

Johnston, Charles

From: Nicola McCowan Hill [REDACTED]
Sent: 28 February 2014 15:53
To: localplan
Subject: Scottish Borders Proposed Local Development Plan
Attachments: SBC Proposed Plan - HFS representations.docx

Please find attached Homes for Scotland's representations to the Proposed LDP. If you would like to discuss any of the points in the representations please don't hesitate to contact me directly. I'd be grateful if you could acknowledge receipt of our reps so I can confirm that they have been received in time before the 03 March 2014 deadline.

Many thanks in advance.

Kind regards,

Nicola

Nicola McCowan Hill
Principal Planning Advisor
Homes for Scotland

5 New Mart Place, Edinburgh, EH14 1RW
[REDACTED]

Website: www.homesforscotland.com

THE voice of the home building industry, Homes for Scotland's membership provides 95% of all new homes built for sale across the country, as well as a significant proportion of affordable housing. For up to date market commentary, visit www.homesforscotland.com or follow us on Twitter by clicking on the logo below.



Scottish Borders Proposed Local Development Plan

Representations on behalf of Homes for Scotland – dated 28 February 2014

Contact details: Nicola McCowan Hill, Principal Planning Advisor



Further to the Council's letter dated 02 December 2013 advising that the Proposed Local Development Plan (LDP) was available for a period of representations please find below our representations. We were unable to make the representations using the Online Local Development Plan (OLDP) system and instead have emailed them to localplan@scotborders.gov.uk.

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. We represent 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. The representations below have been discussed, drafted, and approved by the South East Scotland Home Builders' Committee.

Homes for Scotland welcome the opportunity to respond to the Proposed LDP and hopes our comments will inform the final version. Should there be any queries regarding the representations please do not hesitate to contact us directly. We look forward to hearing from the Council in due course and being made aware of the progress of the Proposed Plan and its journey through to Examination stage.

Scottish Borders Council Proposed Local Development Plan 2013

Homes for Scotland (HFS) have a number of small member companies in the Scottish Borders area and these companies engage with the Council through the local Housebuilder Forum. At the most recent forum these members highlighted the severe issues faced by the housebuilding industry in the Scottish Borders in particular the very limited access to development funding, because it is considered a poor housing market area at present by lenders, and the difficulty in achieving scale in order to achieve necessary returns.

HFS support their members and would like to emphasise the importance of the Council being flexible with their policies to encourage developments by the local small housebuilders who provide much of the range and choice to the housing market as well as contributing to the local economy. The flexibility with the various developer contribution policies, such as introducing a threshold of 10 units for the policy to kick in, and also applying and interpreting the affordable housing policy will be essential to help small development sites get started and much needed new housing be delivered.

Volume 1 – Policies

Chapters 1-3

Paragraph 1.10: HFS feel that in respect to the housing land requirement the Proposed LDP does not accord with SESPlan Strategic Development Plan (SDP). It appears to HFS that by approving the Proposed LDP for consultation prior to the SESPlan Supplementary Guidance (SG) '*Housing Land*' being adopted the Council is unable to clarify the housing land requirement. The methodology in Appendix 2 does not reflect the requirements set out in the draft SESPlan SG. This should be amended and cognisance of the SESPlan SG should be taken in the LDP.

Paragraph 2.3: HFS suggests that the last sentence be removed. It underplays the housing land requirement and we don't agree that the requirement to deal with future housing need is 'modest'.

We also seek that Key Outcome 1 is amended to the following so that it is in accordance with SESPlan SDP (policy 6) and meets the requirement for local authority areas to maintain a 5 years' effective housing land supply at all times.

"Key Outcome 1: The continued provision of an effective housing land supply to ensure a generous housing land supply."

Paragraph 3.6: The Proposed LDP states the provision of a generous supply of land for housing is a core ingredient of the Plan and that there is currently a generous supply of land identified; HFS are not convinced this is accurate, especially if it needs to meet the SESPlan draft SG housing land requirement (note – we understand in theory it could do if all the figures in appendix 2 are accepted, but even then it would fail to be providing a 'generous' housing land supply if the draft Scottish Planning Policy (SPP) minimum requirement of an additional 10% is used to define generous). It is requested the word 'generous' be removed from the second sentence. It's agreed the Proposed LDP will indeed need to be updated and the housing land supply augmented in line with SESPlan.

Also as HFS and members have not agreed the 2012 audit there is no confidence from the industry that the land supply given is effective.

Paragraph 3.13: The Proposed LDP seeks to identify a generous supply of housing land to meet the requirement identified by SESPlan Housing Need and Demand Assessment (HNDA) (see Appendix 2); the issue HFS identify is the draft SG requirement is far higher, therefore we recommend this sentence should be reworded to acknowledge that. We suggest removing the reference to the HNDA and inserting reference to the SESPlan SDP and SG '*Housing Land*' in its place.

Chapter 4 – LDP Policies

PM1 Sustainability & PM2 Quality Standards:

HFS understands mainline gas supply in some parts of the rural areas of the Scottish Borders is limited or not available and therefore suggests that these policies be flexible to take account of reducing fuel poverty rather than seeking to reduce the carbon requirement of new housing developments in these areas. It is felt there is greater benefit for occupiers in the reduction of fuel bills and addressing fuel poverty than there is in reducing the carbon effects of a development.

PMD4 Development outwith Development Boundaries:

Point c) refers to a shortfall identified by SBC only. It does not appear independent to us with solely the Council to judge whether there is a shortfall but the presumption HFS have taken is that if Reporters identify a shortfall then the Council would have to acquiesce. If this is not the case then HFS request the point is amended to clarify.

HD1 Affordable Housing:

Paragraph 1.4 – HFS suggest a change in the wording from ‘a minimum 25%’ to ‘a maximum 25%’ to reflect the change in wording in paragraph 97 of the draft SPP (and acknowledged in the Scottish Government Position Statement January 2014 of the SPP).

In the policy wording itself there is no provision for the developer to be able to fulfil their affordable housing requirement through the provision of built units, this should be amended and a sentence put in marked ‘g) *the provision of built units*’. Without the ability to provide built units HFS do not consider the affordable housing policy is as flexible as it needs to be. In order to be able to accommodate situations where there is limited or no Scottish Government grant funding it is vital developers are able to use as many avenues as possible to meet their affordable housing requirement. Providing unsubsidised entry level housing, or one of the other tenures set out in PAN 02/2010 ‘Affordable Housing & Housing Land Audits’, will be key to delivering affordable housing units where there is no grant funding available.

The policy as written does not provide any certainty to developers regarding the type and tenure of affordable housing required; the revised supplementary guidance must be clear on what is required, where, and the priorities and availability of Scottish Government grant funding. Early certainty of the affordable housing requirements for a site is essential for housebuilders and uncertainty and delays can lead to a development site becoming unviable and thereby stifling much needed new housing. The Chief Planner’s letter of March 2011 underlines the importance of removing development constraints to facilitate the delivery of much needed housing; and emphasises in the second bullet point the need to set out early on the affordable housing need in an area and the extent to which this can be met by proposals capable of little or no public subsidy. As stated it is counter productive to secure land for proposals requiring high levels of subsidy unless the authority is confident that a source of funding for this subsidy can be identified. The revised supplementary guidance

should be written in partnership with the Council's Housing Service in order to ensure there is a joined up and corporate approach to achieving the optimal amount of affordable housing through the affordable housing policy.

HFS feel the policy wording should be clearer and have the sentence below included to take account of development viability (as per the Reporter's comments at Examination of the Perth & Kinross Proposed Local Development Plan, published October 2013). Given the importance of delivery of affordable housing, it is crucial that the input from the private house building industry is recognized. The current pressures on viabilities from competing departments of the Council can lead to the non-delivery of sites. It is important that the flexibility and development viability is recognized at policy level, so that it is transparent and endorsed by the wider users of the plan.

"The Council will consider innovative and flexible approaches to the delivery of affordable housing and will take into account considerations that might affect deliverability such as development viability and the availability of funding."

HD2 Housing in the Countryside:

The policy in section (A) 'Building Groups' restricts the total increase in the number of dwellings to no more than 2 units or a 30% increase, we consider this to be too restrictive. It will make a number of small sites unviable. However, if the threshold was raised to a 50% increase this would make a substantial difference to the viability of these small sites and would therefore work towards increasing the number of new houses delivered on small sites in the Scottish Borders. It is noted that the Highland Council 'Housing in the Countryside' supplementary guidance (adopted March 2013) sets a maximum of a 100% increase on the number of units in a building group, while we do not feel that is necessary here and understand the Council seeking to restrict new housing in the countryside we do believe the 30% maximum is restrictively and should be revised upwards to 50%. The reference to no more than 2 units should be removed completely.

HD4 Further Housing Land Safeguarding

This policy is in accordance with SESPlan SDP, however, we feel further clarity is needed in this policy as there is no requirement by SESPlan to deal with shortfalls in the effective housing land supply by housing market area (HMA). It is made more complicated by the lack of a housing land requirement by HMA in the Proposed LDP. We feel this needs to be amended and more information provided.

On the subject of HMAs we suggest that the Central Borders HMA is too large encompassing the main towns of Galashiels, Hawick, Kelso, Jedburgh and Selkirk. Our local members tell us these are independent towns, each with their own identity, and its highlighted people are loyal to their towns and there is little movement from one settlement to another in terms of house purchases. For example people in Hawick would be unlikely to move to Galashiels etc. The calculations for Central Borders housing requirements need to be broken down to reflect the fact that many of the towns are their own HMA. The only

exception would be where an allocation is proposed that is so large that it is likely to draw in demand from outside the local area; the Newtown St Boswells historic allocation for 900+ units is one such example, and that will meet demand from across the Borders. We believe the Council needs to be more sophisticated and disaggregate the allocations for specific towns.

IS2 Developer Contributions:

In order to encourage development by the local small housebuilders in the Scottish Borders there is a need for policies to be flexible in order to facilitate development on a site by site basis. HFS seek a threshold to be applied of 10 units to the Developer Contributions policy in order to encourage the development of smaller sites by the local small and medium sized housebuilders. The payment of developer contributions should also be payable on the sale of units and not before to work with the cashflow of the development. There is still very limited funding for new residential development in the Scottish Borders as it is considered a poor housing market area by the lenders and the flexibility in the policy to encourage small new developments is vital to kick-start an increase in housing completions.

Paragraph 1.2 – while its understood where the Council is coming from we suggest that planning conditions should be used in appropriate circumstance in place of planning agreements (see the Reporters comments to Perth & Kinross LDP Examination and also East Ayrshire Local Plan Examination). HFS and the industry want to move away from legal agreements where possible to the use of planning conditions as standard where appropriate, this will facilitate the quicker release of planning consents and reduce unnecessary delays and expenditure on legal agreements. HFS suggests the following:

“Wherever possible, the requirements of this policy will be secured by planning condition. Where a legal agreement is required, the possibility of using an agreement under other legislation such as the Local Government (Scotland) Act 1973 will be considered . Only where successors in title need to be bound will a planning obligation be required.”

No mention is made of development viability or taking account of the cumulative effect of a number of developer contributions on the viability of a development; this should be amended and reference put in to the policy. There are 7 possible developer contributions plus affordable housing and in some cases the cumulative effect of these will render a development financially unviable. We recognise that this is in the SG but we feel it should be recognized at policy level to emphasise its importance and ensure that it is transparent and endorsed by the wider users of the plan. We suggest the following sentence be added to the policy wording:

“In all cases, the Council will consider the economic viability of proposals alongside options of phasing or staging payments.”

HFS is looking forward to the opportunity to submit comments to the revised supplementary guidance on Affordable Housing and Developer Contributions when they have been drafted. However, we are seeking clarity on when they are expected to be published; both are

classified as priority B in the Proposed LDP Appendix 3 '*Supplementary Guidance and Standards*' but there is no expected timescale alongside this.

IS6 Road Adoption Standards:

Paragraph 1.3 – HFS feel this is unclear, its not understood what it will actually mean to new roads and their delivery. Further clarity on this paragraph would be welcome.

We would like to see the policy wording amended to reflect the interpretation of the shared road guidance by Midlothian and East Lothian Councils so that the number of units accessed off a private road in both rural and urban areas is 4 units. Currently 4 houses can be accessed off a private road in rural areas of Scottish Borders but only 2 houses in urban areas. We do not agree with this position and seek it to be altered to reflect the approach taken by the other authorities; this again would help local small housebuilders and facilitate the delivery of much needed housing completions.

Appendix 2 '*Meeting the Housing Land Requirement*'

In summary having studied the housing land supply figures in Appendix 2 '*Meeting the Housing Land Requirement*' we conclude there is not enough land allocated to realistically meet the housing need and demand in the Scottish Borders area. However, it is difficult to pinpoint by how much the supply is short as the 2012 Housing Land Audit (HLA) (on which the figures are based) has not been agreed with Homes for Scotland and members.

This lack of agreement in the housing land audit process means there can not be confidence from the industry that the effective housing land supply is correct. Years 2016-2019 in the 2012 HLA show very high cumulative completions (870, 1003, 992 and 755 respectively) which have not been achieved in the past (peak was 659 in 2008). We continue to dispute that the total housing supply figures in the 2012 audit are correct.

In response to the draft 2013 HLA HFS queried the 5-year effective land supply figure of 3,389 and suggested that set against market activity of just over 300 completions, this is not tenable. The programming of completions in years 2017 – 2020 is regarded again to be too high and not realistic; the sudden jump from 436 completions in 2016 to 810 in 2017 is not reasonable and we suggested that these figures be reduced to a maximum range of 650-700 to reflect the past peak. In our view the true level of the 5 year effective housing land supply is probably closer to a range between 2,000 and 2,500 units.

The Proposed LDP uses the SESPlan Housing Need and Demand Assessment (HNDA) as its basis; whereas this would usually be an acceptable base the recent publication of the draft SESPlan SG '*Housing Land*' (November 2013) presents a higher housing requirement and to wait for the outcome of the SG would perhaps have been prudent to establish the actual figure that is required to be allocated for. Consequently the requirement 2009-2019 reads much reduced to that of the draft SG and implies there is a surplus of housing land allocated, as opposed to the shortfall produced using the draft SG figures. The Proposed Plan can not therefore be in accordance with SESPlan SDP.

The Council appear to acknowledge this in the first paragraph of section 2 of the relevant appendix, and then go on to note under Table 2 that the flexibility in the housing land supply is provided through the constrained sites. This is also the supply it appears the Council will rely on as the 'extra' to increase the numbers up to the draft SG requirement. We do not agree with this approach and in our opinion there is an over-reliance on constrained sites which brings with it inherent risk as to whether land will come forward for development within appropriate/acceptable timescales. This in turn threatens the deliverability of the Plan. It is clear to us there is little flexibility here and robust evidence should be provided of the site assessments of the constrained sites and how and when they are considered to become effective and contribute to the housing land supply.

Draft SPP proposes a minimum 10% extra to form a generous housing land supply, so on that basis at the very least land for a further 874 units is required using the Proposed Plan's figures (Appendix 2, Table 2 - housing demand for period 2009-2024 equalling 8738 units); or another 1,293 units if taking the draft SESPlan SG figures (housing requirement of 12,930 units for period 2009-2024). This is not taking into account what we expect to be the housing land shortfall.

Table 5 presents the new sites allocated in the Proposed LDP; these total 630 units which is exactly the additional requirement from the draft SESPlan SG (table 3.2 in that document) to be allocated within and outwith Strategic Development Areas in the Scottish Borders Council area. There is no flexibility or generosity provided within these new allocations and this must be amended.

In our view the housing land shortfall is likely to be in the range of 3,250-3,750 units but as stated earlier it is not possible to pinpoint the exact figure without an agreed housing land audit effective supply.

HFS respectfully request that the Reporters seek further information on the housing land situation; HFS would be pleased to work with the Council and the Reporters in seeking the appropriate solution to the apparent disagreement on the housing land requirement and effective housing land supply.