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Dear Local Development Plans Team,

Scottish Borders Local Development Plan Main Issues Report Homes for Scotland Representation

Introduction

Homes for Scotland welcomes the opportunity to comment on the Scottish Borders Local Development Plan (LDP) Main Issues Report (MIR) and this letter sets out all comments from Homes for Scotland on the MIR.

Strategic Development Plan

In line with Section 16 (6) of the Town and Country Planning (Scotland) Act 1997 (as amended by the Planning etc (Scotland) Act 2006), in preparing an LDP, the planning authority is to “ensure that the plan prepared is consistent with the strategic development plan”.

Homes for Scotland is therefore surprised that Scottish Borders Council has taken the decision to prepare, publish and consult on its MIR as the first statutory stage of its new LDP at this time without an approved Strategic Development Plan (SDP) in place. Homes for Scotland believes that the publication of the MIR is premature and when SESplan2 SDP is approved, it will have to be amended accordingly.

The necessary amendments to the number of new homes that require to be delivered over the LDP plan period after the approval of SESplan2 by Scottish Ministers in due course, will substantially change the plan’s course. HFS notes that the Housing Technical Paper states that “*the MIR therefore makes reference to the key parts within the proposed SESplan, and will take account of the new SESplan as required when it is adopted. Once a decision by Ministers is made this Technical Note will be updated and the identified housing land requirement will be addressed within the new LDP*”. There is no indication within Figure 1 or Figure 4 of the MIR as to how the Council will approach this process of updating the LDP in line with the approved SDP, and critically for members of the public and any stakeholders, how the Council intends to consult on these amendments. Will there be an updated MIR published? Or does the Council intend to update the housing numbers and allocations as part of the preparation of the Proposed Plan? Critically, there is no reference at all to how this update will be consulted on.

HFS notes that the MIR is the main stage for engagement in the preparation of an LDP. Once a Proposed Plan has been published, it is the settled will of that authority, therefore there is limited

scope for amendment at this stage, despite the opportunity for comment. It is therefore essential that the MIR deals with the HST and HLR for the new LDP and goes on to assess the preferred and alternative ways of delivering this housing requirement through housing allocations. This should not be carried out at Proposed Plan stage.

Indeed, Circular 6/2013: Development Planning states in the section on the LDP Proposed Plan (paragraph 80) that *“planning authorities should be able to demonstrate the underlying reasons for their preferred development locations and policies. This stage should not be used to ‘test the water’: new or controversial elements of plan content should already have been aired at the Main Issues Report stage (at least as reasonable alternatives). If a particular issue or site arises that was not consulted on in the MIR, the planning authority may need to carry out further consultation on that particular issue before publishing its Proposed Plan, if it wants to include it in the plan...”*

We therefore request that the Council provides further detail to all stakeholders and members of the public on how it will provide appropriate opportunity for any interested party to provide representations on an amended MIR at such time as the SDP is approved and there is clarity on all aspects of detail within the SDP that the LDP is required, by statute, to be consistent with.

City of Edinburgh Council was due to publish its MIR on a similar timescale to the Scottish Borders, however, has taken the decision to delay the finalisation of their MIR and subsequent consultation period until SESplan 2 has been approved by Scottish Ministers. Homes for Scotland supports this approach.

Planning for Housing

A key issue for any development plan is the delivery of homes, and this will always form a significant part of any MIR. This section outlines a number of issues with drafting this chapter of the MIR at this stage.

LDP Plan Period

Fundamental to the ‘Planning for Housing’ Chapter of the MIR must be the timeframe covered by the Plan. Paragraph 119 of Scottish Planning Policy requires that an LDP within a city region allocates *“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”*.

The Housing Technical Note confirms (page 2, paragraph 3) that the expected year of adoption of the Scottish Borders LDP2 is 2021/22. Therefore, the relevant 10-year plan period for the LDP is 2021/22 – 2030/31. Homes for Scotland does not dispute this, however would note that there may be significant delays to the plan making process as a result of the delays in the approval of SESplan2, therefore a review of the programme of approval of the Scottish Borders LDP may be required to ensure that timescales have not slipped such that the expected year of adoption has now been pushed to 2022/23 meaning the plan period for the LDP would have to be amended to 2022/23 – 2031/32.

SDP Plan Period

Beyond understanding the LDP plan period, it becomes far more difficult to progress with a chapter on ‘Planning for Housing’ without an approved SDP.

It is essential that the plan period for the SDP is understood to allow LDPs to be consistent with this start date, and then plan forward from there to determine the housing requirement up to year 10 from the expected year of adoption.

There are currently a number of different plan periods in front of Scottish Ministers who will be required to make a decision on which will be included in the approved Plan:

1. SESplan2 Proposed Plan sets HSTs and HLRs for the period from 2018-2030
2. The Reporter sets HSTs and HLRs within his conclusions and recommendations in the Examination Report for the period from 2012/13 – 2029/30
3. Homes for Scotland has submitted a statement to the Minister highlighting errors in the Reporter's conclusions and recommendations which would amend the plan period to 2011/12 – 2029/30; and
4. Homes for Scotland has also submitted a letter to the Minister on a number of key issues within the Reporter's conclusions and recommendations which also supports the amended plan period of 2011/12 – 2029/30.

The HFS submission to the Minister on SESplan2 regarding the Reporter's recommendations in the Examination Report is attached to this submission for information.

Housing Supply Target / Housing Land Requirement

Following on from the uncertainty over the SDP plan period, there is also significant uncertainty over the HST and HLR in the absence of an approved SDP. Even discounting the submissions made by HFS to the Minister, there is still a significant difference in the number of homes required by the HLR in the Reporter's recommendations, compared with the Proposed Plan.

Therefore, without the clarity of an approved SDP, which HLR should be taken into consideration by the LDP, and over what period should we consider this?

Housing Technical Note

HFS queries a number of the assumptions made within the Housing Technical Note which support the MIR. The understanding and evidence base for the assumptions made within the Technical Note are key to the plan's methodology for calculating the number of homes it may or may not have to allocate in the emerging LDP. We request that the Council provides a far more detailed Housing Technical Note to explain in a robust and transparent way how all of the assumptions within the 'Planning for Housing' chapter of the MIR have been reached, to allow all parties to be able to analyse these, and comment on their appropriateness.

Established Land Supply

We note that Table 4 sets out the Established Land Supply from the 2017 Housing Land Audit which includes the programmed completions within years 1-7 of the Audit, and also the number of units 'post year 7' and constrained land supply and then goes on to use all of these figures in Table 5 as contributions towards the HLR from 2017/18 to 2030/31.

We query the inclusion of all of the post-year 7 land supply and the assumption that this will all contribute towards the requirement to 2030/31 without clarification that all of these homes are able to be delivered by 2030/31. It may be that within Scottish Borders without any major strategic land releases, all of these homes are capable of being delivered by 2031, but this is not clear from the Technical Note.

Further we query the inclusion of all 1,827 homes within the constrained land supply as capable of contributing towards the HLR to 2031. There is no explanation within the Technical Note for this, but it suggests that the assumption has been made that all currently constrained sites can be expected to become effective within the LDP plan period. No evidence is provided to explain how this assumption has been reached, and how the current constraints will be overcome to allow these homes to come forward into the effective supply and be delivered.

Windfall Assumptions

Table 5 of the Housing Technical Note includes windfall assumptions and their contribution to the HLR from 2017-2031. There is no evidence base or explanatory text provided to explain how these windfall assumptions have been reached and what they are based on. From 2017/18 to 2021/22 a windfall assumption of 730 homes has been added, which is an annual average of 146 homes per annum over the 5-year period. From 2022/23 to 2030/31 a windfall assumption of 978 homes has been added, which is an annual average of 109 homes over the 9 years.

Demolition Assumptions

Similar to the windfall assumptions, the Housing Technical Note states that an assumption has been made of 20 demolitions per annum. No explanation is given for this assumption, so it is not clear why the assumption has been set at this level, nor is it possible to scrutinise this level to determine whether or not it is reasonable.

Estimated Completions

Table 8 of the Housing Technical Note sets out a “2-year average for Completions (2016 and 2017 HLA)” for the estimated completions 2017/18 to 2020/21. Again, no explanation has been provided to justify this assumption therefore it is not possible to understand why the authority has taken this approach to estimating completions for the period from 2017/18 to 2020/21, the 4-year period between the last year of known completions from the latest audit, and the expected year of adoption of the Plan.

This is particularly confusing since the Technical Note uses the effective supply from the latest audit in Tables 4 and 5 as the programmed completions which will contribute towards the housing requirement. The estimated completions in Table 8 are some 338 homes less than the programmed completions in the 2017 audit for the same time period. If the Council believes that the estimated completions in Table 8 are more realistic than those programmed in the audit because the audit contains over inflated programmed completions in some years which are unlikely to actually be delivered, then it should not be using the programmed completions from the audit to inform tables 4 and 5, and should instead set out a robust and transparent justification for using this alternative completions assumption in Table 8 instead. It cannot be the case that two tables use one assumption (Tables 4 and 5) whilst Table 8 uses a different assumption. Further clarity and evidence are required to be able to scrutinise the number of homes the Council believes will be completed between 2017/18 and 2020/21.

Contributions to the Requirement

The issue of an inconsistent approach to the methodology for estimating completions results in Table 10 of the Housing Technical Note being flawed. This table sets out total contributions to the housing requirement from 2017/18 – 2030/31 therefore is a key piece of the Council’s evidence to support the LDP.

Amongst other contributions, this table includes a potential land supply figure from the 2017 housing land audit (as set out in Table 4) and then subtracts an estimate of completions from 2017/18 to 2020/21 (as set out in Table 8). Because these two figures are based on different instead of matching assumptions, it means that more homes are estimated as contributing towards the requirement than will be subtracted in the assumption on completions for the same time period. This methodology is not explained anywhere in the Technical Note and is flawed. Given the importance of this table to the decision on the number of homes that are required to be allocated for the emerging LDP, it must be based on a robust methodology. Instead, the table is based on unevidenced assumptions of windfall and demolitions from 2017/18 to 2030/31 as well as a flawed methodology for the assumption on the number of homes that will contribute towards the requirement from 2017/18 to 2020/21 and the number of estimated completions within this same timeframe. HFS believes table 10 should be reduced by at least 338 units, and potentially more pending the ability to scrutinise a more transparent evidence base.

Housing Land Allocations

HFS would support a range of sizes and locations of sites being allocated within the emerging LDP to support different scales of home builders from small scale home builders, to larger home builders. This would allow a range and choice for the delivery of new homes. An over reliance on smaller scale sites will not allow meaningful and sustained housing growth in the Borders to be achieved to help build communities and stabilise the population. This requires some larger sites as part of the range of allocations.

HFS does not support the consultation on preferred and alternative allocations within the MIR at this stage in the absence of an approved SDP and clarity on the number of new homes required. Furthermore, given the level of uncertainty over the methodology within the assumptions in the Housing Technical Note, we question the accuracy on all levels of the housing numbers provided within both the MIR and the Technical Note.

Housing Policies

At such time as the plan preparation process moves on to consider more detailed plan policies, HFS would be supportive of the inclusion of policies to support the delivery of homes. Given the nature of the Scottish Borders, we recognise that there are opportunities for small scale home builders to operate and flourish in the region, and we would like to see the inclusion of policies to support these small scale home builders in particular, to help to strengthen and encourage this sector of the market, as well as overarching policies supporting the delivery of homes more generally.

Conclusion

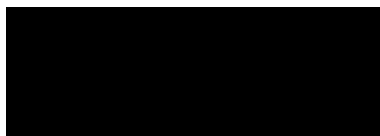
HFS believes that the publication and consultation on a Main Issues Report at this stage, in the absence of an approved Strategic Development Plan to be premature and inappropriate. HFS does not support the consultation on preferred and alternative allocations within the MIR at this stage in the absence of an approved SDP and clarity on the number of new homes required.

Furthermore, given the level of uncertainty over the methodology within the assumptions in the Housing Technical Note, we question the accuracy on all levels of the housing numbers provided within both the MIR and the Technical Note.

HFS requests further information from Scottish Borders Council on how it intends to update its MIR once SESplan2 has been approved by Scottish Ministers, and what the process for consultation on this update will be.

HFS extends an offer to meet with the Council at any stage to discuss further drafts of a Housing Technical Note to provide any comment or assistance in advance of its publication for consultation in the future, or to act as a critical friend in any way possible in the preparation of a revised MIR once SESplan2 is approved.

Yours faithfully



Head of Planning Practice

Enc: HFS Letter to Minister re SESplan2 and HFS Correction of Errors Report re SESplan2

SESplan 2 Strategic Development Plan Examination Report Correction of Examination Report Errors Statement

Introduction

Geddes Consulting has been instructed to review Issue 8 *Increasing Housing Delivery* of the SESplan Strategic Development Plan (SDP) Examination Report to understand the implications of the Reporter's conclusions and proposed modifications to text and tables.

As part of this review, a number of factual and arithmetical errors within the Examination Report as well as the subsequent Reporter's recommendations and proposed modifications, have been identified.

These are summarised as follows:

- Identification of incorrect market housing demand to 2030 as set out in the Housing Need and Demand Assessment (HNDA);
- Consequential change to the calculation the market housing supply targets to meet the identified market housing demand from the HNDA (modified Table 5.1 *Housing Supply Targets 2012-2030*); and
- Consequential change to the calculation of the housing land requirement (modified Table 5.2 *Housing Land Requirements 2012-2030*).

As a result of the Reporter's conclusions and proposed modifications to the text in Chapter 5, there are also a number of further changes to the text that are still required to be made to be consistent.

Background

The arithmetical and factual errors are in the calculations used to determine the market housing demand and affordable housing need. This Statement fully explains and identifies these errors as well as setting out the required modifications to the SDP prior to Approval.

For market housing demand, the Reporter adopts an annual average market demand and then multiplies over the Reporter's incorrectly determined plan period (18 years rather than 19 years) and therefore achieves the wrong estimate of the HNDA market demand (45,108 homes rather than 47,635 homes).

Conversely for affordable housing need, the Reporter adopts the correct estimate of HNDA affordable demand (49,308 homes) and then divides over the Reporter's incorrectly determined plan period (18 years) to identify the annual average affordable need.

As concluded by the Reporter, the purpose of the recommendations is to achieve both the correct estimate of market housing demand (47,635 homes) and affordable housing need (49,308 homes) over the plan period from 2011 to 2030.

Identification of incorrect market demand

The Reporter concludes that the use of the Wealth Distribution outcome from the HNDA to derive the housing supply targets was justified (Issue 8, paragraph 13).

The Wealth Distribution outcome from the HNDA to be provided by 2030 is 47,635 market housing demand and 78,051 affordable housing need. This is a total of 125,686 housing need and demand to 2030. This is clearly shown in the SDP's Housing Background Paper (Appendix B, Table B.3 *Wealth Distribution Estimates*) as well as the Homes for Scotland response to Further Information Request 11 (paragraph 4.5).

For the market housing supply targets, the Reporter concluded that SDP's market housing supply target should be modified so as to require the full extent of the 2012 to 2030 demand for market housing that was estimated in the HNDA, to be provided by 2030 (Issue 8, paragraph 43).

However, the Reporter has identified that this will require the delivery of 45,108 market homes across the city region by 2030 (Issue 8, paragraph 43). No evidence submitted to the Examination identified the full extent of the 2012 to 2030 demand for market housing in the HNDA as 45,108 market homes.

For clarification, the SDP's Housing Background Paper (Appendix B, Table B.3 *Wealth Distribution Estimates*) and the Homes for Scotland response to Further Information Request 11 (paragraph 4.5) correctly identify the full extent of the 2012 to 2030 demand for market housing that was estimated in the HNDA as 47,635 market homes.

The source of the Reporter's arithmetical error relates to the misinterpretation of the time period specified in the SDP that relates to the HNDA. The time period to address the full extent market housing demand is a 19 year period – 2011/12 to 2029/30 (from 1st April 2011 to 31st March 2030) but presented in the SDP as 2012 to 2030. Unfortunately, the Reporter has mistakenly interpreted the 2012 to 2030 period as an 18 year period – 2012/13 to 2029/30 (from 1st April 2012 to 31st March 2030) rather than its full 19 year period (Issue 8, paragraph 37).

This was explained to the Reporter in the Homes for Scotland response to Further Information Request 11 (paragraph 4.4) as well as clarified by the Strategic Development Planning Authority in its Schedule 4 for Issue 8 which stated:

It should be noted that in the HNDA appendix 4, the year shown e.g. 2012 means the change from 2011 to 2012. Therefore the most approximate completions comparison would be that for the 2011/12 financial year.

The years in the period, as presented in the SDP, is therefore 2012 (2011/12) to 2030 (2029/30) – a 19 year period.

Contrary the Reporter's conclusion, Homes for Scotland did not suggest that the SDP should use the annual estimates of market housing demand from the HNDA (Issue 8, paragraph 37).

As demonstrated in the response to Further Information Request 11, Homes for Scotland states that HNDA Wealth Distribution Estimate 2012 to 2030 was over the period from 2011/12 to 2029/30 (19 years) and the market housing demand estimate set out in the HNDA is 47,635 homes to 2030 (paragraph 4.5).

Unfortunately, the Reporter has simply made an arithmetical error in adopting the annual average market demand derived from a 19 year period, then multiplying this annual average market demand by an assumed 18 year period, and therefore fails to identify the correct market demand estimate of 47,635 homes as set out in the HNDA.

These arithmetical errors in the drafting of the Examination Report are further demonstrated by the incorrect statement that Homes for Scotland identifies the delivery of 120,258 all tenure homes to be built between 2012 and 2030 (Issue 8, paragraph 61).

The Reporter subsequently contradicts this statement by identifying that Homes for Scotland requests that the all tenure housing supply target be adjusted to match the 125,686 homes that the HNDA identified (Issue 8, paragraph 103).

For avoidance of doubt, the Reporter has concluded that the full extent of the demand for market housing that was estimated in the HNDA is to be provided by 2030 (Issue 8, paragraph 43).

The outcome of addressing the full extent of the 2011 to 2030 demand for market housing that was estimated in the HNDA over the HNDA's specified 19 year period is as follows:

2011 to 2030 Authority	Market	
	Annual*	Period
Edinburgh	1,496	28,423
East Lothian	183	3,484
Fife	347	6,602
Midlothian	117	2,223
Scottish Borders	113	2,151
West Lothian	250	4,752
SESplan	2,507	47,635

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding.

The period totals set out for each local authority are identical to those identified by the SDP's Housing Background Paper (Appendix B, Table B.3 *Wealth Distribution Estimates*) as well as those identified by Homes for Scotland in the response to Further Information Request 11 (paragraph 4.5). Dividing the total market housing demand of 47,635 by 19 years equates to 2,507 homes per year.

We respectfully request that Scottish Ministers modify Table 2 *Market housing supply target 2012-2030 derived from the HNDA* set out in the Examination Report to reflect the correct annual and period totals for market demand over the SDP's 19 year period from 2011 to 2030.

Consequential calculation of market housing supply targets

As a result of the arithmetical errors in drafting the Examination Report, the Reporter has consequently identified incorrect market housing supply targets as a result of identifying the incorrect market housing demand.

In order to establish the market housing supply targets for the Proposed Plan, the Reporter concluded that:

...if one applies the same redistribution of market housing demand that was used in the proposed plan to the 2012-2030 figures in Table 2 above, one can adjust the HNDA derived figures that I consider to be appropriate, to reflect the same redistribution as was previously proposed. I recommend that it is these redistributed figures that are used to modify Table 5.1 of the proposed plan.

It is noted that the Reporter did not specifically identify the redistribution percentages applied.

We have established that the redistribution percentage of market housing demand referred to by the Reporter is calculated by identifying the proportion of the total SESplan period market housing supply target set out in Proposed Plan to be met by each local authority.

This redistribution percentage is then applied to the annual market housing demand set out in Table 2 *Market housing supply target 2012-2030 derived from the HNDA* of the Examination Report.

The redistribution percentages adopted in the Proposed Plan are set out below:

Authority	Period	%
Edinburgh	14,640	39.65%
East Lothian	3,960	10.72%
Fife	7,260	19.66%
Midlothian	4,428	11.99%
Scottish Borders	2,640	7.15%
West Lothian	3,996	10.82%
SESplan	36,924	100.00%

The Reporter's calculation applied these redistribution percentages to the annual market housing demand set out in Table 2 of the Examination Report to establish the market housing supply targets, as set out below:

Authority	Demand	%	Target
Edinburgh	1,496	39.65%	994
East Lothian	183	10.72%	269
Fife	347	19.66%	493
Midlothian	117	11.99%	301
Scottish Borders	113	7.15%	179
West Lothian	250	10.82%	270
SESplan	2,506	100.00%	2,506

Having established the revised annual market housing supply target, the Reporter subsequently multiplied the annual market housing supply target by 18 years rather than 19 years.

As explained previously, the consequential outcome is that the incorrect SESplan market housing supply target of 45,108 homes is identified. The full extent of the demand for market housing is estimated in the HNDA at 47,635 homes by 2030.

Applying the Reporter's redistribution percentages to the correct market housing demand over the period, the outcome is as follows:

Authority	Demand	%	Target
Edinburgh	28,423	39.65%	18,887
East Lothian	3,484	10.72%	5,109
Fife	6,602	19.66%	9,366
Midlothian	2,223	11.99%	5,712
Scottish Borders	2,151	7.15%	3,406
West Lothian	4,752	10.82%	5,155
SESplan	47,635	100.00%	47,635

The outcome of addressing the full extent of the 2011 to 2030 demand for market housing, applying the redistribution percentage to establish the market housing supply target, then dividing by the HNDA's clarified 19 year period to identify an annual average target is as follows:

2011 to 2030	Market	
Authority	Annual*	Period
Edinburgh	994	18,887
East Lothian	269	5,109
Fife	493	9,366
Midlothian	301	5,712
Scottish Borders	179	3,406
West Lothian	271	5,155
SESplan	2,507	47,635

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding.

Dividing the SESplan total market housing supply target of 47,635 by 19 years equates to 2,507 homes per year, identical to dividing the HNDA market housing demand to 2030 by 19 years.

We respectfully request that Scottish Ministers modify Table 3 *Market housing supply target 2012-2030 (adjusted to redistribute demand)* set out in the Examination Report to reflect the correct annual and period totals for market housing supply targets over the HNDA and SDP clarified 19 year plan period from 2011 to 2030

Consequently, the Reporter's recommendation to replace Table 5.1 of the Proposed Plan will require additional modification to take account of this arithmetical and factual error to the market housing supply targets. The affordable need to 2030 will also be required to be divided by 19 years rather than 18 years as undertaken by the Reporter.

This modification is as follows:

Table 5.1 Housing Supply Targets 2011-2030

Area	Number of Homes			Number of Homes		
	Annual Average			Period Total to 2030		
Authority	Market*	Affordable*	Combined*	Market	Affordable	Combined
Edinburgh	994	1,523	2,517	18,887	28,944	47,831
East Lothian	269	234	503	5,109	4,440	9,549
Fife	493	289	782	9,366	5,484	14,850
Midlothian	301	205	506	5,712	3,900	9,612
Scottish Borders	179	104	283	3,406	1,980	5,386
West Lothian	271	240	511	5,155	4,560	9,715
SESplan	2,507	2,595	5,102	47,635	49,308	96,943

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding

Consequential calculation of the housing land requirement

In accord with the Reporter's conclusions, 10% generosity should be added to the combined market and affordable housing supply targets to identify the SDP's housing land requirements.

We respectfully request that Scottish Ministers modify the Reporter's recommendation to replace Table 5.2 of the Proposed Plan to take account of the consequential arithmetical errors to the market housing supply targets, and then apply the appropriate 10% generosity.

This modification for a 19 year plan period is as follows:

Table 5.2 Housing Land Requirements 2011-2030

Area	Number of Homes	Number of Homes
	Annual Average*	Period Total
Edinburgh	2,769	52,614
East Lothian	553	10,504
Fife	860	16,335
Midlothian	556	10,573
Scottish Borders	312	5,925
West Lothian	562	10,687
SESplan	5,612	106,637

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding

Conclusion

The Reporter has unfortunately applied factual and arithmetical errors in the drafting of the Examination Report for Issue 8 *Increasing Housing Delivery*.

As a result of these errors, the SDP identifies a market housing supply target with 2,507 fewer market homes than was intended to be met by the Reporter.

We therefore respectfully request that Scottish Ministers modify the Reporter's recommendations to take account of these corrections set out in this Statement.

As concluded by the Reporter, the purpose of the recommendations is to achieve both the correct estimate of market housing demand (47,635 homes) to 2030 and the identified affordable housing need (49,308 homes). This is to be met over a 19 year period as clarified by the HNDA and SDP.

The consequential modifications to Chapter 5 *A Place for Communities* is set out in the Annex 1 of this Statement.

Annex 1 Consequential Modifications

SESplan Strategic Development Plan

Chapter 5 A Place for Communities (as modified)

Increasing Housing Delivery

5.1 New housing is needed to provide homes for those already living in the region, including younger people who need a first home, families who want to move up or older people who may wish to downsize. New homes are also needed for those who want to move here, helping the economy grow so that strategic centres and town centres can continue to thrive. Access to well designed, energy efficient, affordable homes supports health and wellbeing and helps create successful places. This plan sets out ambitious targets for housing and a generous land requirement to enable these targets to be met.

Housing Supply Targets and Housing Land Requirements

5.2 Table 5.1 sets out the number of homes (The Housing Supply Target) to be built in the SESplan Housing Market Area. This has been divided between member authorities in a way that reflects housing need and demand as well as environmental and infrastructure capacity. This provides a Housing Supply Target, split into market and affordable, for each local authority area over ~~the years a 19 year period from 2018-2030~~ 2011 to 2030.

5.3 The Housing Land Requirement (Table 5.2) sets out the generous level of housing land needed to allow the Housing Supply Targets to be met. A 10% generosity margin has been applied to the Housing Supply Targets to calculate the Housing Land Requirements. The 10% margin provides for a generous land supply whilst ensuring that the viability of allocated sites is not undermined by an over supply of land.

Table 5.1 Housing Supply Targets ~~2012-2030~~2011-2030

Area	Number of Homes			Number of Homes		
	Market	Affordable	Combined	Market	Affordable	Combined
Authority						
Edinburgh	994	<u>1,523</u> 1,607	<u>2,517</u> 2,601	<u>18,887</u> 17,892	28,944	<u>47,831</u> 46,836
East Lothian	269	<u>234</u> 247	<u>503</u> 516	<u>5,109</u> 4,842	4,440	<u>9,549</u> 9,282
Fife	493	<u>289</u> 305	<u>782</u> 798	<u>9,366</u> 8,874	5,484	<u>14,850</u> 14,358
Midlothian	301	<u>205</u> 217	<u>506</u> 518	<u>5,712</u> 5,418	3,900	<u>9,612</u> 9,318
Scottish Borders	179	<u>104</u> 110	<u>283</u> 289	<u>3,406</u> 3,222	1,980	<u>5,386</u> 5,202
West Lothian		<u>271</u> 270	<u>511</u> 523	<u>5,155</u> 4,860	4,560	<u>9,715</u> 9,420
SESplan		<u>2,507</u> 2,506	<u>5,102</u> 5,254	<u>47,635</u> 45,108	49,308	<u>96,943</u> 94,416

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding.

Table 5.2 Housing Land Requirements ~~2012-2030~~2011-2030

Area	Number of Homes Annual Average*	Number of Homes Period Total
Edinburgh	<u>2,769</u> 2,861	<u>52,614</u> 51,498
East Lothian	<u>553</u> 568	<u>10,504</u> 10,224
Fife	<u>860</u> 878	<u>16,335</u> 15,804

Midlothian	<u>556</u> 570	<u>10,573</u> 10,260
Scottish Borders	<u>312</u> 320	<u>5,925</u> 5,760
West Lothian	<u>562</u> 575	<u>10,687</u> 10,350
SESplan	<u>5,612</u> 5,772	<u>106,637</u> 103,896

*The annual average is the period total to 2030 for each local authority is divided by a 19 year period, subject to rounding.

5.4 The Housing Supply Targets were informed by the 2015 SESplan Housing Needs and Demand Assessment. Separate supply targets are set for market and affordable housing. The majority of need and demand identified in the 2015 Housing Need and Demand Assessment is for affordable housing. Targets for affordable housing have been set at a level that would satisfy all of the need that has been identified [from 2018 to 2030](#). These will be challenging to meet. Market housing targets seek to provide the full extent of estimated market demand with some redistribution of that arising in the City of Edinburgh to other authorities, although at a reduced level than has been the case in the past in order to support the plan's strategy to locate housing nearer to where people work, support public transport use and encourage more people to walk and cycle to work. This will help to improve air quality and reduce climate change impacts.

5.5 Delivering the plan will require an ambitious affordable housing delivery programme. This is in line with SESplan member authority and Scottish Government plans to increase affordable housing delivery. **Local Development Plans will set out the proportion of affordable housing that will be sought on [market housing sites](#), taking into account relevant local factors. Affordable housing will also be developed by housing associations and councils, making best use of the public estate.**

5.6 Specialist housing, including a wide range of housing with care and support, plays an important role in enabling people to live healthy lives with dignity and independence. **SESplan member authorities will ensure that Local Housing Strategies and Local Development Plans enable the types of homes that will address the needs of a growing, ageing population and the growth in the number of smaller households.**

5.7 The housing needs of Gypsies and Travellers are a potential cross-boundary issue. **SESplan member authorities will work together through the South East Scotland Housing Forum to update housing need information for these communities.**

[2018-2030/2011-2030](#) Period

5.8 **Local Development Plans will ensure that there is a sufficient supply of housing land to meet the Housing Land Requirements over the 10 year period from the expected date of plan adoption.**

5.9 **City of Edinburgh Local Development Plan will give priority to brownfield sites in the urban area within the Green Belt's inner boundary and ensure all allocations are consistent with this Strategic Development Plan.**

5.10 For all SESplan member authorities the level of housing land to be allocated will depend on the estimates of housing land at the time of Local Development Plan preparation. This shall include evidenced allowances for windfall sites and demolitions. **SESplan member authorities will also consider deallocating sites carried over from multiple plan cycles where action taken has proved ineffective in making them deliverable over a number of plan periods. SESplan member authorities will also consider deallocating sites where they are not required to meet plan objectives, or consider changing such sites to long term growth opportunities.**

5.11 A step change in the level of home building is needed for the Housing Supply Targets to be achieved. **SESplan member authorities will monitor the availability of effective housing land in relation to the**

SESplan Housing Market Area and by Local Authority Area. This will be monitored and updated annually through the housing land audit. They will maintain a five year effective housing land supply at all times, within each Council area, measured against the five year housing supply targets. These are calculated by multiplying the annual average housing supply targets (Table 5.1) by five, and fully accounting for any deficit or surplus in completions against the housing supply target in previous years. Any deficits arising must be added to the 5-year all-tenure housing supply target to ensure that the whole target is achieved by the end of the plan period.

5.12 Where a shortfall in the five year effective land supply is identified, sites for greenfield housing development proposals may be allocated in Local Development Plans or granted planning permission to maintain a five years effective housing land supply, subject to the following criteria:

- Development must be consistent with the spatial strategy of the development plan or be well located in respect of community facilities and sustainable transport options;
- The scale of the proposal must not exceed the scale of the shortfall identified and the proportion of affordable to market housing must have regard to the proportion of affordable and market housing in the identified shortfall;
- Development must demonstrate that a significant proportion of the total number of homes proposed will be completed in the next five years;
- The scale, location and design of development must take account of the Placemaking Principles (Table 3.1);
- Development must align with any SESplan member authority guidance on green networks;
- Development must align with green belt objectives or the objectives of other designations fulfilling a similar function (Para. 3.8); and
- Development must demonstrate that any infrastructure required is already committed and funded, or will be delivered by the developer.

2030-2038 Period

5.13 Indications of the scale of housing required have been provided for 2030-2038 (Table 5.3) based on the 2015 Housing Need and Demand Assessment estimates. These figures do not take into account wider factors that may influence delivery, given the difficulty of making robust assumptions about these at this time. They are higher than the Housing Supply Targets for ~~2018-2020~~2011-2030 and will require a further step-change in the rate of delivery of affordable housing if the full level of affordable need is to be met. Additional housing land allocations are likely to be required in all authorities for the 2030-2038 period to meet this need. These allocations will need to be made in Local Development Plans being prepared after the next Strategic Development Plan, in line with the spatial strategy. The next Strategic Development Plan will identify more specific locations for these to be met in line with the spatial strategy.

Table 5.3 Indicative Scale of Housing Required 2030-2038

Area	Number of Homes Combined Annual Average	Number of Homes Combined Period Total
Edinburgh	2,491	19,928
East Lothian	534	4,274
Fife	892	7,139
Midlothian	550	4,397
Scottish Borders	358	2,866

West Lothian	652	5,212
SESplan	5,477	43,816



Kevin Stewart MSP
Minister for Local Government, Housing and Planning
The Scottish Parliament
Edinburgh
EH99 1SP

By Email to: scottish.ministers@gov.scot

19 October 2018

Dear Minister,

Proposed South East Scotland Strategic Development Plan (“SESplan 2”)

We write to appraise you of some inadvertent mistakes, made by SESplan 2 Reporters, that will prevent Scotland from realising significant numbers of affordable homes that could be delivered but for these errors.

As you will be aware, on 20th July your Reporters submitted their Report on the Examination of SESplan 2 to you for your consideration. Whilst Homes for Scotland supports many of the Reporters’ intentions and recommendations, unfortunately there are some significant factual and interpretation errors in the Report that mean the Plan cannot be approved in the form recommended by the Reporters. To do so would, without necessity, cut off vital opportunities to meet the affordable housing need identified by SESplan. This would be in nobody’s interest.

This letter and enclosure set out the errors contained in the Report which, if not corrected, will have the effect of delivering significantly fewer homes than intended, and far fewer than are required to meet housing need and demand identified in SESplan 2’s Housing Need and Demand Assessment (HNDA). The inevitable consequence of not delivering these homes is that ordinary people on modest incomes in need of housing will be unable to afford to purchase a home from the limited supply available.

If SESplan 2 is approved by Scottish Ministers as recommended by the Reporters, it will create huge social injustice affecting the lowest earning 25% of the population because of a simple, but fundamental, error in the Reporters’ reasoning. In short, hardworking people will be further priced out of the market because the demand which SESplan 2 admits exists will not be met by an appropriate number of affordable homes.

We have enclosed a *Correction of Examination Report Errors Statement* which sets out factual and arithmetical errors contained within the SESplan 2 Examination Report which must be rectified before the approval of this SDP. These errors impact on the Reporter’s recommendations and proposed modifications and are summarised as follows:

- Identification of incorrect market housing demand to 2030 as set out in the HNDA;
- Consequential change to the market housing supply targets (modified Table 5.1 *Housing Supply Targets 2012-2030*); and
- Consequential change to the housing land requirement (modified Table 5.2 *Housing Land Requirements 2012-2030*).

The enclosed Statement fully explains these errors as well as setting out the required modifications to SESplan 2 prior to approval. We request that you use your powers to modify SESplan 2 to correct these factual and arithmetical errors made in the Reporters' conclusions.

In addition, there are two principal interpretation errors in the Reporters' recommendations. These are as follows:

1. A misunderstanding of the way in which affordable housing is defined in SESplan 2 and Scottish Planning Policy (SPP), leading to a very significant under-estimate of the amount of affordable housing that can be delivered.
2. Related to this, and because it appears that neither SESplan authors nor the Reporters were familiar with how the SESplan Councils record information on the completion of affordable housing, it is impossible to calculate the delivery of housing against the distinct targets for affordable and market housing. As we explain below, this is why it is essential to adopt a whole-system, "all-tenure" approach to establishing targets and calculating delivery, as is the case in all other SDPs in Scotland.

This letter sets out why correcting these errors whilst you have the opportunity means that the Housing Supply Target and Housing Land Requirement of SESplan 2 will be increased significantly (whilst remaining deliverable). In turn, this will require a modification to the Spatial Strategy.

Affordable Housing Supply Targets

The Reporter who examined the Housing Chapter of SESplan 2 concludes that the chosen HNDA wealth distribution scenario must be met in full for market housing to 2030. However, he takes a different approach in respect of "affordable" housing and does not recommend that enough homes are built to meet "affordable" need to 2018.

The Reporter sets out a justification for this approach in Paragraphs 124-127 of Issue 8 of the SESplan 2 Examination Report and states:

"I find that a different approach is appropriate in respect of affordable housing due to its reliance on public funding." (paragraph 124)

*"My support for increasing the proposed plan's affordable HSTs so that they reflect the HNDA-estimated housing need **was based upon predictions of funding availability going forward. If the backlog in affordable housing provision that has already arisen were also to be met, even more public funding would be required.** No evidence has been provided to suggest that there is **sufficient funding** to deliver the level of affordable housing **necessary** to meet both the need going forward and the backlog that has developed."* (our additions of bold and underline, paragraph 125).

This conclusion does not properly reflect SESplan2's definition of affordable housing, which is: *"housing of reasonable quality that is affordable to people on modest incomes."*

This definition is the same as contained in paragraph 126 of SPP 2014 which then goes to explain that *"affordable housing may be provided in the form of social rented accommodation, mid-market rented accommodation, shared ownership housing, shared equity housing, housing sold at a discount (including plots for self-build), and low cost housing without subsidy"*.

It is therefore clear that the term "affordable housing" as used in SESplan 2 and SPP does not only refer to social rented accommodation (requiring public funding) for its delivery. It anticipates and allows for un-subsidised affordable delivered by the private sector.

Regrettably therefore, in reaching his conclusions on whether to address “affordable” need to 2018, the Reporter makes a fundamental error.

He states (in paragraphs 125 and 126 of Issue 8 of the Examination Report) that *“if the backlog in affordable housing provision that has already arisen were also to be met, even more public funding would be required... My view is that delivering the annual levels of affordable housing delivery that the HNDA estimates will be required over the period 2018 – 2030 is the absolute limit of what could reasonably be considered achievable and that, having regard to all that is known of current and short term funding and the most optimistic assumptions of its medium to longer term availability, it would not be reasonable also to seek to address the backlog that has developed since 2012.”*

This is clearly not the case as it is possible to deliver significant amounts of affordable housing (as defined by SESplan 2) without public subsidy. The Reporter’s reasoning refers only to the availability of public funding to deliver affordable homes. His error means that a very significant number of homes which could be delivered without any public subsidy would not be planned or accounted for through SESplan 2. This would be a huge opportunity lost for everyone concerned. You are uniquely placed to resolve this.

The fact that this is a backlog of unmet housing need does not diminish the importance of accommodating that need in the future. The failure to account for these homes in the past contributes to the affordability issues faced by an increasing number of people today and into the future. This unmet housing need will continue to exist and will remain in future iterations of the HNDA evidence base. These are real homes needed by real people who earn the least money in the SESplan region. If SESplan 2 is approved based on the Reporters’ recommendations, these people will remain excluded from the housing market, and unnecessarily so. This is not about numbers on paper – it is about real homes that can only be delivered if they are planned for.

The All-Tenure Approach

The Proposed SESplan 2, and the Reporters’ conclusions, support a split tenure approach and provide two different housing supply targets – both market and affordable. Homes for Scotland considers that an all-tenure, whole-system approach continues to be the most appropriate way to ensure that the considerable contribution that the delivery of market homes makes to the delivery of affordable housing is taken into consideration.

Further, given the definition of affordable housing in SESplan 2 (and SPP), the split-tenure approach makes it impossible to calculate delivery of housing against the housing supply targets when set out as proposed by the Reporter. Consequently, SESplan 2 (either as proposed by the SDPA or by the Reporter) cannot be implemented and is unworkable.

Based on the SESplan 2 (and SPP) definition of affordable housing, there are a number of different tenures which would constitute housing that is available to people on modest incomes. This is not limited to social rented accommodation or other housing covered by public subsidy.

SESplan 2 itself acknowledges that there are a number of types of housing delivery which can support affordable housing delivery (Section 7, paragraph 7.20 of the SESplan2 Housing Background Paper). Completions of any of these tenures set out below will be recorded as private sector delivery but are actually supporting the delivery of affordable housing supply targets.

- Private Rented Sector – *“private rented sector can help meet a proportion of affordable need that is not being met by recognised affordable tenures. Whilst there is no quantifiable level for how much affordable need this meets, Local Authorities do make use of private rented sector stock to house families in affordable need.”*
- Help to Buy – *“currently helping meeting the needs of some households who want to but could not raise the finance to own a home. It provides government backed deposit support.”*

Whilst households estimated by the HNDA who could afford a market home may be making use of the scheme, it could also be those identified as needing affordable need.”

- Other Tenures Recognised as Affordable – The background paper acknowledges that New Build Shared Equity would be counted as market delivery, but that it “*can assist to meet a limited level of need recognised as affordable in the HNDA estimates*”. In addition, Open Market Shared Equity is not formally recognised as an affordable tenure in the HNDA, but the Housing Background Paper suggests that “*using existing owner occupier homes this way to help meet affordable need can be replaced with new build owner occupier homes*”, thus contributing towards affordable need.

All other SDPs in Scotland adopt an all-tenure approach, with SESplan 2 being the only exception. In the case of the recent Clydeplan examination, the Reporter concluded that “*the identification of an all-tenure housing supply target recognises the potential role of the private sector in providing a range of affordable housing types, not just through the application of quota policies to otherwise wholly private developments. New housing provided in any tenure will contribute to meeting the overall housing supply targets which have been identified across Clydeplan. Assumptions regarding the likely tenure of the provider should not impose artificial or unnecessary restrictions on new housing provision*” (Issue 10, modification 6).

You accepted that conclusion when you approved Clydeplan in July 2017, and we believe your decision on SESplan 2 must be made consistent with this approach, and the approach taken nationally across Scotland .

It is vital that the housing supply targets for SESplan 2 are set on an all-tenure basis to ensure that a range and choice of market and affordable homes can be delivered across the city region reflecting the full housing need and demand identified by the HNDA to 2030.

Calculating Affordable Housing Delivery

It is impossible to calculate the delivery of affordable housing separate to that of market housing when using the current SESplan 2 definition of affordable housing.

No SESplan member authority has evidence of completions on a split-tenure basis as set out in SESplan 2. Whilst some authorities have data related to private and public sector housing (for example City of Edinburgh Council), the majority do not.

In addition, those authorities which have attempted to calculate completions on a split tenure basis (market and affordable) have done so on the basis of private or public sector funding only and not on the basis of affordability as defined in SESplan 2. That data simply does not exist.

On that basis, SESplan 2, as recommended by your Reporters, is unworkable and cannot be approved. The only means by which progress of housing delivery against need can be measured is by adopting the all-tenure approach which you approved in Clydeplan.

Spatial Strategy

Given that the Proposed SESplan 2 was prepared on the basis of *not* meeting the housing need and demand in full, in our view its spatial strategy is not currently flexible enough to accommodate this objective. This is reflected in the terms of the modified paragraph 3.2 recommended by the Reporters:

“For the next 12 years, some of the need for strategic growth will be met by land already identified in existing and proposed Local Development Plans. The broad location of any additional sites that require to be identified will be within the areas identified as ‘Strategic Growth 2018-2030’. Most of this will occur in and around Edinburgh and along transport corridors.”

Although this paragraph may have been recommended by the Reporters with the intent of increasing flexibility, the wording, in our view, is far from clear in respect to where strategic growth from 2018 – 2030 will be permitted.

In this regard, it is important to note that the strategic growth areas shown in Figure 3.1 are already identified for development in existing LDPs and do not contain any significant flexibility unless changes of future use to housing are being considered.

The approved Spatial Strategy is defined by the SDPA as *Growth Corridors*. This is described by the SDPA in its Strategic Environmental Assessment: Environmental Report as:

“This option is more focused on the city and its hinterland than Distributed Growth. Green Belt release may be required and would likely be focused on the west and south-east of the city. Up to 400 additional hectares of land may be required in Edinburgh to accommodate this strategy. Additional distribution would be directed to settlements within surrounding areas close to Edinburgh’s urban area along growth corridors with good public transport provision” (paragraph 5.6)

The SDPA recognised that significant additional new land may be required beyond that already allocated in the adopted LDPs.

It is important that flexibility is built in to the spatial strategy of the Plan to ensure that it is able to accommodate the scale of growth required.

Recommended Amendments

We recommend and request that you make reasonable use of your powers to modify SESplan 2 in the following ways, as well as correcting the factual and arithmetical errors set out in the attached statement. These changes would disadvantage no-one and benefit many.

As a result of the evidence set out above, the housing supply target set out in Table 5.1 and housing land requirements set out in Table 5.2 require to be modified to address the full housing need and demand set out in the HNDA to 2030.

Table 5.1: Housing Supply Targets based on HNDA Wealth Distribution Estimate 2012-2030 (2011/12 to 2029/30) [extract of updated table]

Area	Number of Homes			Number of Homes		
	Annual Average			Period Total		
	Market	Affordable	All Tenure	Market	Affordable	All Tenure
SESplan	2,507	4,108	6,615	47,635	78,051	125,686

Table 5.2: Housing Land Requirements based on HNDA Wealth Distribution Estimate 2012-2030 (2011/12 to 2029/30) plus 10% generosity [extract of updated table]

Area	Number of Homes	Number of Homes
	Annual Average	Period Total
SESplan	7,277	138,255

In addition, further modification will be required to the text in Chapter 5. This will include a modification to Reporter's recommendation and is set out below (the tracked changes illustrate what we think you may wish you do):

"5.11 A step change in the level of home building is needed for the ~~all-tenure~~ Housing Supply Targets to be achieved. SESplan member authorities will monitor the availability of effective housing land in relation to the SESplan Housing Market Area and by Local Authority Area. This will be monitored and updated annually through the housing land audit. They will maintain a five-year effective housing land supply at all times, ~~within each Council area,~~ measured against the five-year housing supply targets. These are calculated by multiplying the annual average housing supply targets (Table 5.1) by five, and fully accounting for any deficit or surplus in completions against the housing supply target in previous years. Any deficits arising must be added to the 5-year all-tenure housing supply target to ensure that the whole target is achieved by the end of the plan period.

- The scale of the proposal's contribution to the five year land supply must not exceed the scale of the shortfall identified ~~and the proportion of affordable to market housing must have regard to the proportion of affordable and market housing in the identified shortfall~~"***
[bullet 2]

We also request the following amended text for paragraph 3.2 to reflect our concerns about the spatial strategy going forward:

"For the next 12 years, some of the need for strategic growth will be met by land already identified in existing and proposed Local Development Plans. The broad location of any additional sites that require to be identified will be within the areas identified as 'Strategic Growth 2018-2030' ~~or around Edinburgh or along good transport corridors. Most of this will occur in and around Edinburgh and along transport corridors.~~"

Conclusions

We know how determined you are to follow the principle of subsidiarity wherever possible, and allow planning authorities to make unfettered decisions about their area. We do not think the scale and consequence of the issues here are of consequence to South East Scotland alone.

For the reasons set out above it is clear to us, and we hope, to you, that SESplan 2 cannot be approved in the form recommended by your Reporters. To do so would, without any need, cut off vital opportunities to meet the affordable housing need identified by SESplan 2.

The Plan is currently unworkable because of the split-tenure approach which uses housing categories which are not measurable and have not ever been measured by any of the SESplan authorities.

There are arithmetic errors in the Reporters' recommendations related to the period over which the housing supply target and housing land requirement are set which would have to be addressed in any event.

However, the most fundamental issue with SESplan2 is that it wrongly ignores the housing needs of thousands of ordinary people on modest incomes because of a mistaken assumption that public subsidy is required to meet their needs.

Homes for Scotland's members consistently build houses without subsidy for these very people but would be prevented from doing so if you accepted the Reporters' recommendations. *Approving the Plan in its recommended form would therefore be a social injustice to the thousands of people in need of a home in the SESplan region which are not adequately planned for.*

We therefore ask that you use the powers available to you to address these issues to deliver a Plan that is workable, accurate and fair in the interests of those who need it most.

The changes which we have respectfully suggested are in the best interests of all concerned, and actioning them would be a wholly reasonable use of your powers. Those powers surely exist to enable action to be taken, where it is fundamentally necessary to do so.

Yours sincerely

A large black rectangular redaction box covering the signature of the Head of Planning Practice.


Head of Planning Practice

CC
 – Chief Planner, Scottish Government