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**RESPONSE TO MIDLOTHIAN LOCAL DEVELOPMENT PLAN
FURTHER INFORMATION REQUEST 01, ISSUE 03 – REQUIREMENT
FOR NEW DEVELOPMENT – HOUSING STRATEGY**

31 January 2017

ABOUT HOMES FOR SCOTLAND

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

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

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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.

Response to Midlothian Local Development Plan Further Information Request 01, Issue 03, Requirement for New Development – Housing Strategy

Introduction

Homes for Scotland welcomes the opportunity to respond to Further Information Request 01 on Issue 03 of the Midlothian Local Development Plan Examination on “Requirement for Development - Housing Strategy.

Our response comprises this written response to each question, and in addition an Appendix showing our reassessment of the Reporters’ Annex 1 Table 3 in respect of SESplan Supplementary Guidance and the Agreed 2016 Midlothian Housing Land Audit. We also attach the agreed Audit for information.

Question 1.

Following the provisions of paragraph 3.9 of the SESplan Strategic Development Plan Supplementary Guidance on Housing Land, has Midlothian Council re-assessed the housing figures to ensure that the housing requirement would be met?

- 1.1 Homes for Scotland does not believe that Midlothian Council has re-assessed the housing figures to ensure that the housing requirement would be met. We consider that in the first instance the most up to date Housing Land Audit should be used. The 2016 Housing Land Audit has now been agreed by Homes for Scotland and Midlothian Council, and we understand this will be submitted by Midlothian Council as part of its evidence to support this Further Information Request. We also attach the agreed 2016 Audit to this submission for clarity. This audit represents agreed programming of the established land supply, and includes the housing allocations within the Proposed Local Development Plan.
- 1.2 We also note that no provision has been made by Midlothian Council for a generosity allowance. Homes for Scotland's position on generosity, as set out within our response to the Midlothian Proposed Local Development Plan, in order to fulfil the requirements of Scottish Planning Policy, paragraph 116, Local Development Plans in city regions must identify a generosity allowance of between 10% and 20% and add this to the housing land requirement already identified within the SESPlan Supplementary Guidance. This approach has been followed by other authorities in the SESplan area. We consider that a minimum 10% generosity margin should be added to the SESplan Housing Requirement by Midlothian Council. Homes for Scotland would support a higher generosity allowance, particularly given the slower than planned implementation of a number of historic allocations.

- 1.3 Homes for Scotland considers the Midlothian Local Development Plan to be flawed from the outset as it has failed to set a 5 year effective housing land supply. The remainder of this submission sets out our reasoning and response to the Reporter's questions on housing land supply. Appendix 1 of this submission is a reassessment by Homes for Scotland of the housing land requirement, and this shows the significant shortfall and failing of the LDP to meet the necessary requirement, particularly within the first period 2009-19, but also when looking from 2009 out to 10 years post-adoption, to 2027.

Question 2.

Are the tables prepared by the reporter a fair and reasonable interpretation of the housing requirement and how that requirement is predicted to be met?

- 2.1 Yes, we consider the Reporter's calculations to be in line with Homes for Scotland's methodology. We note that the Reporter has provided 3 tables within Annex 1 showing Midlothian Housing Land Supply using the agreed 2014 Housing Land Audit in Table 1, the draft 2015 Housing Land Audit in Table 2, and the draft 2016 Housing Land Audit in Table 3.
- 2.2 The draft 2015 and draft 2016 Housing Land Audits were forwarded to Homes for Scotland at the same time for scrutiny, and it was decided, in agreement with the Council that only the 2016 Audit would be progressed to agreement to make best use of both parties' time. Therefore the figures for 2015, and Table 2 within the Reporter's Annex are therefore still draft figures and should not be used as part of any calculation of housing land supply for Midlothian.
- 2.3 As set out within our response to Question 1, the 2016 Housing Land Audit has now been agreed between the home building industry through Homes for Scotland, and the Council. Therefore Table 3 is now capable of being updated to reflect the agreed audit, and that the figures within the table will therefore change to reflect the amendments made from the draft to the final Audit. This agreed audit is submitted as part of this response.
- 2.4 Homes for Scotland, in collaboration with its members, has produced a reassessment of the Reporter's Annex 1, Table 3 as set out below. This table sets out the Housing Land Requirements for each period with and without a generosity margin added (figures in brackets do not include generosity margin):

Housing Land Requirement	2009-19	2019-24	2024-27	2009-27
SESplan Housing Requirement (Housing Supply Target)	8,080	4,410	2,646	15,136
Generosity (10%)	808	441	265	1,514
Housing Land Requirement	8,888	4,851	2,911	16,650
	(8,080)	(4,410)	(2,646)	(15,136)
Meeting the Housing Land Requirement				
Housing Completions 2009 -2016	3,664	0	0	3,664
Established Supply	2,156	3,125	585	5,866
Windfall	171	320	128	619
LDP Allocations	514	2,566	443	3,523
Total Land Supply	6,505	6,011	1,156	13,672
Housing Land Requirement Met	-2,383	1,160	-1,755	-2,978
	(-1,595)	(1,601)	(-1,490)	(-1,484)

2.5 The reassessment set out within the table at paragraph 2.4 above clearly shows that there is a significant shortfall in the period of 2009-2019 of 2,383 homes where a generosity margin of 10% has been added, and of 1,595 homes where no generosity margin is added.

2.6 For clarity, Homes for Scotland's position is as follows:

- **5-Year Effective Housing Land Supply** – Homes for Scotland does not believe that Midlothian currently has a 5-year effective housing land supply based on evidence from housing completions to 2015/16, amended windfall assumptions, and the established housing land supply as set out within the agreed 2016 Housing Land Audit, together with new allocations from the Proposed Midlothian LDP. The tables set out with Appendix 1 and under paragraph 2.4 clearly set out the shortfall in the first period 2009-19 of 2,383 units, and an overall shortfall from 2009-27 of 2978 units. It is not acceptable that a plan is defective from the outset.
- **Generosity** – A generosity margin should be added. We would accept a margin higher than 10%, but would accept the 10% set out within the Reporter's tables (see explanation under Question 1)
- **Housing Land Requirement** – The LDP should set out a housing requirement for 10 years post-adoption to comply with Scottish Planning Policy (see explanation under Question 9) and should therefore include a requirement up to 2027.
- **Windfall** – The windfall assumptions should be amended to comply with Scottish Planning Policy and be "realistic" and based on "sound assumptions" (see explanation under Question 7). No evidence is provided by Midlothian Council to support the high windfall assumptions of 185 units per annum.

Question 3.

Should a table similar to those produced by the reporter be included within the local development plan to show the housing requirement and how it is predicted to be met?

- 3.1 Yes, Homes for Scotland considers that the inclusion of such a table would provide transparency and clarity, and would be in line with other Local Development Plans.
- 3.2 A table, updated by the reporter as set out within our response to Question 2, and within Appendix 1 of our submission, clearly shows the current shortfall in meeting the housing land requirement for Midlothian, particularly within the first period of 2009-2019. Scottish Planning Policy Paragraph 119 requires that the LDP should “provide for a minimum 5 years effective land supply at all times”. The Midlothian LDP is starting off with a significant shortfall in the 5 year effective housing land supply.
- 3.3 Since the authority does not currently have an 5 year effective housing land supply, the LDP should be amended to include further allocations to meet this shortfall of 2,383 units. Furthermore, a policy should be added to the LDP to allow for further housing release in the event that the 5-year effective housing land supply is not maintained (see our response to Question 11).

Question 4.

Are the total completions shown in the tables correct? If not, the correct completions figure for the period 2009-2016 should be submitted.

- 4.1 Homes for Scotland has calculated a completions total of **3,664**, which differs to the figure of 3,685 within Tables 1, 2 and 3 of Annex 1 provided by the Reporter.
- 4.2 To reach our figure of 3,664 units, we have taken the completion figures provided by Midlothian Council within the June 2016 SESplan Joint Committee – Item 10 Housing Update 2015, on Page 11. This amounted to 3,044 units for the period of 2009-2015. We then took the completions for 2015-2016 within the agreed 2016 Housing Land Audit of 620 units and added this to the 3,044 to reach the total of 3,664.
- 4.3 We note that the Council has used a figure of 641 completions for the year 2015/16. We have used the agreed 2016 Housing Land Audit, which states that 620 homes were completed in 2015/16.

Question 5.

Are the 2015 and 2016 Housing Land Audits now agreed with Homes for Scotland? If agreed, copies should be submitted. If not agreed, commentary on any sites in dispute should be supplied.

- 5.1 Homes for Scotland has now agreed the 2016 Housing Land Audit with Midlothian Council. This is attached to our response for information, and we understand that the Council will also provide this agreed Audit as part of its response.
- 5.2 While we agree the programming within the 2016 Audit, Homes for Scotland does not agree that Midlothian Council is maintaining a 5-year effective housing land supply.
- 5.3 The draft 2015 Audit has not been agreed. Homes for Scotland was provided the draft 2015 and 2016 Audits at the same time, and it was agreed with the Council that only the 2016 Audit would be progressed to agreement to make best use of both parties' time.

Question 6.

Using the agreed/draft 2015/2016 housing land audits, are the established housing land supply totals in the tables correct?

- 6.1 Homes for Scotland has focussed on Table 3 of Annex 1 as the most up to date Housing Land Audit. To reflect changes to the Audit from draft to final stages, we consider that Table 3 should be updated to reflect the final Audit and most up to date figures. This reassessment includes the Established Supply.
- 6.2 This amended table forms Appendix 1 to this submission, and methodology of our calculations is set out in detail within our response to Question 2 above.
- 6.3 For clarity, we note that the 2016 Housing Land Audit has not separated the Established Housing Land Supply from the new allocations within the Proposed LDP. This detail is shown within our updated tables. The Established Supply comprises the programming within the agreed 2016 Housing Land Audit from 2016/17 to 2022/23 – a 7 year period. The programming within the Audit is then continued out from 2022/23 to 2027 (10 years post-adoption).
- 6.4 We consider, as detailed in our response to Question 9, that the LDP should be allocating sites to meet the housing land requirement of the Strategic Development Plan up to 10 years post-adoption, therefore up to 2027. The Housing Land Audit only provides data up to 2022/23, therefore have looked to 2027 to calculate the Established Land Supply.

6.5 As set out within Appendix 1 of this submission, we consider the Established Supply for each period to be as follows:

- 2009-19 – **2,156**
- 2019-24 – **3,125**
- 2024-27 – **585**
- *Total Established Supply 2009-2027 = **5,866 units***

Question 7.

The council quote a figure of 185 homes being provided annually from windfall on page 26 of the Issue 3 Schedule 4 response. Is this figure realistic to allow a projected windfall to be deducted from the housing land requirement? An evidence base, ideally covering a period of 10 years, should be provided to demonstrate the windfall allowance figure.

- 7.1 In assessing a realistic assumption of windfall to be deducted from the housing land requirement, we first considered Scottish Planning Policy Paragraph 117 which states that “*any assessment of the expected contribution to the housing land requirement from windfall sites must be realistic and based on clear evidence of past completions and sound assumptions about likely future trends*”.
- 7.2 Homes for Scotland does not consider that Midlothian Council has provided evidence to support the figure of 185 units per year as a windfall assumption. We note from the Reporter’s Table 3 in Annex 1 that this figure equates to 555 units from 2016 to 2019, and a further 928 units from 2019 to 2024.
- 7.3 The windfall assumption figures we have used for our tables within Appendix 1 of this submission rely on evidence from the SESplan Technical Note on Housing Land (May 2014). We consider this appropriate to be adopted as an evidence base for windfall allowances for the Midlothian Local Development Plan. Based on this Technical Note (Table 3.5), our table of calculations includes an alternative figure as follows:
- 2009-19 – **171**
 - 2019-24 – **320**
 - 2024-27 – **128**
 - *Total Windfall Units 2009-2027 = **619 units***
- 7.4 As stated above, the source of this evidence is Table 3.5 of the SESplan Housing Land Technical Note (2014). The windfall assumption for the period 2016-2019 has been calculated by dividing the 2012 to 2019 assumption of 400 homes by 7. This 57 homes is the annual figure and has then been multiplied by 3 to give the total of 171 homes for the three years from 2016-

2019. The figures for 2019-2024 have been taken directly from Table 3.5 of the Technical Note – 320 homes. Finally, the windfall assumption for the period of 2024-27 has been calculated by dividing the 2024-32 assumption of 340 homes by 8 to achieve an annual assumption of 43 homes. This is then multiplied by 3 to achieve the total of 128 homes for the 24-27 period.

7.5 From these calculations, it can be seen that the annual average windfall assumptions is far lower than the 185 units per year suggested by Midlothian Council – for 2009-19 the annual average is 57 homes; for 2019-24 the annual average is 64 homes, and for 2024-32 the annual average is 43 homes.

Question 8.

The proposed Midlothian Local Development Plan (at Table 2.4, page 7) presents the total capacity of proposed sites to deliver by 2024 and beyond 2024. The draft Action Programme also programmes the delivery of these sites from 2014/15 to 2031/32. The total capacity of all the sites in both the proposed plan and draft Action Programme are equal but the programming differs with the Action Programme suggesting the delivery of more housing in the later period beyond 2024. Should the draft Action Programme, or the most up-to-date agreed housing land audit, be used to calculate the delivery of sites? Consequently, are the proposed plan's allocations shown in the tables correct? If not, these should be updated by the council.

8.1 Now that Homes for Scotland has agreed the 2016 Housing Land Audit with Midlothian Council, we suggest that the draft Action Programme should be updated to reflect the 2016 Audit. Our evidence set out within our updated table is based on the agreed 2016 Housing Land Audit.

9. Scottish Planning Policy (2014) directs that “local development plans in city regions should allocate a range of sites which are effective or expected to become effective in the plan period to meet the housing land requirement of the strategic development plan up to year 10 from the expected year of adoption” (paragraph 119). Should the Midlothian Local Development Plan specify a housing requirement to the year 2027 (10 years post-adoption)? If so, what allowance should be made and how would this figure be calculated? Or, as SESplan SDP is non-prescriptive about LDP allocations beyond 2024 would it be reasonable to rely on the draw-down of housing currently identified with potential to delivery in the post 2024 period (as shown in Table 2.4 of the proposed plan)?

9.1 Homes for Scotland considers that the Midlothian Local Development Plan should specify a housing requirement to reflect 10 years post-adoption to comply with Paragraph 119 of Scottish Planning Policy. The LDP is expected to be adopted in 2017, therefore a housing supply target for years 2024-5,

2025-6 and 2026-7 should be agreed, as this has not yet been identified by Midlothian Council.

- 9.2 We note that within the SESplan area, the recent Edinburgh Local Development Plan and Fife Local Development Plan both identify a requirement of 10 years post-adoption.
- 9.3 Our evidence set out within our updated table sets a specific requirement for the post-2024 period of 3 years from 2024-27. This has been calculated using agreed methodology from the Edinburgh LDP examination, whereby the Reporter accepted City of Edinburgh Council's calculations of annualising the 2019-24 figure and rolling out for a further 2 years. For Midlothian, this would be calculated by dividing the housing supply target for the period of 2019-24 of 4,410 homes by 5, and multiplying that 882 homes by three to equate to a housing requirement of 2,646 for the final 3 years of the Plan, as set out within Appendix 1.

Question 10.

In the event that a 5-year effective housing land supply is not maintained how would applications for housing proposals be determined against the provisions of the development plan (including the proposed local development plan), Scottish Planning Policy, and other material considerations?

Question 11.

Further to the provisions of paragraph 2.3.9 of the proposed local development plan, should a specific housing release policy be included in the plan? And, if so, how should the policy be worded?

- 10.1 Taking both questions 10 and 11 together, Homes for Scotland considers that neither the current Proposed Plan nor the agreed 2016 Housing Land Audit show that a 5-year effective housing land supply is being maintained.
- 10.2 In this instance, we suggest that a policy should be added to the Local Development Plan to support housing release if a 5 year effective housing land supply is not maintained. We also consider that further allocations should be made to ensure that a 5 year effective land supply can be maintained at all times, to be compliant with Scottish Planning Policy. Allocating land for housing upfront in the development plan (rather than relying on a policy which seeks to rectify a failure to maintain the 5 year effective housing land supply in a more reactive way) will be preferred to support delivery of homes in Midlothian as soon as possible.
- 10.3 In terms of wording of such a policy, we have looked to other SESplan authority Local Development Plans. We consider that the revised wording set out by the Reporter in the Edinburgh Local Development Plan examination would be accessible. The Reporter recommended the new Policy HOU1 for

Edinburgh, and Part 2 would be relevant to include within the Midlothian Local Development Plan:

“Where a deficit in the maintenance of the five year housing land supply is identified (as evidenced through the housing land audit) greenfield/greenbelt housing proposals may be granted planning permission where:

- a) The development will be in keeping with the character of the settlement and the local area*
- b) The development will not undermine green belt objectives*
- c) Any additional infrastructure required as a result of the development and to take account of its cumulative impact, including cross boundary impacts, is either available or can be provided at the appropriate time.*
- d) The site is effective or capable of becoming effective in the relevant timeframe.*
- e) The proposal contributes to the principles of sustainable development.”*

- 10.4 We do note that some Homes for Scotland Members have concern about the cumulative impact assessment requirement as part of this policy within the Edinburgh Local Development Plan, and as such we would caveat the use of this policy to where cumulative impact is only a consideration where there is a clear and specific potential impact. The provision of evidence on this should, again, only be required where there is an identified issue and there is data available to assess this.

Question 12.

In relation to health care provision, the council’s response within Issue 3 Schedule 4 refers to consultation with the National Health Service and the provision of new facilities in Newtongrange. The consultation response should be submitted. Further to this request, would there be sufficient health care provision to accommodate the level of housing growth promoted in the proposed local development plan (along with committed development)? And, if not, what measures could be implemented to meet future need and demand for health care provision?

- 12.1 Homes for Scotland reserves full comment on Question 12 until we have had an opportunity to consider Midlothian Council’s response to this question.

Question 13.

The proposed local development plan provides policy on developer contributions and site requirements including school provision. The draft Action Programme also provides a break-down of education requirements for housing sites. Despite this, has the council assessed the education capacity as part of the housing allocation and development strategy? And, would there be any spare capacity or an ability to otherwise accommodate pupil growth in

Midlothian should any additional housing (beyond that allocated in the proposed plan) be allocated? Any correspondence with the Education Authority in relation to school capacity and committed, proposed and additional housing sites (including any future schools building programme) should be included in the response.

13.1 Homes for Scotland reserves full comment on Question 13 until we have had an opportunity to consider Midlothian Council's response to this question.

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Appendix 1

Updated Annex 1 based on 2016 Agreed Housing Land Audit both with and without generosity added for comparison.

The evidence base for calculations within this table are set out within the Homes for Scotland responses to the Reporter's questions under Annex 2 of Further Information Request 01, Issue 03 Housing Land Supply.

Housing Land Requirement	2009-19	2019-24	2024-27	2009-27
SESplan Housing Requirement (Housing Supply Target)	8,080	4,410	2,646	15,136
Generosity (10%)	808	441	265	1,514
Housing Land Requirement	8,888	4,851	2,911	16,650
Meeting the LDP Housing Land Requirement				
Housing Completions 2009 -2016	3,664	0	0	3,664
Established Supply	2,156	3,125	585	5,866
Windfall	171	320	128	619
LDP Allocations	514	2,566	443	3,523
Total Land Supply	6,505	6,011	1,156	13,672
Remaining Housing Land Shortfall	-2,383	1,160	-1,755	-2,978

Housing Land Requirement	2009-19	2019-24	2024-27	2009-27
LDP Housing Land Requirement	8,080	4,410	2,646	15,136
Meeting the LDP Housing Land Requirement				
Housing Completions 2009 -2016	3,644	0	0	3,644
Established Supply	2,156	3,125	585	5,866
Windfall	171	320	128	619
LDP Allocations	514	2,566	443	3,523
Total Land Supply	6,485	6,011	1,156	13,652
Remaining Housing Land Shortfall	-1,595	1,601	-1,490	-1,484