
improving living in scotland



**RESPONSE TO MORAY COUNCIL DRAFT SUPPLEMENTARY
GUIDANCE: DEVELOPER OBLIGATIONS**

04 May 2016

ABOUT HOMES FOR SCOTLAND

Homes for Scotland is **the** voice of the home building industry.

With a membership of some 200 organisations together providing 95% of new homes built for sale in Scotland each year as well as a significant proportion of affordable housing, we are committed to improving the quality of living in Scotland by providing this and future generations with warm, sustainable homes in places people *want* to live.

Visit www.homesforscotland.com for further information and follow us on twitter @H_F_S

PROCESS

Homes for Scotland represents members on a wide range of issues affecting their ability to deliver much needed homes.

Our views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from member companies.

Response to Moray Council Draft Supplementary Guidance: Developer Contributions

1. Introduction

1.1 Homes for Scotland welcomes the opportunity to provide input into the draft Moray Council Supplementary Guidance on Developer Obligations. This response follows on from the initial Homes for Scotland submission in June 2015 to the earlier draft Guidance, and a presentation made by Tammy Adams, Head of Planning at Homes for Scotland, to Moray Council on the initial draft Guidance.

2. Welcome Changes

- 2.1 Homes for Scotland welcomes the significant changes to the Draft Supplementary Guidance from the earlier draft to this draft. In particular, we are pleased to see that further education, healthcare and cemetery obligations no longer form part of the guidance.
- 2.2 While we welcome the changes to the draft guidance, Homes for Scotland has some remaining concerns. The remainder of this submission details these issues.

3. Education Contributions

- 3.1 Appendix 4 of the draft guidance provides a list of infrastructure and facility requirements for the different catchments. While this appendix provides detail on the type of infrastructure required, the sites for which these contributions will apply, and costs for these contributions, no indication is given as to how these costs have been calculated.
- 3.2 The draft guidance gives no indication on what the impact of development might be on schools in Moray. Developers cannot be expected to commit large sums of money without the opportunity to firstly understand how these figures were calculated. It is essential that an evidence base is provided to support costings set out within Appendix 4. Homes for Scotland requests further information within the Supplementary Guidance on the following:
- Clarity on the Moray Council Education Strategy and how this relates to the Developer Obligations sought through this Supplementary Guidance;
 - Capacities of each school in Moray;

- Details of the percentage of out-of-catchment area placing requests, and the impact on capacities;
- Thresholds at which extensions and new schools will be triggered;
- Impact of developments allocated within the Local Development Plan on these school capacities in terms of the rate of capacity fill-up;
- Details of a range of sizes of extensions, not just the price per square metre.

3.3 These figures will depend on the rate of development, which will vary from area to area and across time, therefore this guidance requires to be regularly updated and monitored to ensure that contributions are proportionate. The annual process undertaken by each planning authority of the Housing Land Audit (HLA) could be a useful basis for monitoring. Within the HLA, developers provide relevant, up to date information on market conditions and programming for sites within the effective, established and constrained land supply. This is a good example of positive cooperative working between the development industry and the Council, and could be used alongside accurate information from the council's Education department to build up a precise picture of capacity fill-up in relation to the scale and rate of development.

3.4 The recent Court of Session decision on the Aberdeen City and Aberdeenshire Strategic Transport Fund underlines the importance of establishing a direct relationship between the level of contribution sought and the impact of development, as set out within Circular 3/2012 on Planning Obligations and Good Neighbour Agreements.

4. Clarity for Applicants

4.1 Homes for Scotland considers that the Supplementary Guidance could be clearer and more explicit to allow applicants to calculate potential Developer Obligations at the earliest possible stage. A housing development could prove to be very costly if it has an impact on education and triggers the delivery of a new school, for example, and it is therefore necessary that as much information on contributions is available upfront to assist with site appraisals. With most contributions assessed on a case-by-case basis, it is difficult for any house builder to fully understand the cost implications for education, transport, community facilities, sports & recreational facilities, access & environmental improvements and waste together.

4.2 It is not possible from this Draft Supplementary Guidance alone to assess all of the necessary contributions. Affordable housing forms part of separate guidance, and while transport obligations are contained within this guidance, further cumulative contributions are within separate Transport Supplementary Guidance. Homes for Scotland recommends that a consolidation exercise is

carried out to provide clarity and certainty to the applicant on all required costs associated with that particular development. Perth and Kinross Council has recently consolidated its Developer Obligations Supplementary Guidance, and Stirling Council is in the early stages of considering this as well.

- 4.3 Homes for Scotland requests that details from the Council's Capital Programme are provided alongside this guidance to provide greater clarity to the applicant on future projects and timing of these. The Capital Programme is referred to within the guidance, but there is no detail provided.
- 4.4 There is also an issue of proportionality with some contributions. For example, community, sports and recreational facilities are only required where these form part of a new school. It is not clear whether contributions will be sought for multiple developments towards these new facilities or whether a development which triggers a new school will be required to pay for that, plus the required community facilities. This should be made clearer within the guidance.
- 4.5 Homes for Scotland suggests that worked examples should be included within the guidance of different types of development, clearly setting out all contributions associated with the delivery of that development if examples can be identified that reflect realistic sites. Homes for Scotland is happy to help with this.

5. District Valuer Report

- 5.1 Viability is crucial to the delivery of new homes in Moray. Homes for Scotland supports the Moray Council's active response to concerns over development viability in the form of a District Valuer (DV) study of land values and development costs in Moray to ascertain a level of contribution that could be sought whilst ensuring that development remains viable.
- 5.2 However, we are concerned that the figure of £6,000 set out in the DV report will lead to misconceptions over viability. This figure of £6,000 per unit should be seen as a risk threshold for viability of the site, over which the development may not be viable. This should not be seen as a target for developer obligations for residential developments.
- 5.3 Members have raised concern over the Development Costs section of the report, section 4.1.5, and in particular the section relating to profit. The report states "we would anticipate a minimum of 15% on GDV for a housing development..." Members have commented that their bank valuations are based on 20% developer margins, and many Members appraise sites based on a 25% developer margin. Therefore this figure of 15% will affect valuations in the remainder of the report, and may render a site unviable due to lower than values at which lenders appraise sites.

6. Other Issues

- 6.1 The section on “Status” on page 4 of the guidance states that “this guidance will apply to all applications considered on, or after, the date of adoption of this guidance”. We consider that some flexibility should be applied in the interim period to allow for developments which have already completed a land deal to proceed under the current developer obligation procedures. Rather than being applied at the very end of the process when the application is approved, developer obligations should be applied from when the land was purchased to ensure that the viability of current sites is not compromised from the introduction of this new guidance.
- 6.2 We note that affordable housing is not listed as an exemption from Developer Obligations in page 9 of the draft guidance. If not exempt from contributions, this could have a significant impact on the viability of affordable housing development and of market sites that are delivering affordable housing. We also note that cemetery provision is still referred to under the exemption on student, sheltered and holiday accommodation despite being removed from the guidance.

7. Conclusions

- 7.1 In order to attract investment into Moray, and to deliver enough homes for people who need them, this Developer Obligations Supplementary Guidance must provide clarity for the development industry on what contributions will be required. It is crucial that this guidance is seen as a means to deliver the Local Development Plan and Moray Council’s placemaking aspirations, not as a developer charge.

Prepared by:

Name: Nikola Miller
Title: Principal Planning Advisor
Email address: n.miller@homesforscotland.com

Homes for Scotland
5 New Mart Place
Edinburgh
EH14 1RW
Tel: 0131 455 8350
Fax: 0131 455 8360

Email: info@homesforscotland.com
Web: www.homesforscotland.com
Twitter: @H_F_S