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*improving living in scotland*



**RESPONSE TO  
NORTH AYRSHIRE PROPOSED LOCAL DEVELOPMENT PLAN 2018**

**14 JUNE 2018**

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Homes for Scotland (HFS) is the voice of the home building industry in Scotland, representing some 200 companies and organisations which together deliver the majority of the country's new homes.

We are committed to improving the quality of living in Scotland by providing this and future generations of Scots with warm, energy-efficient, sustainable homes in places people want to live.

HFS makes submissions on national and local government policy issues affecting the industry. Its views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from our member companies.

### 1. Introduction

- 1.1 These submissions on North Ayrshire's proposed Local Development Plan (proposed LDP2) follow on the commentary offered by HFS on the LDP Main Issues Report (MIR) submitted on 23 March 2017.
- 1.2 These submissions have been reviewed and agreed by HFS's Strathclyde Area Committee.
- 1.3 HFS supports North Ayrshire Council (NAC) in pursuing an ambitious strategy for the area and a regeneration agenda through, in part, a closer alignment of their emerging LDP to housing market conditions and opportunity. NAC can then better ensure that the new homes that North Ayrshire needs can be delivered. The delivery of those new homes can also make a tangible and meaningful contribution to the economic growth of the area<sup>1</sup>.
- 1.4 This submission reflects HFS's expectation of what would be an appropriate consistent approach to defining the quantitative basis for planning for new homes through the development plan across the country.

### 2. Policy 1: New Homes and Maintaining an Effective Housing Land Supply

#### The Issue

- 2.1 HFS is supportive of the approach adopted but NAC in terms of planning for new homes. By way of briefly summarising the context to then setting an appropriate housing target, and defining a strategy to ensure this can be delivered, for a LDP that is not within a city region, guidance can be drawn from Scottish Planning Policy (SPP)<sup>2</sup> which sets out a national policy expectation at paragraph 120 that such plans:

*“should set out the housing supply target (separated into affordable and market sector) and the housing land requirement for each housing market area in the plan area up to year 10 from the expected year of adoption. They should allocate a range of sites which are effective or expected to become effective in the plan period to meet the housing land requirement in full.”*

- 2.2 HFS's believes that, a key objective in making any allocations is to ensure a LDP is able to meet the Housing Supply Target (HST) and have at least 5 years' worth of effective housing land available at all times. This reflects paragraph 115 of SPP which states:

*“The housing supply target of a policy view of the number of homes the authority has agreed will be delivered in each housing market area over the periods of the development plan and local housing strategy, taking into*

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<sup>1</sup> As is explored in the report prepared by Lichfields for HFS in 2015: <https://lichfields.uk/media/2044/the-economic-and-social-benefits-of-home-building-in-scotland.pdf>

<sup>2</sup> See: <https://beta.gov.scot/publications/scottish-planning-policy/documents/00453827.pdf>

*account wider economic, social and environmental factors, issues of capacity, resource and deliverability, and other important requirements such as the aims of National Parks.”*

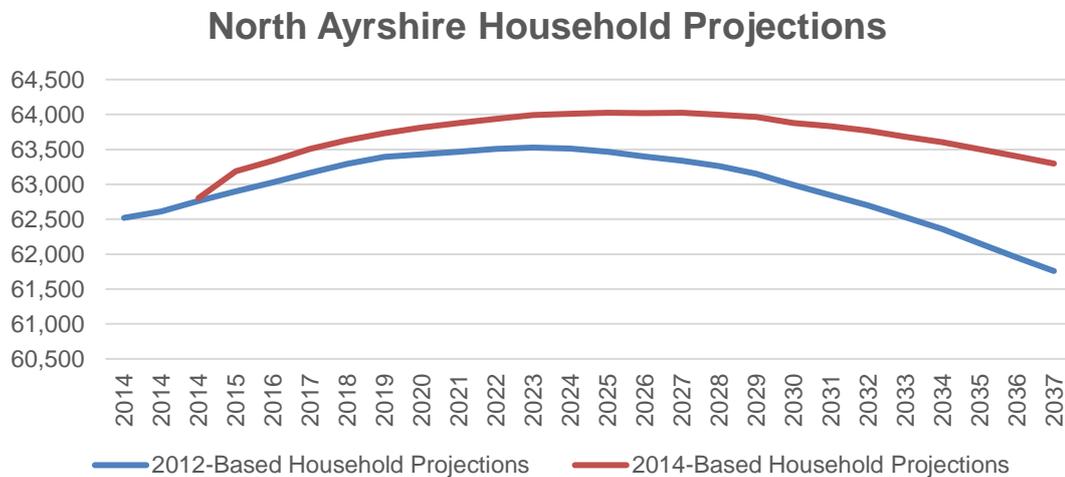
2.3 The recent Stirling LDP Examination<sup>3</sup> provided a degree of helpful clarity on this point at paragraph 54 of their conclusions on Issue 03 of that Examination (page 52 of the Examination Report):

*“I find that Scottish Planning Policy at paragraph 115 clearly states that the Housing Supply Target is “a policy view of the number of homes the authority has agreed will be delivered over the periods of the development plan and local housing strategy, .....”. I conclude that the Housing Supply Target is not an estimate but an agreed target to be delivered.”*

2.4 In addition, SPP also states at paragraph 120 that LDPs that are not within a city region; “should provide for a minimum of 5 years effective land supply at all times.”

2.5 In terms of how NAC’s proposed LDP2 has responded to these obligations, HFS notes that the Council’s Housing Needs and Demand Assessment<sup>4</sup> (HNDA) was based on 2012-Based Household Projections<sup>5</sup>. However, such projections are known to have been heavily influenced by the after-effects of the economic crash of 2007 and the resultant significant downturn in house-building since that time.

2.6 There are nevertheless ongoing signs of recovery across Scotland and the more recent 2014-Based Household Projections<sup>6</sup> suggest a higher growth rate for North Ayrshire (and many other locations across Scotland). The following figure illustrates the differences in the principle projections from the two most recent Projections.



Source: NRS Household Projections

<sup>3</sup> See: <http://www.dpea.scotland.gov.uk/Document.aspx?id=484322>

<sup>4</sup> See: <https://www.north-ayrshire.gov.uk/Documents/PropertyServices/HousingBuilding/housing-need-demand-rpt.pdf>

<sup>5</sup> See: <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-projections/household-projections-for-scotland-2012-based>

<sup>6</sup> See: <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-projections/2014-based-household-projections>

- 2.7 The HNDA set out scenarios that an assessment based on the 2012-Based Household Projections would generate a need of 317 new homes between 2016 and 2020 with a subsequent need between 2021 and 2025 of 0 homes. HFS believes it would be a reasonable assumption to make that the use of the 2014-Based Household Projections alone would have generated a higher baseline assessment of need.
- 2.8 HFS has estimated that the more recent Projections estimate around 23% more households formed across North Ayrshire to 2021 and almost 60% more households formed across the district by 2025.
- 2.9 Nevertheless, proposed LDP2 has recognised that the HNDA is perhaps underestimating the true picture of need and demand for new homes and has proposed a HST that is higher than the HNDA estimate, reflecting known patterns of new home delivery across North Ayrshire. HFS fully supports the principle of this approach and believes that this remains fully in line with SPP paragraph 115 which states:
- “Plans should address the supply of land for all housing. They should set out the housing supply target (separated into affordable and market sector) for each functional housing market area, based on evidence from the HNDA.”*
- “The target should be reasonable, should properly reflect the HNDA estimate of housing demand in the market sector, and should be supported by compelling evidence.”*
- 2.10 It is understood that a technical paper that explains in more detail how the HNDA estimates have been taken forward within proposed LDP2 and how the “wider economic, social and environmental factors” also referred to in SPP paragraph 115 have subsequently been quantified is under production.
- 2.11 That report could also set out how the various different time-periods used within the HNDA (2016 – 2025) and Local Housing Strategy<sup>7</sup> (2018 – 2022) and proposed LDP2 can be aligned especially as a HNDA base date of 2016 but a proposed LDP2 base date of 2019 may introduce a risk that some housing need may have gone unmet.
- 2.12 The recent challenge of Clydeplan on the absence of compelling evidence to justify their strategic HST<sup>8</sup> has confirmed that SPP establishes a default position that there must be compelling evidence to support the HST and if not, a very good reason why not. As such, to aid an understanding of the translation of the HNDA estimate of need and demand into a Housing Market Area HST, the compelling evidence that SPP paragraph 115 requires is expected to be provided by the technical paper.
- 2.13 SPP paragraph 120 also expects that a plan’s targets will be split between tenures (affordable and market sectors), the expected split in North Ayrshire is not yet explained. Page 61 of proposed LDP2 indicates that all of North Ayrshire affordable

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<sup>7</sup> See: <https://www.north-ayrshire.gov.uk/Documents/PropertyServices/HousingBuilding/local-housing-strategy.pdf>

<sup>8</sup> See: <https://www.scotcourts.gov.uk/docs/default-source/cos-general-docs/pdf-docs-for-opinions/2018csih17.pdf?sfvrsn=0>

housing needs will be met by projects funded through the Council's Strategic Housing Investment Programme but does not yet explain what the target for that sector is.

- 2.14 Nevertheless, for the purposes of this submission, HFS has assumed that an all tenure HST of 4,071 new homes is a reasonable figure to start with. However, in ensuring that sufficient allocations are brought forward, in line with SPP paragraph 120 and proposed LDP2, a HLR (that adds a 20% generosity margin to the HST) must be able to be delivered by the plan.
- 2.15 HFS would suggest that there is a need to update the simple table set out on page 61 of proposed LDP2 with the following (with relevant figures for the market and affordable homes to be provided by North Ayrshire Council):

	<b>Market housing</b>	<b>Affordable housing</b>	<b>All Tenure</b>
Housing Supply Target 2019 – 2029	tbc	tbc	4,071
Generosity Margin (20%)	tbc	tbc	814
Housing Land Requirement (2019 – 2021)	tbc	tbc	4,885

- 2.16 It is also relevant here to reiterate that the shared objective of plan making is to ensure that enough new homes can and will be delivered by the end of the plan period. It is therefore the potential delivery of these new homes that requires to be tested through any Examination process rather than just the quantum of land allocated.
- 2.17 The programming of the Established Land Supply within the 2017 Housing Land Audit (HLA)<sup>9</sup> was agreed with Homes for Scotland in October 2017. That has predicted that some 2,811 all tenure homes will potentially be delivered from those sites between 2019 and 2024. That would then leave a necessity that land for a further 3,154 all tenure homes is identified for delivery to 2029.
- 2.18 Proposed LDP2 has set an assumption that as total of 4,770 homes may be delivered from the Established Land Supply between 2019 and 2029. That would then suggest that in addition to the agreed programming set out in the 2017 HLA, a further 1,959 homes will be delivered from the Established Land Supply; the remaining HLR to be met then falls to land for 115 new homes that are capable of being delivered between 2019 and 2029.
- 2.19 It is anticipated that NACs technical report will provide sufficient information to support the assumption that a further 1,959 homes can be delivered from the Established Land Supply between 2024 and 2029.
- 2.20 The simple table set out on page 61 of proposed LDP2 can therefore be further updated as follows (with relevant figures for the market and affordable homes to be provided by NAC):

<sup>9</sup> See the 2017 Housing Land Audit: <https://www.north-ayrshire.gov.uk/Documents/CorporateServices/Legal/Protective/LocalDevelopmentPlan/ldp2/hla-2017.pdf>

	<b>Market housing</b>	<b>Affordable housing</b>	<b>All Tenure</b>
Housing Supply Target 2019 – 2029	tbc	tbc	4,071
Generosity Margin (20%)	tbc	tbc	814
Housing Land Requirement (2019 – 2021)	tbc	tbc	4,885
Predicted supply from the Established Land Supply (2019 – 2024) (2017 HLA)	tbc	tbc	2,811
Anticipated supply from the Established Land Supply (2024 – 2029)	tbc	tbc	1,959
Housing land under-supply to be met through new allocations	tbc	tbc	115

- 2.21 Proposed LPD2 is promoting new allocations that have a combined capacity of 1,053 new homes. Based on the assessment of marketability that HFS provided to North Ayrshire Council and which was utilised as part of the MIR, 4 of the 8 new allocations are within locations that are of considerable interest to home builders, 2 are within settlement of interest but new home delivery is likely to be limited, 1 is within a settlement of no interest to developers and 1 settlement was not assessed.

<b>Site Name</b>	<b>Indicative Capacity</b>	<b>HFS Marketability Score</b>
Burnhouse Manor Farm, Burnhouse	55	Not assessed
West Of Newhouse Drive, Kilbirnie	100	5 – Settlement is of no interest to developers
Lochlibo Road, Irvine	85	1 – Settlement of considerable interest to developers
Wood Farm, Kilwinning	173	4 – Settlement of interest to developers but delivery / output will be limited
Brisbane Glen Road, Largs	95	1 – Settlement of considerable interest to developers
Chapelton Road, West Kilbride	70	2 - Settlement of considerable interest to developers
Portencross Road, West Kilbride	175	2 - Settlement of considerable interest to developers
Mayfield Farm, Saltcoats	300	3 - Settlement of interest to developers but delivery / output will be limited

- 2.22 It is understood that these sites have been promoted by a willing and capable delivery partner and the NAC technical report is expected to set out the assumed land supply these sites can generate. Given that a number are noted to have been promoted by national and local house builders, the level of expectation that these sites will come forward for development during the plan period would rise.
- 2.23 What would nevertheless assist all stakeholders are long term projection of supply from the Established Land Supply (beyond the 2017 HLA) plus the projected supply from new allocations (along with information to underpin how these sites will be delivered).

## Changes Required

- 2.24 HFS would respectfully suggest that the following changes are needed to be made to the North Ayrshire's proposed LDP2:
- i. Chapter 1 should include a more comprehensive statement of how the HST the LDP is to deliver has been arrived at including how housing needs since 2016 have been met.
  - ii. Chapter 1 should set out a HST, a HLR and the predicted output from the Established Land Supply between 2019 and 2029 for both affordable and market housing tenures as well as on an all tenure basis.
  - iii. The LDP should be supported by a technical report that quantifies the current housing land position, the predicted outputs from this and new allocations, and how the HLR can and will be met in full.

### **3. Policy 31: Future Proofing Heat Networks**

#### The Issue

- 3.1 HFS has raised concerns over the potential that a requirement to deliver heat networks in new developments could further undermine the commercial viability of those developments (in an already depressed market).
- 3.2 HFS remains of the view that national policy on heat networks within new residential developments is confused at best. This appears to ignore the revisions to Building Standards that have achieved new homes that are already 75% more efficient than they were in 1990. Further revisions to Building Standards are likely to see new homes require next to zero space heating by 2021.
- 3.3 Recognition must also be given to the Scottish Government's recently stated objective to see all existing houses achieve an EPC Energy Efficiency Rating Band C at the very least by 2040<sup>10</sup>. This clearly places a greater focus on existing housing stock rather than new homes and the improvements will be achieved through a combination of measures including insulation but also in how energy is supplied to these homes.
- 3.4 This perhaps reflects the plain fact that if the national target of 35% of domestic buildings in Scotland being supplied by low carbon heat is to be met, significant work is needed to address the heating needs of the existing housing stock. In terms of the simple maths of the situation, the 2014 based household projections for Scotland indicate that by 2032 there will be around 2.69m households in Scotland which would suggest that at least 940,000 households would need to be supplied by low carbon heat by 2032 to meet the national target.
- 3.5 At present, Scotland has just under 2.5m households therefore even if every 'new' household (and by implication then each of the new homes these new households

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<sup>10</sup> See: <http://www.gov.scot/Resource/0053/00534912.pdf>

would need) was to be supplied by low carbon heat, this would only deliver around 200,000 such homes (and ignoring the impact of falling household size on the actual number of new homes needed); meaning for each new home built an additional 3.7 existing homes would need to also connect to low carbon heat systems to meet this target.

- 3.6 However, given the progress achieved to date through Building Standards revisions, it is highly unlikely that connecting new homes, which already have low space heating and energy requirements, to additional low carbon heat sources would have any significant impact on meeting overarching carbon reduction targets from the residential sector given the lack of commercial viability associated with implementing such sources in the first place.
- 3.7 This fully supports a greater priority on retrofitting low carbon heat to existing housing stock and (because it is likely to be more feasible and appropriate for many reasons) particularly existing Local Authority / Housing Association stock.

#### Changes Required

- 3.8 The following changes are needing to be made to the North Ayrshire's proposed LDP2:
- i. Policy 31 should be expanded to identify actions that North Ayrshire Council will take to increase energy efficiency across existing affordable housing housing stock, including working with partners to deliver low carbon energy / heat systems.
  - ii. Policy 31 should be refined to increase what amounts to a "*substantial development*" to anything over 500 new homes.
- 3.9 HFS is of the view, backed up by conversations with home builders and district heat providers, that district heating systems within new build residential development of less than 500 homes is unlikely to ever be commercially viable. This change would also then provide a distinction between a major development which is a residential development of over 50 homes.

#### **4. Site Deliverability**

- 4.1 HFS has been asked to comment on the site deliverability matrix<sup>11</sup> included as part of the package of background information for proposed LDP2. It is not HFS's intention to offer comments on individual sites, therefore the following considers the approach adopted by North Ayrshire Council in selecting sites to take forward as part of proposed LDP2.
- 4.2 Some 75 sites have been assessed from which the 8 proposed new allocations have been selected. The 8 proposed new allocations have the following effective summary stated within the deliverability matrix:

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<sup>11</sup> See: <https://www.north-ayrshire.gov.uk/Documents/CorporateServices/LegalProtective/LocalDevelopmentPlan/ldp2/site-deliverability.xlsx>

<b>Location</b>	<b>Settlement</b>	<b>Effectiveness Summary</b>
Old Toll House, Lochlibo Road	Irvine	The site is in a marketable location (Irvine) identified as being attractive to prospective developers and the developer is considered to have the capability to develop the site and deliver homes within the plan period.
Chapelton Road	West Kilbride	The site is in a marketable location (West Kilbride) identified as being attractive to prospective developers and the developer is considered to have the potential capability to develop the site and deliver homes within the plan period.
Wood Farm, Dalry Road	Kilwinning	Although some concerns have been expressed about the marketability of Kilwinning by HFS, evidence has been submitted of a strong commitment to deliver the site early in the Plan period by a national volume builder.
Land to the south of Kilbirnie Place Golf Course/West of Newhouse Drive	Kilbirnie	Although the location potentially impacts on the marketability, there is some supporting information to suggest the site can be developed within the Plan period. It should also be recognised that the quality of the site and submission as well as the lack of other effective land supply sites in the Kilbirnie have been considered in reaching this conclusion.
Brisbane Glen Road	Largs	The site is in a marketable location (Largs) identified as being attractive to prospective developers and the developers are considered to have the capability to develop the site.
Mayfield Farm	Saltcoats / Stevenston	Although some concerns have been expressed about the marketability of Saltcoats / Stevenston by HFS, evidence has been submitted of a strong commitment to deliver the site early in the Plan period by a national volume builder.
Portencross Road	West Kilbride	The site is in a marketable location (West Kilbride) identified as being attractive to prospective developers and the key developer has exhibited contracts indicating a controlling interest and a build programme showing development within the early years of the Plan period. It is considered that they have the capability to develop homes within the plan period. In addition, another national housebuilder has submitted correspondence in support of the site formalising their interest and confirming their support for master-planning.
Burnhouse Manor Farm	Burnhouse	Although marketability analysis indicated concerns about the attractiveness of the Garnock Valley to HFS members, the site is promoted by a party with a record of

Location	Settlement	Effectiveness Summary
		development, and capability to develop. In the circumstances of considering the adequacy of the land supply with the Garnock Valley, it is considered that the site may be appropriate for allocation in spite of any marketability concerns because it has potential to provide a unique addition to the land supply in the Garnock Valley and provides the opportunity to explore whether there is untested demand that can be met through this type of development site.

- 4.3 Of the 65 sites not selected, 16 were deemed too small to warrant an allocation within proposed LDP2 and a further 12 sought to extend or maintain an existing LDP1 allocation where no development has yet to take place, hence no changes were deemed necessary, or the site was already part of the established Land Supply. This then left 39 sites that were not deemed appropriate for allocation for other reasons, 15 of which were on Arran, a housing market sub area that HFS members have no specific interest.
- 4.4 Of the 24 mainland sites not proposed to be allocated, 13 were located within settlements that were of some interest to HFS members, the other 11 being in locations that were of limited or no interest to HFS members. No new allocations have been proposed in Ardrossan, Beith or Fairlie despite 6 sites in these locations (2 per settlement) being promoted and these locations all being of interest to HFS members. North Ayrshire Council has selected some sites from those promoted, but not all, within West Kilbride (proposing 2 from the 9 sites promoted) again this settlement being of interest to HFS members.
- 4.5 For 10 of the rejected sites that are located in areas of interest to HFS members, a reason stated was that “*there is no evidence submitted to indicate that the site can and will be developed within the Plan period*”. This is deemed a reasonable approach to take and places the onus on a site promoter to demonstrate that their site can and will be delivered; an approach that HFS would advocate is highly relevant given the importance placed on deliverability of LDPs.
- 4.6 For the remaining 3 unallocated sites within settlements of interest to HFS members, the table identifies physical constraints to development of the sites that will then significantly limit their deliverability (albeit some of the same constraints are also present on the proposed LDP2 new allocations).
- 4.7 As a basis for approaching the challenges facing the delivery of enough new homes in North Ayrshire, NAC is to be commended in taking such a pro-active approach to understand the local housing market and to seek to closely align allocations to sites which are known can and will be delivered. If the local housing market is to recover significantly, and the economic benefits of new home building are to be realised, the delivery of new homes must be achieved.
- 4.8 HFS therefore has no criticism of the approach adopted by NAC and would commend this approach to other planning authorities.

- 4.9 Nevertheless, there may be potential drawbacks that must be recognised in that there may be circumstances where a place-making objective remains, and new allocations are subsequently needed to ensure that agenda can be delivered. In such circumstances, there is a likelihood that stronger public sector intervention is necessary; the private sector being unable to overcome every limitation. HFS understood that this may be the case for sites in and around Kilbirnie but in other locations (such as Largs and West Kilbride) market conditions allow for the private sector to absorb more of the risk associated with any development project.
- 4.10 In summary, in terms of the process that underpins the Deliverability Matrix approach, HFS supports the principle of a proportionate approach to provide sufficient information up-front in the plan making process. However, where information is absent but there nevertheless remains a good place-making reason to investigate a site further, the planning authority should seek to address that deficiency in partnership with the landowner, the local community and the home building industry.

## 5. Conclusions

- 5.1 HFS fully supports the growth agenda promoted by North Ayrshire Council. HFS is of the firm view that a LDP must provide clear guidance to development partners on expectations and requirements that follow a consistent approach in how national policy is applied.
- 5.2 HFS believes a series of changes are necessary to ensure that an accurate position on how much land the LDP must allocate is arrived at, the assumptions that underpin the LDP are fully evidenced, the LDP reflects the necessity to be delivery focussed and the LDP does not establish unnecessary additional burdens on the delivery of new development.

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