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**RESPONSE TO SESPLAN MAIN ISSUES REPORT CONSULTATION
JULY 2015**

30 September 2015

ABOUT HOMES FOR SCOTLAND

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

With a membership of some 180 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.

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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.

This consultation response has been discussed, drafted and approved by the South East Scotland Home Builders' Committee.

1.0 A Vision for Edinburgh and South East Scotland

Issue A – The Vision

Question 1: The Vision. Do you support the preferred option, the alternative option or none of the options?

- 1.1 The SESplan Vision and accompanying text should acknowledge the important role that SESplan and the South East region have in meeting the housing needs of Scotland's growing population. Housing is an essential component of economic growth and this should be acknowledged and promoted in the next SESplan SDP.
- 1.2 The Edinburgh and South East Scotland "Accelerating Growth" City Deal should also be recognised. Ambitions for the future economic and social success of the region must be central to and supported by the Strategic Development Plan.
- 1.3 The region's City Deal bid seeks to stimulate investment in infrastructure, skills and innovation to improve growth. For this to be a success, new home building will need to go hand in hand with job creation and improvements to transport and communications connectivity.
- 1.4 Where the choice and quality of housing stock does not match housing aspirations it is much more difficult to meet economic aspirations and to attract knowledge and creative workers and other mobile professionals to a region. The next SDP must support a significant improvement to housing choice in Edinburgh and South East Scotland, allowing for a full range of housing, from starter homes through to large detached homes, to help support social and economic growth and future prosperity across all socio-economic groups.
- 1.5 Recent independent research by Nathaniel Lichfield and Partners quantified the potential economic benefits of returning to Scotland's pre-recession level of house-building¹. A delivery rate of 25,000 homes per annum – consistent with the levels of homes delivered in 2007 – would unlock significant benefits to the Scottish economy in terms of employment, Gross Value Added (GVA), additional resident expenditure and Council Tax revenues.
- 1.6 The next SDP should recognise the need for higher levels of housing delivery and guide LDPs to understand and address barriers to increasing housing

¹ Housing: The Economic Benefits of Increasing Delivery / Nathaniel Lichfield and Partners / May 2015 / <http://nlpplanning.com/nlp-insight/housing-the-economic-benefits-of-increasing-delivery#>

supply in their areas and unlock higher levels of delivery. The need for SDPs and LDPs to make difficult planning choices should not be used as an incentive to downplay or ignore the central role that increasing housing delivery has to play in underpinning the economic success of the region. Repeating the long-standing (but disputed) claim that there is a “significant supply” of housing land across the SESplan region will play a counterproductive role in unlocking barriers and increasing supply.

1.7 The SDP should also reflect the requirements of Scottish Ministers as set out in National Planning Framework 3 (NPF3). The importance of house building for the South East Scotland region is made clear out in on page 13: “Led by SESplan, we wish to see greater and more concerted effort to deliver a generous supply of housing land in this area”. Also of relevance are the following aspects of NPF3:

- The city’s Economic Strategy sets out a vision for Edinburgh to be a “confident, creative and inspiring capital city, powering growth and providing jobs for the city region and Scotland...”
- The SESplan region is projected to have the second largest growth rate of all the four Strategic Development Plan Authority areas: a 20% increase in population and 32% increase in households between 2010 – 2032.
- High Speed Rail, the Central Scotland Green Network, the enhancement of Edinburgh Airport, the Borders Railway and the completion of the Queensferry Crossing plus other programmed transport improvements will all go some way towards enhancing capacity for growth. However the longer term spatial strategy will need to recognise and address the region’s infrastructure constraints.
- “To help unlock effective housing land in the city region, strategic, cross-boundary transport infrastructure improvements are required. Securing funding for these projects will be crucial to realise the region’s potential for growth.”

1.8 In summary Homes for Scotland does not support the preferred option or the alternative option, as neither option fully reflects the region’s aspirations and potential. The options also fail to reflect Scottish Government expectations as clearly articulated in NPF3.

2.0 A Strategy for Edinburgh and South East Scotland

Issue B – A Strategy for Edinburgh and South East Scotland

Question 2: A Strategy for Edinburgh and South East Scotland Do you support:

- Alternative Option 1 Concentrated Growth (figure 2.2)
- Alternative Option 2 Distributed Growth (figure 2.3)
- Preferred Option 3 Growth Corridors (figure 3.4)
- None of the Options

- 2.1 Paragraph 2.1 refers to the Housing Need and Demand Assessment (HNDA) evidence of significant unmet demand for housing, arising from Edinburgh. The Main Issues Report (MIR) rightly asks whether Edinburgh should be expected to meet more of its own development needs.
- 2.2 The strategy for the first SESplan SDP looked to the region's other authorities to meet a significant portion of Edinburgh's need and demand, as well as meeting their own. Areas such as the Scottish Borders and the southern part of Fife were consequently allotted (and agreed to) high housing supply targets which they have struggled to plan for and meet and which in some cases they have subsequently sought to refute or claim are so impossible to meet as to make it not worth trying. At the same time, Edinburgh has struggled to plan for and meet the remaining, reduced portion of its need and demand. Addressing these issues is essential if the next SDP is to succeed.
- 2.3 A new approach to planning for Edinburgh's future growth is definitely required. The 'growth corridors' option (Option 3) provides a possible solution – at least in terms being a recognised and sound approach to spatial planning. However, Homes for Scotland strongly disputes the assertion under Option 3 that "...in many places a sufficient supply of land will already be available". The strategic planning authority has not undertaken a detailed assessment of the effectiveness of the land currently allocated in local plans or identified in Proposed Plans. It should not therefore assert, on behalf of its member authorities, that there is unlikely to be a need for significant new land allocations. This perpetuates an issue arising from the current SESplan SDP, which is that some authorities have chosen to interpret its narrative wording as policy, and used this as a reason to limit the amount of 'new' land to be allocated in emerging LDPs.
- 2.4 By way of example, the Scottish Borders Council has consistently maintained that the current SESplan tells them their LDP1 need only find new land allocations for c630 new homes. This is a misinterpretation of purely narrative text suggesting that this is the amount of new land needed if all of the land identified in their housing land audit proves to be effective. The next SDP should be careful not to perpetuate the root of this misunderstanding.
- 2.5 In terms of future LDPs, the focus of SESplan should be on urging authorities to identify sufficient effective land to meet their housing need and demand, and providing broad guidance on the spatial strategy for the region. It should

not be guiding authorities to prioritise existing allocations over any more effective alternatives that might be available – particularly when there are so many longstanding sites in the established supply that have failed to deliver homes through successive local plans for a variety of reasons.

- 2.6 It is important that authorities investigate and recognise the reasons why “a number of opportunities identified through existing plans remain unrecognised”. It is wrong to simply blame the lingering impacts of the recession for reduced access to development finance and mortgages. There is plenty of evidence to show that development activity is on the increase, particularly across marketable areas which have shown continued strong demand. Furthermore, the Scottish Government has recently confirmed its own commitment to continuing to provide financial assistance to aspiring home owners, following the success of the Help to Buy scheme.
- 2.7 Recent Scottish Government announcements confirm their support for an increase in the supply of housing of all tenures. The Help to Buy successor scheme and the housing-delivery led review of the Scottish Planning system both provide reason to be optimistic that housing delivery can increase. They are also efforts that should be supported and not undermined or ignored at the regional and local levels.
- 2.8 Business activity information provided by Homes for Scotland member companies also supports an optimistic view of the ability of the public and private sector in Edinburgh and South East Scotland to work together to increase the delivery of new homes and fully meet need and demand at levels that also support the region’s growth ambitions. See for example Barratt’s Full Year Report² which details an increase in completions across the business. A number of home builder business units within Scotland are forecasting significant increase in completions for this year and in the years ahead and are continuing to increase the number of business units / sites across which they are operating at any one time.
- 2.9 Economic reports suggest the recovery in the new build market is continuing to pick-up pace following the recession, though at present Edinburgh is not keeping pace. Figures released by the Scottish Government show the number of number of new homes coming to market was up by 9% in the year to Q1 2015 compared to the previous year. The number of new home registrations increased by 26% in the same period. The number of new homes coming to the market has been increasing nationally since 2013 but the supply of new homes remains constrained: Scotland is still building at around half of levels seen in the market peak and well short of Government target figures.³ To support continuing, and preferably accelerated, improvements in delivery it is essential that we have an ambitious SDP2 that does not seek to stagnate housing supply in Edinburgh and South East Scotland.

² <http://www.barrattdevelopments.co.uk/investors>

³ Rettie Bulletin September 2015 http://www.rettie.co.uk/downloads/Rettie&Co.New_Homes_Bulletin.pdf

- 2.10 Homes for Scotland and its members consider planning and other constraints to be a greater short-term threat than industry capacity, when it comes to meeting need and demand. In the City of Edinburgh, for example, member companies are increasingly being held back by S.75 negotiations in situations where the Council has not adequately planned for infrastructure provision to support growth. For South East Edinburgh Strategic Development Area alone we have heard reports of figures rising threefold. Clearly, this has a significant negative effect on delivery timescales and scheme viability in the parts of the city affected, with hundreds of new homes being delayed which could otherwise meet need and demand now.
- 2.11 Homes for Scotland supports the principle of the growth corridors, but asks that the Proposed Plan be framed in a way which simply articulates the spatial strategy and does not seek to indicate what that means in terms of local decisions regarding site allocations. As Scottish Planning Policy makes clear, the allocation of land is a matter for LDPs. The SDP should avoid any narrative wording which discourages local authorities from undertaking a comprehensive review of their detailed site allocations once their next LDPs are being prepared. SDP should give clarity on numbers to be achieved in the growth corridor areas.
- 2.12 It is unclear whether Option 3 is intended to embrace the newly opened Borders Railway. Elsewhere in the MIR (at paragraph 5.3) it is stated that “The Borders Railway will open up development potential along the A7 corridor but many opportunities have already been planned for in the emerging Scottish Borders and Midlothian LDPs.” Homes for Scotland consider this statement to be inaccurate and misleading, particularly in respect of the Scottish Borders. Despite its aspirations to further extend the railway in future years, the Scottish Borders emerging LDP does not convincingly demonstrate how the new route can open up new housing opportunities through settlement expansions in the region. In terms of housing land, the emerging Scottish Borders LDP has only responded to the arrival of the railway through the allocation of new land for 65 homes in Galashiels. No additional allocations have been identified in the other station settlements of Tweedbank and Stow.
- 2.13 There is an important point, made in paragraph 3.4, that “LDPs should ensure that sites are available for delivery within the lifetime of the plan”. This is essential for consistency with SPP.
- 2.14 In summary, Homes for Scotland supports to Growth Corridors approach, in principle, subject to the above considerations being fully taken into account in the preparation of the Proposed Plan.

Comment on Spatial Strategy Technical Note / Countryside Designations

- 2.15 On a separate but related note on strategy, Homes for Scotland notes that the Spatial Strategy Technical Note refers to the City of Edinburgh, East Lothian, Fife and Midlothian all having green belt policies within their current adopted Local Plans and in proposed LDPs where applicable – also that West Lothian and the Scottish Borders have countryside protection policies with similar principles (paragraph 4.9). Homes for Scotland’s strong view is land affected by the Countryside Belts in West Lothian and Countryside around Towns in the Scottish Borders does not have an equivalent status to a designated green belt as a national or even a regional planning policy designation. Homes for Scotland would object strongly to any SDP policy or narrative which would have the effect of strengthening the status of these designations to green belt level without full and open consultation on that proposal. Accordingly, all reference to Countryside Belts in West Lothian and Countryside around Town in the Scottish Borders should be removed from wherever they appear in relation to green belt designations. Figure 5.2 (Green Belt & Related Designations) should be amended accordingly.

Question 3: The Principles for Development Do you support the principles for development?

- 2.16 As it stands the principles for development add little to what is already provided through Scottish Planning Policy. This policy should be regionally distinctive to warrant inclusion on the SDP Proposed Plan.
- 2.17 Whilst the preferred option lists a number of creditable planning aspirations it is perhaps too biased (a) towards constraints and (b) towards brownfield land per se. The SDP Proposed Plan should focus more on delivery. It is important that regional policy is not based on unrealistic expectations as to what the private sector can deliver (without subsidy) in terms of the redevelopment/regeneration of sites in poorly performing markets – especially if this comes at the cost of providing marketable, viable and attractive sites which can be deliver the high-quality housing needed to support economic growth ambitions across the SDP area.

3.0 A Place to Do Business

- 3.1 Homes for Scotland has no comments on Chapter 3 of the MIR.

4.0 A Place for Communities

- 4.1 The introductory text to this section states that “creating successful, thriving communities is not just about providing homes”. Few would dispute this. However, it would be a more relevant and worthy comment in the context of a region where housing need and demand was being met. This is not the case in Edinburgh and South East Scotland.

- 4.2 As the narrative continues, on page 23 of the MIR, the authors refer to the economic downturn of recent years and to the continued restrictions on developer finance. This is then linked to current low levels of completions (compared to pre-recession averages). No reference is made to any other potential contributory factors to the ongoing and growing gap between housing supply and housing need and demand, e.g. planning constraints , significant delays in delivering new LDPs, refusals on allocated sites, infrastructure delays and so on. Closing that gap should be a primary ambition of SESplan and the member authorities. However, when it comes to articulating the challenge for SDP2, there is another assertion that “there is already a substantial amount of housing land identified in approved strategies”. No mention is made of the fact that this land needs to be effective within the time-period of those approved strategies – or that much of that land has appeared in strategy after strategy without achieving detailed planning consents of delivering new homes as expected.
- 4.3 On page 24 there is a list of factors to be taken into account in deriving the SESplan housing supply targets (HST) and housing land requirements (HLR). These appear almost wholly geared towards identifying potential limitations. There are no factors relating to ambition – despite the region’s City Deal aspirations.

Issue F – Housing Land across the SESplan area

Question 10: Housing Land across the SESplan Area As a basis for deriving the housing supply targets and housing land requirements within SDP2, do you support the:

- Preferred Option 1 Steady Economic Growth
- Alternative Option 2 Increasing Economic Activity with more High and Low Skilled Jobs
- Alternative Option 3 Strong Economic Growth; or
- Note of the above

- 4.4 The Housing Need and Demand Assessment (HNDA) has identified three models from which the HST and HSR could be derived. Of these, SESplan has selected the most modest (Steady Economic Recovery) as its preferred option from which to plan
- 4.5 Homes for Scotland does not support the preferred option. Steady Economic Recovery assumes and plans for the slowest upturn in economic activity and the lowest levels of in-migration to the region over the plan period. Of the options available, this is the least ambitious and has the poorest fit with the regions aspirations as promoted through the City Deal bid. If steady economic recovery goes on to be the underpinning model for the Proposed Plan, SESplan will be openly rejecting the opportunity to plan for increasing

economic activity and wealth re-distribution offered under Option 2, (Increasing Economic Activity with more High and Low Skilled Jobs), as well as the ambition for South East Scotland to become one of the UKs fastest growing regions (Option 3, Strong Economic Growth).

- 4.6 As well as promoting the lowest-growth option, the MIR states that “the resulting housing supply targets may be lower than Options 1, 2 or 3”. The fact that they may also be higher is not mentioned. This hardly helps to allay concerns that the MIR is gearing up for a very unambitious Proposed Plan.
- 4.7 The only reason given for giving preference to Option 1 is the fact that the annual need and demand figures for that option most closely match the average annual completion rate for the past ten years. In other words, achieving an 11% improvement in delivery rates is considered to be enough of a challenge – despite the fact that is an 11% improvement on average build rates that have significantly failed to meet the need and demand that SDP1 was intended to deliver.
- 4.8 Although Options 2 and 3 form part of the HNDA, which has been signed off as robust and credible by the Centre for Housing Market Research, the MIR dismisses both as being unrealistic and non-credible.
- 4.9 Most of the reasons given for this view are based on pessimistic views on whether the required annual delivery rates might be achievable. Concern is expressed that allocating more land could undermine “the overall strategy”. The MIR doesn’t clarify what that overall strategy is, but it is assumed to mean the SDP2 spatial strategy. That strategy has, of course, not yet been set. It is the role of an SDP to identify a deliverable strategy, not to uphold an existing set of land allocations that are not proving to be deliverable. SESplan and the constituent authorities appear to be pursuing a model under which little if anything will change in terms of planning for housing: No changes to allocations; no ambitions for a significant increase in housing provision; no undermining of a potentially undeliverable strategy.
- 4.10 The MIR seems to reject the possibility of realigning LDP allocations towards areas and sites that are more likely to be delivered. In doing so it fails to make use of recent independent research produced by Nathaniel Lichfield and Partners on the correlation between current spread of land allocations and the pattern of stronger and weaker market areas across the SESplan and Clydeplan areas.⁴
- 4.11 Option 3 of Issue F – i.e. the strong economic growth model – is the model for the city region with most ambition and which best relates to region’s “accelerating growth” City Deal aspirations. In launching the bid Cllr Andrew Burns, the leader of the City of Edinburgh Council said “Our ambition is to

⁴ Supporting Scotland’s Growth: Housing: Location as a Barrier to Housing Delivery in the Central Belt? June 2015 - <http://nlplanning.com/uploads/ffiles/2015/06/652350.pdf>

achieve a step change in economic performance for the economies of the region, Scotland and the UK”. It cannot be sensible to a city-region with such publicly stated growth ambitions to produce a new SDP which is so wholly unaligned with those aspirations and which could ultimately cause both to fail.

- 4.12 Furthermore, Homes for Scotland does not consider the preferred option to be compatible with the National Planning Framework expectation that SESplan will lead the authorities in its area towards a greater and more concerted effort to deliver a generous supply of housing to accommodate growth. Furthermore, Homes for Scotland does not therefore support the preferred option as it appears wholly based on very cautious and unambitious assessment of what level of supply may be achievable in the future. This assumption is based on a very narrow and potentially biased set of criteria. The supply-side considerations are not complete or fully-informed, and they are not matched by consideration of the sustainable community benefits of fully meeting need and demand, or the economic benefits delivered by increasing housing completions so as to support the growth ambitions of Edinburgh and South East Scotland as expressed through the recent City Deal bid. There is far too much reliance on the false assumption that a positive and meaningful increase in delivery cannot be achieved.
- 4.13 The preferred options is also out of line with the Scottish Governments aspirations for the Edinburgh and South East Scotland city region and expectations of this SDP. The NPF3 spatial strategy clearly recognises the importance of a strong growth and development agenda for each of our city regions to the wider Scottish economy. Stimulating economic activity and accelerating economic recovery are vital (NPF2 paragraph 2.2). NPF3 also seeks to reduce the gap between those who are most and least advantaged in society. “This has a spatial dimension”, NPF2 notes (Paragraph 2.3). Infrastructure constraints are acknowledged, but “more concerted efforts” are sought to remove these. “More ambitious and imaginative planning will be needed to meet requirements to a generous and effective supply of land for housing in a sustainable way.”

Issue G – Housing Land in Edinburgh

Question 11 Housing Land in Edinburgh Do you support:

- Alternative Option 1 All Housing Need and Demand
- Preferred Option 2 Significant Proportion of Need and Demand
- Alternative Option 3 Lower Level of Need and Demand than 1 or 2
- None of the Above

- 4.14 The distribution strategy set out in SESplan 1 and the Housing Land Supplementary Guidance has not worked. A number of authorities agreed to accommodate significant proportions of Edinburgh’s housing need and demand. The majority have failed to meet the housing land requirements that

were allocated to them. Some have even sought to divorce themselves from those agreed housing land requirements when preparing their local development plans.

- 4.15 Homes for Scotland agrees that the time is right for the City of Edinburgh to make renewed efforts to meet more of its housing need and demand. We therefore support the principle of the preferred option (Option 2), which is that Edinburgh should meet a significant proportion of its own housing need and demand. We cannot, though, support the figures presented under that option. Firstly, it is not clear what meaning can be taken from the term 'options for deriving the target and requirement for Edinburgh'. The figures are of little use as a guide for the consultation if they are not to be read as either potential housing supply targets or potential housing land requirements. Secondly, it is assumed the figures draw from the preferred option presented under Issue F – i.e. the 'steady economic growth' model which promotes the lowest possible level of new housing provision.
- 4.16 Whilst we do support the principle of the preferred option (Option 2), we feel it is important that the selected distribution strategy is better explained and justified in the Proposed Plan. Market evidence should be considered alongside the SESplan Housing Market Area Assessment evidence that around 19% of City of Edinburgh purchasers seek to move to neighbouring local authority areas. If SESplan considers a 30% displacement rate to be more appropriate it should explain fully why this is the case.

4.17 **Issue H – A Generous Supply**

<p>Question 12: A Generous Supply Do you support the preferred option, alternative option or none of the options?</p>
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- 4.18 The Scottish Government has made it very clear, in its National Planning Framework, that it expects both SESplan and its member authorities to make “greater and more concerted effort to deliver a generous supply of housing to accommodate growth.”
- 4.19 Scottish Planning Policy sets out clear parameters for the amount of additional land that should be allocated for housing developments, over and above the housing supply target, to ensure the land supply is generous. The minimum margin is 10% - but the SDP can stipulate margins up to 20% if local circumstances support this.
- 4.20 The MIR presents a preferred option of 10%. In other words it promotes the absolute minimum required to comply with Scottish Planning Policy. In such a situation Homes for Scotland would expect to see a reasoned justification given as to why 10% was considered the most appropriate point on the 10-20% range for the SESplan area as a whole and for each of the local authorities within it. No reasoning is provided. Instead the MIR suggests that

each local authority should be allowed to allocate more land should they determine this is required to meet local needs. This proposal is problematic for a number of reasons.

- 4.21 Firstly, Scottish Planning Policy makes it absolutely clear that, in city regions, it is the role of the SDP to set both the housing supply target and the housing land requirement for each area. This is set out in paragraph 118 (“strategic development plans should set out the housing supply target and the housing land requirement for the plan area, each local authority area, and each functional housing market area”). It is also shown diagrammatically on page 30. This is an important tenet of Scottish Planning Policy as it seeks to ensure that debates over the housing supply target and housing land target are undertaken once, rather than at multiple times and occasions, and will enable the SDP to make the best possible provision for ensuring the housing supply target for the city-region and each constituent area is met.
- 4.22 Secondly, in taking this approach SESplan has failed to use its MIR to explore what level of generosity would be appropriate in each of its member authorities based on their track record of delivering on land allocations and other sites identified as being part of the effective supply. The Proposed Plan will now have the difficult job of presenting a settled view on housing land requirements which have not been presented for consultation through the MIR process. This is the same issue that has arisen through the failure to present housing land supply targets in the MIR. It is compounded by the fact that the Housing Land Technical Note does not explore the factors that might suggest the most appropriate and helpful generosity margins for each LDP area. As a matter of principle, Homes for Scotland has very strong objection to options on housing supply targets and housing land requirements not having formed part of the Main Issues Report consultation.
- 4.23 Thirdly, once the next SESplan SDP is in place, the authority have no ability whatsoever to require its member authorities to allocate a more generous supply of housing land in their LDPs, whether or not it emerges there are local circumstances that would support this. The authority has no power to pass on this responsibility to its members, and should not seek to do so. In particular it should not duck the opportunity to settle the housing land requirement for those member authorities which have shown some resistance when it comes to planning to meet the housing land requirements of the current SDP.
- 4.24 Homes for Scotland’s view is that the Proposed Plan should provide final housing land requirements for each local authority. There has been a significant shortfall to date in delivering the housing land requirements set out in the current SDP and Housing Land Supplementary Guidance. Much of this shortfall is a result of local authorities including ineffective sites within their land supply calculations, resulting in both a failure to grant planning permission on windfall sites which could help meet the shortfall, and a failure to identify and allocate enough new and effective sites in emerging LDPs. To

avoid a repeat of this situation, the next SDP should give each local authority a generosity margin of 20%. Any exceptions to this should be justified through clear evidence that the authority in question has an above 80% track record of accuracy in programming delivery on sites in its established land supply.

- 4.25 In summary, Homes for Scotland does not support the preferred option. There has been no proper consideration on what level of generosity is required in the SESplan area as a whole, and in each of its constituent local authorities, in order to best ensure the (as yet unknown) housing supply targets will be met. It is not acceptable for the strategic development authority to simply pass this decision down to its member authorities and therefore deprive the region of clarity on the key question of housing land requirements. Homes for Scotland would support a 20% generosity margin across the SESplan area. This provides the best level of flexibility for ensuring need and demand can be met. Homes for Scotland considers it would be very hard for SESplan or the any of the member authorities to make a convincing case for applying a less than 20% generosity margin, given the very significant housing supply shortfall that has occurred during the period of the first SDP.

Issue I – Affordable Housing

Question 13: Affordable Housing Do you support the preferred option, alternative option or none of the options?

- 4.26 The preferred option presented in the MIR is that LDPs will be directed to require **at least** 25% of the total number of houses on market sites to be affordable. Confusingly, it also states that LDPs will have the flexibility to vary the affordable housing requirement, where there is a clear justification to meet local needs. Homes for Scotland is unclear what it is that LDPs would be varying, as the preferred option does not suggest an absolute affordable housing target.
- 4.27 During discussions at the SESplan Joint Committee on 18 May, a committee member noted that the wording of this policy had changed from earlier (non public drafts) which had not recommended that LDPs go above the 25% target. Homes for Scotland would like to know the basis upon which this change was made. The motivation for the preferred option appears to be entirely based upon need for affordable housing. There does not appear to have been an analysis of the potential viability impact of requiring more than 25% affordable housing targets in part of the SESplan area.
- 4.28 Scottish Planning Policy (paragraph 129) states “Planning authorities should consider the level of affordable housing contribution which is likely to be deliverable in the current economic climate, as part of a viable housing development. The level of affordable housing required as a contribution within a market site should generally be no more than 25% of the total number of houses.” The MIR does not seek to confirm that affordable housing

requirements of above 25% would be viable in any part of the SESplan area, relying solely on demand figures to justify the preferred option. Homes for Scotland considers this to be contrary to this aspect of Scottish Planning Policy and to be counterproductive in light of the need to meet the need and demand of housing for all tenures when the majority of new housing is currently delivered by the private sector. If market housing projects are made unviable as a result of this policy the affordable housing shortage will only be exacerbated.

- 4.29 The alternative option appears to have very little difference from the preferred option, as it still directs LDPs to put in place affordable housing targets above 25%.
- 4.30 Homes for Scotland's proposed option would be for the SDP to direct local authorities to put in place flexible policies which allow for up to 25% affordable housing to be sought but for the precise level sought on each site to be determined by viability considerations. This is good and positive emerging practice in many LDPs outside the SESplan city region and would conform with Scottish Planning Policy and ensure the delivery of affordable housing delivery on market sites at locally viable rates. The preferred option, by contrast, directs LDPs to set out affordable housing policies that could make most if not all housing sites unviable, and therefore undeliverable.

Setting Targets and Requirements

Question 14: Setting Housing Targets and Requirements What factors should SDP2 consider in deriving the housing supply target and housing requirements?

- 4.31 A key factor which SESplan must take into consideration in setting the housing supply targets and housing land requirements for SDP2 is the potential for an accelerated level of development in and around Edinburgh support economic growth and strengthen the sustainability of existing communities. It is vital that – across the whole of the SESplan area - too much reliance is not placed on long standing sites that have benefitted from allocated status for many years (and through many plans) without ever delivering benefits to communities. SESplan and its member authorities must resist the temptation to prepare a Proposed Plan which, in reality, requires them to change very little at the local level. The ambitions and aspirations which underlie the City Deal bid – strongly supported by all local authorities in the region – should be at the very heart of decisions on setting housing supply targets.
- 4.32 As detailed under the section on A Generous Supply – the housing land requirement (and the level of generosity it contains) – should be based upon the track record of each local authority in correctly assessing its established housing land supply and when that land will deliver homes. The purpose of

the generosity margin is simply to increase the likelihood of the housing supply target being met – so it follows that the less well an authority has done at predicting when sites will deliver in the past, the more they have to benefit from having a large generosity margin (and so a larger housing land requirement). This is not a ruse to force more homes on an area. It is a means of introducing much-needed flexibility so that the homes that have been identified as being needed within each area have a greater chance of being delivered.

- 4.33 There is a need for real and honest acceptance of the fact that a number of things need to change if SESplan and its constituent authorities are to emerge from their recent period of failing to deliver the housing land requirements set out in SDP1. The ongoing claim of their being a plentiful supply of land does not ring true when set against the failure of almost all of the local authorities to maintain a five year supply of effective housing land. Reviewing and refreshing the suite of land allocations never seems to be the answer, nor does working with developers to find alternative, deliverable schemes for sites which have stalled. Authorities are even resistant to the SPP concept of providing a generous housing land supply by allocating more land that is needed to meet housing supply targets.
- 4.34 As detailed elsewhere in this submission, SESplan needs to take heed of recent Scottish Government announcements on continuing support for first time buyers and reforming the planning system to increase the delivery of new homes of all tenures. SESplan housing supply targets and housing land requirements need to reflect and support these ambitions, not undermine them by restricting growth in Edinburgh and South East Scotland.
- 4.35 Use should also be made of research information publicly available on the economic and social benefits of housing development. This includes both independent reports – such as Nathaniel Lichfield and Partner’s work on *The Economic Benefits of Increasing Housing Delivery* and the Retties bulletin referred to earlier – and the bespoke economic information which will have been commissioned by many home builders in support of their own submissions on this Main Issues Report.
- 4.36 The need to sustain existing communities is another important consideration. Communities need support if they are to continue to thrive. The provision of new homes helps in many ways – for example through the provision of new homes which enable families to stay in or move to a communities, and through the contributions made towards providing and sustaining vital community facilities such as shops and schools.
- 4.37 See also our comments made in Issues A, B, F, G and H.

Issue J – Strategic Green Networks

Question 16: Strategic Green Networks: Do you support the preferred option, the alternative option or note of the options?

- 4.38 The focus on green networks is a positive aspect of Scottish Planning which, where creatively and sensibly applied, can draw out many additional economic, social and environment benefits from the strategic planning of a city region and its sub-areas. Strategic Green Infrastructure should be careful considered from the early stages of preparing the next spatial strategy for Edinburgh and South East Scotland, with the emerging preferred plan on how green network policies and growth policies can complement and not compete with one another. This will be essential in ensuring green networks are viewed as an opportunity to support economic growth and not used as a reason to resist sustainable development in areas capable of delivering new homes and other development. A comparison of Figure 4.2 (Regional Green Network Priority Areas) and the earlier Figure 2.4 Option 3 Growth Corridors – Preferred Option) does show scope for conflict between strategic green network and growth policies, if the Preferred Plan fails to provide strong leadership on furthering both interests in a compatible way. This may be a particular risk in areas bounding the east, south east, south, south west and west of Edinburgh.
- 4.39 Homes for Scotland supports the preferred option for SDP2 to identify spatial priority areas for green networks, providing the Preferred Plan provides clear advice on how good green infrastructure planning and provision can support and not hinder housing provision and other aspects of economic growth, including within the green network priority areas.

5.0 A Better Connected Place

Issue K – LDP Transport Policy Direction

Question 17: Transport Policy Direction Do you support the preferred option, the alternative option or none of the options? Should SDP2 set out the density requirements for large developments?

- 5.1 The MIR cites the following as being part of the preferred option for the direction of LDP transport policy: “Ensure that development in accessible location is at higher densities”. This is too unclear as to make a beneficial difference to the new SDP. It does not promote a sophisticated approach to identifying the most sustainable or marketable development option for proposed sites. It cannot be assumed that there is sufficient demand for high density development across all sites within accessible locations. This policy could therefore result in sites in the most accessible and marketable locations being stalled at a time when they could be supporting the delivery of marketable (and fundable) housing options that can meet identified need and demand. If the SDP is to guide LDPs in making the most efficient use of land

it should do so in a way that considers what forms of development there is demand for in each location. If a choice is made not to release a site for a lower density development than it has been earmarked for in a development plan, then there is a strong risk of that site failing to deliver any new homes at all. This results in a more difficult situation for a local authority to resolve (in terms of housing land shortfall) than would have been the case had marketability been taken into account at the strategic planning and site allocation stage. SESplan should give careful thought to what impact this policy may have on the impetus and ability of future LDPs to review their current site allocation policies to find sustainable and viable schemes for stalled sites, particularly the larger brownfield sites across the Region (for example Edinburgh Waterfront in Edinburgh or Blindwells in East Lothian). The same considerations could be used to encouraged flexible and deliver-focussed thinking when authorities are presented with applications for re-mixed schemes.

- 5.2 In summary, Homes for Scotland does not support the preferred option as it takes a too simplistic and unmarketable approach to density which is likely to result in an irreconcilable conflict between local authority aspirations for the number of units that a site can deliver and the ability of home builders to bring forward marketable and viable developments.
- 5.3 An alternative criterion could be focussed on balancing the need to make efficient use of land with the need to maintain a 5-year supply of effective housing land – to support the delivery of a mix of new housing and a wide choice of high quality homes that help to create sustainable places.
- 5.4 In answer to the second part of Question 17, SDP2 should not set out the housing density requirements for large developments. Homes for Scotland does not consider that the SESplan Authority has sufficient information to do this in a way that balances market and viability considerations against wider planning considerations.

Issue L – Prioritising Strategic Infrastructure

Question 19: Prioritising Strategic Transport Infrastructure Do you support the preferred option, alternative option or none of the options?

- 5.5 Homes for Scotland supports the principle of identifying the strategic transport infrastructure needed to implement the SDP2 strategy and aligning the spatial strategy. This should not, though, be done at the expense of full consideration of what development the market is likely to be able to deliver over the next SDP period. The spatial strategy should be properly reviewed in case there is a more deliverable, less constrained alternative approach available. There will be no point identifying and prioritising strategic transport infrastructure unless the SDP and LDPs address other potential barriers to delivery – in particular the ongoing reliance on long-allocated sites which, despite having no

developer interest, have been allocated in successive local plans. It is also vital that LDPs enable development that makes use of and supports the provision of the priority infrastructure projects. The LDP for the Scottish Borders could, for example, be much better aligned with the newly opened Borders Railway and with aspirations to see it extended to Carlisle.

6.0 Delivery

Issue M – Infrastructure Delivery

Question 20: Infrastructure Delivery Do you support the preferred option, the alternative option or none of the options?

- 6.1 Homes for Scotland supports the preferred option of establishing a strategic infrastructure fund at SESplan level. The MIR does not mention City Deal and the proposed plan should provide an update on the implications of the City Deal, if awarded, and on how the region's growth aspirations can be met with or without the City Deal. The draft action plan to be published alongside the proposed plan should set out how infrastructure delivery will be assured either with or without the City Deal. The City Deal may present new options for addressing some existing infrastructure gaps and unlocking delivery on stalled existing sites as well as new ones. It will not, though, provide all of the answers and local authorities will need SESplan to guide them in ensuring their areas can both benefit from the City Deal and support its ambitions. The Proposed Plan should support the region's clear growth ambitions whether or not the City Deals comes to pass, particularly in terms of required educational provision.
- 6.2 The end of the Main Issues Report coincides with the Scottish Government's announcement of a root and branch reform of the Scottish Planning system to assist in increasing the delivery of homes of all tenures. This review should allow a wider range of infrastructure delivery options to be explored as the option of legislative change is available. Any discussions to the introduction of new, flexible legislation in this area should of course be subject to discussion with all parties to ensure any new model is workable, fair and equitable.

Issue N – Funding Transport Infrastructure – Developer Contributions

Question 21: Funding Transport Infrastructure Do you support the preferred option, the alternative option or none of the options?

- 6.3 Homes for Scotland supports the preferred option of SESplan and member authorities developing a sub-regional developer contributions framework in line with Circular 3/2012. SESplan should work collaboratively with the home building industry, service providers, Scottish Government and others to develop a model which allows for timely delivery of infrastructure and for up-front investment to be, in part, recovered through those developments which

subsequently benefit from it. Viability of development should be considered alongside infrastructure requirements. It is unrealistic to expect private sector home builders to fund entirely the infrastructure required across the SESplan area or within individual local authority areas. A strong and clear draft action plan should be provided alongside the SESplan SDP2 Proposed Plan, to demonstrate the deliverability of the plan strategy and to identify infrastructure funding gaps that could stall development, and proposed means of addressing these.

Issue O – Assessing the Five Year Effective Housing Land Supply

Question 22: Assessing the Five Year Effective Land Supply Do you support the preferred option, the alternative option or none of the options?

- 6.4 The calculation of the five-year effective housing land supply should be a straightforward comparison of the effective housing land supply shown in the audit, and the housing supply targets (currently housing land requirements) set out in the SDP – taking into account that shortfall which has accumulated to date when actual completions are compared to annual targets. Decision makers must of course take any other material considerations into account when determining planning applications. But assessing whether or not the SPP *presumption in favour of development that contributes to sustainable development* is relevant to a decision is a simple matter of comparing the effective land supply with the SDP housing targets (taking into account accumulated shortfall).
- 6.7 It may be helpful, alongside housing land audits, for local authorities to prepare information on a wide range of matters relating to housing supply. However, these should not be biased towards factors that may downplay any shortfall in demand. Nor should they confuse the simple issue of “what is the housing supply target for Area X”. They must also take into account factors that support an aspirational, optimistic and/or ambitious outlook. This might include the region’s Accelerating Growth vision for a City Deal, increased business activity within the home-building sector and other signs of market recovery. Every opportunity should be taken to plan positively. Authorities must also be cognisant of the need to protect and strengthen the sustainability of existing communities, as well as identifying land for new ones.
- 6.8 Any policy or guidance that is produced should fully comply with the advice contained in the 15 January 2015 Chief Planner’s letter, and with all other extant and emerging national policy and guidance on planning for housing and economic growth. In no circumstance should past completion rates be taken as a proxy for gauging future demand. Given the tendency for some authorities in the SESplan area to try and make this case, it would be helpful if the next SESplan SDP could confirm the inappropriateness of equating past levels of supply with current and future levels of demand.

6.9 In summary, Homes for Scotland does not support the preferred option. Homes for Scotland supports the Alternative Option, in which SESplan does not provide guidance on assessing the five year effective housing land supply. Homes for Scotland will continue work with the Scottish Government and others on emerging updated national guidance on housing land audits and other aspects of planning for housing.

Ends

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