



Housing Land Audits: Homes for Scotland Procedures

This document explains the role and status of housing land audits in the Scottish planning system, and how Homes for Scotland seeks to contribute towards their preparation.

Section 1: The role and status of housing land audits

What are housing land audits?

Housing land audits are the established method for monitoring housing land supply. They show whether an area is maintaining a continuous five-year supply of effective land. They also provide a snapshot of the amount of land available for house building at a given time.

What is the status of a housing land audit?

Housing land audits are intended to provide a factual account of an area's effective and established housing land supply. They are not policy documents in their own right, though they are referenced in Scottish Government guidance (Pan 2/2010) and policy (Scottish Planning Policy June 2014). This gives them a high degree of status, with councils effectively having an imperative to produce them.

How will a housing land audit affect development management decisions?

The latest housing land audit will be a first port of call for decision makers in the determination of planning applications or appeals for housing developments.

Whether or not the relevant council has maintained a five-year supply of effective land for housing is a material consideration when making decisions on planning applications for residential development.

Where it cannot be demonstrated that there is a five-year supply of effective land, the council's development plan policies on the supply of land for housing will not be considered up to date, and the ***presumption in favour of development that contributes to sustainable development*** comes into play. See Scottish Planning Policy paragraphs 125 and 32 to 35).

What role do housing land audits play in development planning?

Councils are required, in their local development plans, to allocate sufficient land to ensure a five-year supply of effective housing land is maintained at all times throughout the plan period. The information included in the latest housing land audit will also assist the council in determining how much of the housing requirement for the time period of an emerging plan will be met from programmed supply. This will inform their decision as to how much additional land will need to be allocated.

Section 3: How Homes for Scotland and members can best contribute

What role do Homes for Scotland and the industry play?

Homes for Scotland support housing land audits, which provide valuable information, and routinely contribute information towards them.

Homes for Scotland and our members are uniquely well-placed to provide up-to-date, sound information which can improve the accuracy and usefulness of housing land audits. We are not obliged to comment on draft audits but it is in our interests to do so, particularly in areas where significant levels of house-building activity is underway or planned.

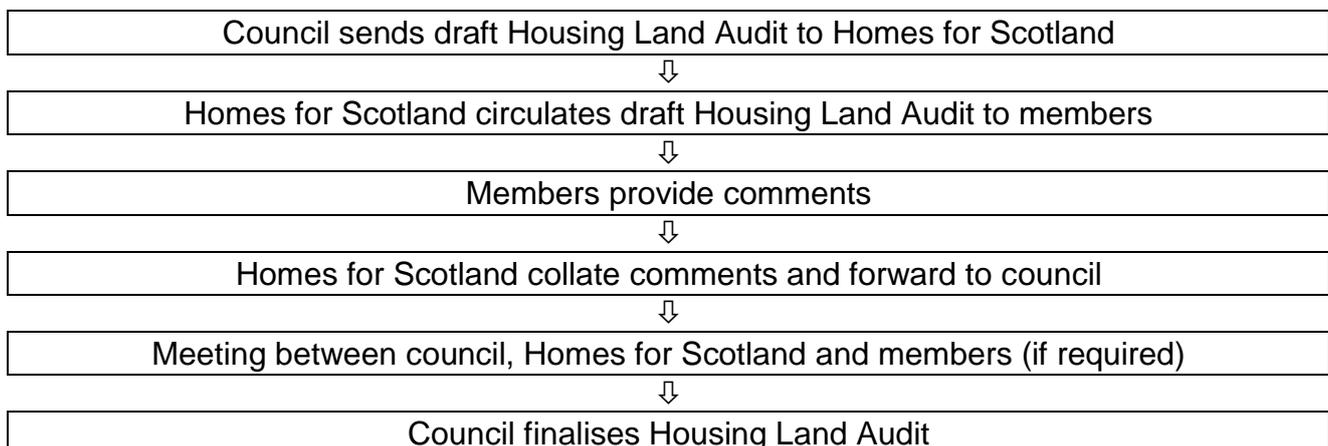
Scottish Planning Policy clearly indicates that planning authorities should work with housing providers when preparing their housing land audits, to ensure they are critically reviewed and contain realistic and up to date information. Planning Advice Note 2/2010 sets out the Scottish Government's good practice advice on preparing housing land audits. Homes for Scotland and our members are identified as being important contributors to the audit process. This is a strong and very welcome endorsement of our industry.

Homes for Scotland's aim is to ensure that five-year land supply assessments are as robust as possible, and in particular that sites shown as being part of the effective supply are based on realistic programming, whether or not they are controlled by members.

How do Homes for Scotland provide their input?

Each year, councils provide Homes for Scotland with draft schedules showing the sites which they consider to be effective, non-effective and constrained. We circulate these to house-builder members, who provide up-to-date information on (for example) effectiveness, programming, changes in ownership, market issues and other constraints. Homes for Scotland collates this and forwards it to the council. Wherever possible, the audit is agreed via an exchange of information. If there are significant discrepancies in viewpoint between the industry and the council a meeting will take place to try and resolve the differences. Homes for Scotland will generally seek a pre-meeting with interested members in advance of this. The council has the final say on what the audit says. The final audit should include a note of any sites still disputed by Homes for Scotland.

Homes for Scotland aims for consistency in its responses to draft audits across Scotland. We are also able to provide market commentary which can be adjusted to local circumstances whilst setting out a common economic and market analysis.



When can a site be considered effective?

PAN 2/2010 identifies several factors relevant to whether a site (whole or part) is effective:

Ownership	The site is in the ownership or control of a party which can be expected to develop it or release it for development. Where a site is in the ownership of a local authority or other public body, it should be included only where it is part of a programme of land disposal.
Physical	The site (or relevant part of it) is free from constraints which relate to slope, aspect, flood risk, ground stability or vehicular access which would preclude its development. Where there is a solid commitment to removing the constraints in time to allow development in the period under consideration, or the market is strong enough to fund the remedial work required, the site should be included in the effective land supply.
Contamination	Previous use has not resulted in contamination of the site or, if it has, commitments have been made which would allow it to be developed to provide marketable housing.
Deficit funding	Any public funding required to make residential development economically viable is committed by the public bodies concerned.
Marketability	The site, or relevant part of it, can be developed in the period under question.
Infrastructure	The site is either free of infrastructure constraints, or any required infrastructure can be provided realistically by the developer or another party to allow development.
Land Use	Housing is the sole preferred use of the land in planning terms, or if housing is one of a range of possible uses other factors such as ownership and marketability point to housing being a realistic option.

Reflecting our industry knowledge, **Homes for Scotland** also considers the following when providing comments on whether a site is effective or not:

Ownership: Private	Homes for Scotland considers that a site can only really be considered effective if it is owned or controlled by a developer. If the land is not controlled by a developer, this will have a significant impact on programming and there is an argument to adopt different programming assumptions depending on whether the land is under the control of a developer, a land trader or still in the hands of solely a landowner. It is prudent for councils to ask individuals / institutions / developers / agents to confirm whether they intend to sell or develop a site in line with the audit programming (as opposed to holding it). If a home-builder has an option on a site, their programming should be used.
Ownership: Public	Public land should be in a disposal programme and should be being marketed.
Approach to development	Funding evidence is needed if the development is intended to proceed by contract or design-build.
Marketability	Sales potential within an area must be considered, as must a developer's expectation for a reasonable return from a site. For example: <ul style="list-style-type: none"> ➤ Type & value of product on site (urban flats for example remain difficult to market, so there must be evidence of developer activity) ➤ Account must be taken of developer's intentions to remix sites.

	<p>This may impact on sales volumes and programmes.</p> <ul style="list-style-type: none"> ➤ Councils must acknowledge locations of low demand or sub-prime housing and consider them largely non-effective. ➤ The overall scale of programmed completions by settlement or area must be carefully considered and reality-checked. ➤ Careful consideration should also be given to any situation where a substantial part of the land supply is within the control of a developer who has no track record of building at the pace anticipated by the programming in the audit.
Mortgage finance	Homes for Scotland will challenge councils which assert lack of mortgage finance as the main reason for non-effectiveness of land, unless industry-supported evidence is given to substantiate this.
Programming	<p>Programming information comes variously from direct survey by councils, evidence from members, and trend-based estimates. Homes for Scotland will use the following realistic default assumptions on maximum annual completion rates, unless up-to-date industry evidence is available. These figures relate to the market housing on a site.</p> <p><u>Type of site</u></p> <p>Detached / semi: Urban 30 units per annum (24 if no developer) Rural 10-20 units p/a (depending on past trends)</p> <p>Flats: Urban 38 units p/a (30 if no developer) Rural 20 units p/a</p> <p>Strategic sites: 3 builders acting in a single year = 90 units p/a (72 if no developer)</p> <p>Small sites: 50% effective rule west Scotland Local trend-informed % assumption elsewhere</p> <p>As a default, the programme for the first year of production should be no more than 50% of a full year output</p> <p>The above figures are the default assumption which Homes for Scotland will adopt in the absence of 'live' information from a member company, or where the land is not in the hands of a developer. Individual members are invited to provide site programming for their own sites, but are asked to consider the advice in this note when doing so.</p> <p>It should also be noted that these figures are intended for use only in situations where detailed site-specific programming has not yet been undertaken. For example to inform the programming of sites which are not yet in the control of a developer, or for which a planning application has yet to be submitted. In the event of a planning application or appeal, the applicant will likely have undertaken their own programming estimates. The default assumptions above are not intended to be used as a general rule of thumb when considering housing supply as a material consideration in planning decisions – though an applicant or appellant may choose to use them at his / her discretion.</p>

Planning consent	<p>Planning consent does not guarantee a site will be built immediately. Audits should show details of the consents. Our default assumptions are:</p> <ul style="list-style-type: none"> • If consent expires before construction starts the site will be considered non-effective unless the council supplies evidence of activity. • Sites in the final year of consent, without activity, are non-effective. They will become effective again if they commence between audits. • Councils will be asked to justify their assumptions for sites shown to start in the final year of a consent, or after apparent expiration. • Sites where s75 agreements cannot be concluded because of viability should be considered non-effective until an agreement is signed.
Subsidised Housing	Councils will be asked for evidence that their programming of affordable housing in audits is aligned with their SHIP and with resources.
Old Sites	Homes for Scotland would assume that any site which has appeared in the housing land audit for 12 more years, without significant recent progress, is non-effective. Such sites should identified in a separate 'non-effective' schedule and reconsidered when the development plan is next reviewed.

Does Homes for Scotland have default assumptions on lead in times?

Realistic standard assumptions are:

- Build time for a house is 20 weeks
- From start on site to first lawful completion takes 6 months
- No start can be made on site until access and all statutory consents are in place
- It can take on average 18-24 months from submission of a planning application in principle to the delivery of first units on a site. Where the site is in the hands of a developer at the time of application, this timeframe will likely be shorter.
- Lawful completions will not begin within 2 years of receipt of permission in principle

Does Homes for Scotland just look at programming for individual sites?

No, Homes for Scotland can consider the overall picture for all or part of a council area. It may be (for example) that the indicative programming for a particular town or area looks reasonable on a site by site basis but, when taken cumulatively, suggests an overall build rate that past trends suggest cannot be achieved in that location. Where this is the case, Homes for Scotland will raise this issue with the relevant council and may suggest an adjustment be made to reflect market reality when calculating land supply in areas with a lot of theoretically-effective sites. This would apply, for example, where councils are expecting small businesses to develop at a pace that outstrips their past built-rates.

What impact does an audit have on the planning status of individual sites?

What an audit says about a site has no impact on its planning status. An audit cannot allocate or de-allocate a site, or pave the way for a grant or refusal of planning permission. A housing land audit is a technical document, not a political tool. Home-builders should not seek to use them to shore-up the status for a site. Equally, councils should not manipulate them in defence against allocating more land or granting more permissions. A housing land audit is only of real value when both sides have faith in the information it contains and the evidence behind it. Providing artificially high completion forecasts for a particular site

will disadvantage the industry as a whole by giving a council an unrealistically positive 5-year housing land supply figure and thereby reducing the weight attached to housing supply when applications and appeals are determined. It also risks debasing the value that councils and the Scottish Government attach to our involvement.

In considering their own sites, it is important that members strike the right balance between realistic optimism and wishful thinking, and are realistic about timing and volumes. If there is a good prospect of a site delivering units within the next five years (when considered against the advice in this note and other up-to-date information) then it should be identified within the effective supply shown in the audit. If the site is unlikely to deliver units within five years it should not be included just to seek to maintain its status. There is no benefit to the industry in over-stating delivery, and no threat to individual site interests by being realistic.

It is important that councils and members do not seek to shoe-horn the balance of a site into the fifth year of an audit period as the effect is to artificially increase the on-paper effective-supply. If this results in the appearance of a full or exceeded 5-year housing land supply it will stop the SPP presumption in favour of sustainable development from operating as intended.

Should home builders make their own representations on draft audits?

Councils typically send individual information requests out to landowners and developers with known interests, and are likely to welcome useful information at any stage from any relevant party. But members who want to query or inform parts of the draft audit are strongly encouraged to do this, in the first instance, through Homes for Scotland. This will enable us to make the clearest and strongest, industry-wide position. It is at the discretion of each home builder whether they also want to contact the council directly, but it should be noted that Homes for Scotland might not be able to endorse any information which is not in line with the reasonable default positions outlined in this paper. Members who do correspond directly with councils on draft housing land audits are asked to copy Homes for Scotland in for information.

What time periods are housing land audits based on?

Housing land audits are typically based on financial years – i.e. they run from 01 April in one year to 31 March in the next. There is often a time lag before a draft audit is issued – sometimes several months. This can lead to discrepancies between a council's record of completions by year-end and a developers record of completions by the date a draft audit is issued. Homes for Scotland notes that a council will typically base the audit on the position at 31 March of the relevant year. We ask for consistency in this – for example a site should not be shown as newly effective or have its programming brought forward on the basis of a new planning application or pre-application enquiry, unless that event happened within the relevant audit year. It is also important that there is consistency between public and private sector sites.

Homes for Scotland represents members on issues affecting their ability to deliver much-needed homes. Our views are endorsed by committees and advisory groups utilising the skills and expertise of representatives drawn from member companies. This paper was considered by our 5 area committees and approved by our Planning Policy Committee.

Ends