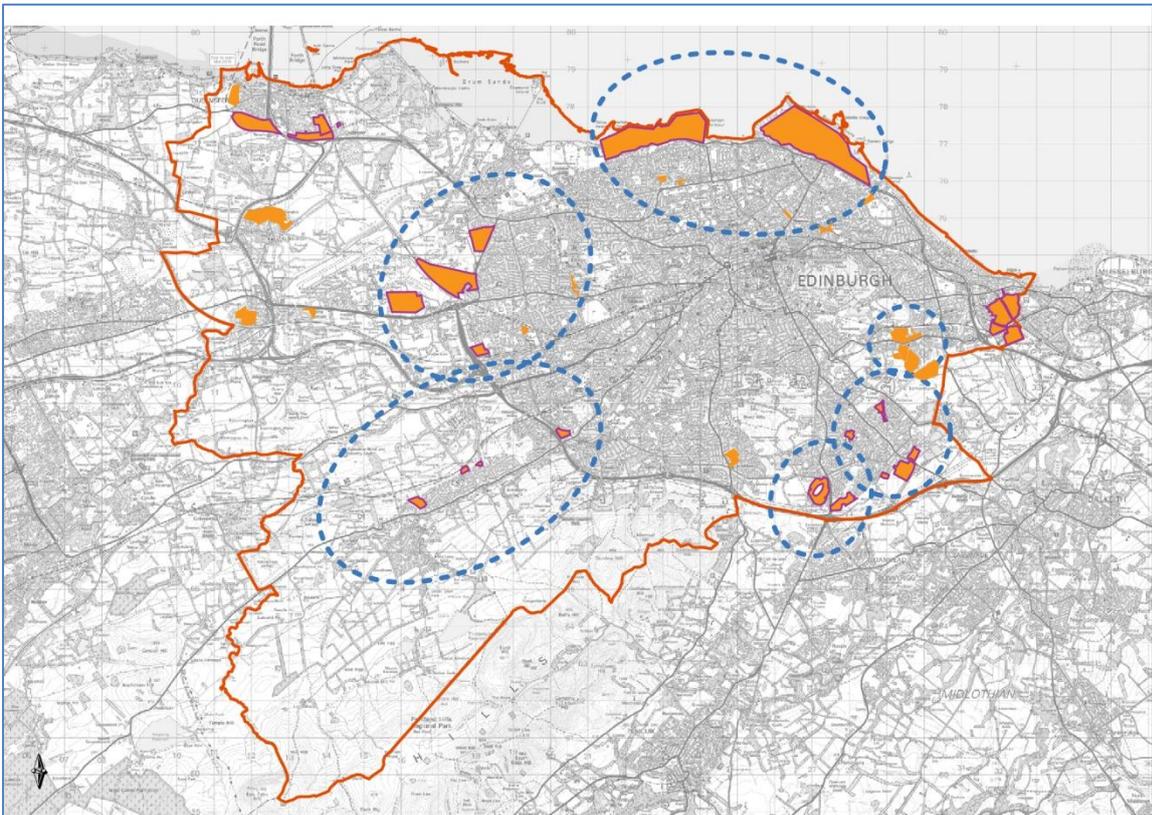
This guidance will be reviewed as part of the development plan process and will be revised in the light of any changes to the development plan or the review of the Action Programme, Affordable Housing Provision, site-specific transport requirements, the Public Realm Strategy or Open Space Strategy.

In addition, on-going assessment will be carried out to ensure that policies are only applied where it is necessary to do so and revisions to this guidance will be made accordingly. Applicants also have the statutory right to apply to the Council for the modification or discharge of a Section 75 agreement.

**Annex 1 – EDUCATION CONTRIBUTION ZONES**



**Annex 2 – TRANSPORT CONTRIBUTION ZONES**



### **ANNEX 3 –Affordable Housing**

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

#### **Contents:**

- 1) Requirements, aims & objectives of the Affordable Housing Policy (AHP)
- 2) On-site affordable housing provision
- 3) Nine types of affordable housing tenure
- 4) Three flexibilities within the policy – Commuted Sums, Off-site land and Unsubsidised affordable housing tenures
- 5) Five considerations: tenure blind requirement, availability of public subsidy, viability, land valuations & AHP for major developments
- 6) Priority clients
- 7) Contact Details

#### **SECTION 1 - Requirements, aims and objectives of the AHP:**

- The main requirement of the AHP is that applicants are required to provide land to the Council or a third party of the Council's choice, (normally a Registered Social Landlord / RSL).
- This land ought to be sufficient to provide 25% of the residential units contained within the application
- By convention in Edinburgh, such land transfers will be transacted for no monetary or other consideration
- Land is secured in a Section 75 legal agreement. Edinburgh has a Model Legal Agreement which outlines the standard terms, conditions and trigger points for this land transfer
- It is the Council's stated preference that the affordable housing contribution should be made on-site, in whole or in part. This is in the interests of meeting identified affordable housing needs and developing mixed, sustainable communities in the city
- Without the affordable housing policy, there would be a significant restriction on the amount of land that was available for RSLs to deliver affordable housing

There are three other flexible alternatives to on-site land provision.

- the delivery of unsubsidised affordable housing units on-site;
- providing the Council with a plot of off-site land;
- Or making payment of a commuted sum in lieu of on-site affordable housing

There are conditions and restrictions on how these three flexible options may be agreed, and the circumstances in which they may be acceptable. The procedures for these options are contained in Section 4. Council officials will be happy to discuss these with you should you wish your site to be considered for such an arrangement.

## **SECTION 2 - On-site affordable housing:**

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

- 1) A land transfer for no monetary or other consideration. The land must be capable of providing at least 25% of the proposed residential units. It will be transferred to the Council or a third party nominated by the Council for no monetary or other consideration. The land will be serviced land. The trigger points for the land transfer will be clearly laid out in a Section 75 Agreement. The Council's model agreement anticipates the land transfer will take place before 30% of the market units are completed (to ensure the affordable housing is not back-loaded). To satisfy the test of acting reasonably, there is a time limit of 60 months for the Council to agree contracts for the delivery of the affordable housing, on a "use it or lose it" basis. If, within this timescale, the Council cannot arrange for delivery on-site (or for an alternative flexible affordable housing solution to be agreed with the developer, all parties acting reasonably) the land will revert to the applicant as land for market housing.
  
- 2) Delivery of on-site unsubsidised units. There are a range of unsubsidised affordable housing tenures, which all meet an identified affordable housing need in Edinburgh. Rather than gifting land for no monetary consideration, the developer may build out the units, and will be free to rent or sell them. The price and tenure of the units will be governed by a Deed of Conditions, which is agreed by both the developer and the Council within the Section 75 legal agreement. There is more information on each tenure type in the next section and the Council would encourage applicants to meet with officials at the earliest opportunity to discuss these arrangements in detail to help find the most suitable solution for both parties, on a case-by-case basis.

## **SECTION 3 - Tenure Types:**

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

The Council encourages applicants to meet with officials at the earliest opportunity to discuss the most suitable affordable housing contribution for their site.

Currently affordable housing of all tenures, types and sizes is required in Edinburgh, according to the Housing Need & Demand Assessment. Any affordable housing contribution must clearly meet an identified affordable housing need. City of Edinburgh Council officers will be happy to discuss the range of needs that can be met through the use of different tenures to making an affordable housing contribution.

## **The Nine Approved Tenure types:**

### **Social Rent**

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

### **Mid Market Rent (MMR)**

Private rented accommodation, subsidised, available at rents below market rent levels in the city, usually around 80% of Local Housing Allowance (LHA) levels, and which may be provided either over the medium or long term.

### **Intermediate Rent (Unsubsidised MMR)**

Private rented accommodation, unsubsidised, available at rents below market rent levels in the city (ie at a point below 100% of LHA) and which may be provided either over the medium or long term.

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

### **Subsidised Low Cost Home Ownership (1) Shared Equity**

The owner pays for the majority share in the property with an RSL, local authority or Scottish Government holding the remaining share under a shared equity agreement. Unlike shared ownership, the owner pays no rent and owns the property outright.

### **Subsidised Low Cost Home Ownership (2) Shared Ownership**

The owner purchases part of the dwelling and pays an occupancy payment to a RSL on the remainder.

### **Subsidised Low Cost Home Ownership (3) Discount Sale (subsidised)**

A subsidised dwelling sold at an affordable level (calculated as 3.5 times median income levels in the city at the time the property is first advertised on the housing market). Discounted serviced plots for self build can contribute. A legal agreement can be used to ensure that subsequent buyers are also eligible buyers

### **Unsubsidised LCHO (1) Discount Sale**

A dwelling without public subsidy sold at an affordable level.

This is defined and calculated as 3.5 times median income levels in the city at the time the property is first advertised on the housing market.

A Deed of Conditions will be attached to the missives in order to maintain the house as an affordable unit to subsequent purchasers. Edinburgh has developed this type of tenure (and the required Deed of Conditions) in the past. The conditions are agreed and codified

between the developer and the Council within the Section 75 agreement. They include the following:

- Eligible purchasers must not earn more than the median income level in the city. The Council sources this data annually from Scottish Government (CACI).
- Current updated figures are available from [affordable.housing@edinburgh.gov.uk](mailto:affordable.housing@edinburgh.gov.uk)
- A Maximum Disposal Price (MDP) is fixed for the property through the formula 3.5 times the average income level in the city at the time the property is first advertised on the market. In 2013 this was currently £136,735 (3.5 x £39,067).
- Developers and subsequent purchasers may not accept a figure higher than the MDP for the property, though they are at liberty to accept a lower figure.
- The property must be advertised to the majority of the Edinburgh market (currently through advertising on ESPC), for a period of a year and a day. If following this period an eligible purchaser has not been found (all parties acting reasonably) the property may revert to being a market housing unit.
- The eligible purchaser must live in the property as their sole residence and may not let or sublet the property. Proof of identity plus the previous three bank statements and payslips will be required to prove eligibility status.
- As no public subsidy is involved, there are no additional restrictions on the building sizes or standards of Discount Sale units.

### **Unsubsidised LCHO (2) Golden Share**

Similar to Discount Sale, except with different criteria around pricing and eligibility:

The purchase price is set at 80% of market value in perpetuity, the market value being set by an independent or district valuer to the satisfaction of the Council. The purchase price should not exceed £214,796, the average property price in Edinburgh. Purchasers must be able to evidence local connection and an inability to finance the purchase of the full market value of the property.

### **Unsubsidised LCHO (3) Unsubsidised Shared Equity**

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

The maximum price paid for the purchaser's stake must not exceed 3.5 times the average income level in the city (a maximum purchase price of £136,735). –).

The property may therefore be valued anywhere up to £227,891 (in which case the £136,735 purchase price would give the purchaser a 60% stake in the property).

## **SECTION 4 - Flexibilities & How they work procedurally:**

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

**Unsubsidised on-site affordable housing** – see above sections on Golden Share and Unsubsidised Shared Equity. The Council is happy to discuss delivery options.

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

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

- is a location where housing is supported in principle
- is capable of delivering more than the number of affordable units required on the principal site (usually 25% of the total)
- is delivered to the Council, or directly to an RSL at no consideration, quicker than the affordable housing would have been delivered if located on-site, and typically no later than when the first building or demolition works take place on the principal site; and
- is within an area where there is not already a concentration of social rented accommodation

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

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

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

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

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

Commuted sums may be considered for local developments and, where justified, in exceptional cases may be considered for major developments.

The commuted sum is a financial sum, paid by a developer to the Council.

The commuted sum is paid in lieu of serviceable land which would have been delivered to the Council or to an RSL nominated by the Council for the purpose of developing affordable housing.

The principal site should be valued assuming it benefits from planning permission, it is serviceable, there is no affordable housing contribution to be made and there is no commuted sum payable.

The land value per unit should be derived by dividing the land value by the total number of units proposed on the site.

The affordable housing contribution should be calculated by applying the AHP percentage (i.e. 25%) to the total number of units proposed.

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

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

For example, a 15 unit proposal would generate a 3 unit contribution on-site or a 3.75 unit (15/4) contribution if a commuted sum is agreed. In practice, in this example, the developer would pay 3.75 x agreed land value per unit. Land value would be based on a DV Independent valuation.

The commuted sum is expected to be paid upon signing the Section 75 legal agreement thereby delivering more affordable housing more quickly than if on the principal site..

#### **SECTION 5 - Five considerations associated with on-site affordable housing:**

1) “Tenure blind” requirement: In the interests of delivering mixed, sustainable communities the AHP units will be expected to be identical in appearance to the market housing units, an approach often described as “tenure blind”.

2) Availability of subsidy: Availability of subsidy will be a key determining factor around the eventual tenure mix. Given that subsidy arrangements are considered annually, but a planning consent is typically between 2 and 5 years, the Council prefers to set at planning stage and within Section 75 agreements that 25% of the residential units in the application will be of approved affordable housing tenures, with the precise tenure mix to be determined at the delivery stage. This is acceptable in policy terms and allows for viability, financial and deliverability considerations to be fully taken into account. There are a range of unsubsidised tenures which have been developed in Edinburgh in the event that public subsidy is not available.

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

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

3) Viability considerations: There are two types of viability consideration taken into account when discussing on-site affordable housing contributions.

- i) Viability for the Council / RSL – The developer and RSL may calculate the construction price equivalent (excluding land) for a tenure blind 2 bed property if delivered on-site using the same materials & construction techniques as the market housing units proposed.
  - ii) If the construction cost calculated is a sum more than 3.5 times average income levels (which is sometimes the case in conservation areas where external materials are more costly), then by definition such on-site units could not be described as affordable which acts as a justification to explore one of the three other flexible approaches to AHP: off-site land, a commuted sum payment, or development of unsubsidised affordable housing.
  - iii) Viability for the developer / open book – If a developer wishes to demonstrate that their development contains exceptional costs which make the affordable housing contribution non-viable on-site, then a full assessment of costs will be required based on an “open book” approach i.e. the developer will be expected to make all of the relevant cost information available to the Council and/or relevant partner housing association. This is most often applied where there is a renovation of an existing listed building or where there are demonstrable exceptional site preparation and decontamination costs which the developer will incur.
- 4) Valuing AHP land By convention nil value as codified in a number of Section 75 agreements. Valuing AHP land differs from valuing sites for affordable housing, which valuations tend to carry a positive but lower than market value
- 5) Major developments, Planning Permission in Principle (PPP) applications and phased developments

When such applications go before the Planning Committee, Services for Communities will seek as a minimum commitment that the applicant is committed to providing 25% of the residential units as approved affordable housing tenures. The Department’s preference is that these should be delivered on-site, though Section 4 covers other approved flexible affordable housing solutions. Where the development is to be phased, the department seeks a commitment that the specific affordable housing plots are identified at the time of application (and that these locations are acceptable to the Council), or alternatively that each phase of the development will contain 25% affordable housing. This is to ensure the development does not either overly concentrate or “back-load” the affordable housing contribution.

At the point where Committee consider the application the department is content to seek a commitment that 25% of the units will be approved affordable housing tenures. This reflects recent experience in Edinburgh where, on occasion, an RSL has experienced difficulty in delivering a specifically-defined tenure (explicitly contained within the planning consent) when other approved affordable tenures would have been more viable. By keeping the specific tenure mix open at the point of planning consent, the Council is able to secure the affordable housing as approved forms of affordable tenure, while allowing flexibility of tenure for the RSL or other delivery agent.

## **SECTION 6 - Definition of Priority clients**

Priority clients for affordable housing tenures in Edinburgh are people in housing need who cannot afford to access accommodation through the regular functioning of the housing market, whether for rental or home ownership tenures. **Housing need** refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance and who earn less than the MEAN average household income (£39,067).

## **SECTION 7 - Contact details:**

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

The City of Edinburgh Council, Services for Communities, Investment Team,  
Waverley Court, Business Centre 1.4  
4 East Market Street, Edinburgh, EH8 8BG  
Email: [housinginvestment@edinburgh.gov.uk](mailto:housinginvestment@edinburgh.gov.uk)  
Telephone: 0131 529 2253