



2020

SCOTTISH BORDERS COUNCIL HOUSING



TECHNICAL NOTES 3

Housing Technical Note

This Technical Note provides the background to the housing land provisions within the Local Development Plan 2 (LDP). It expands upon Appendix 2 (Meeting the Housing Land Requirement) contained within Volume 1 of the LDP and includes the following;

- **Section A: Background Context**
 - Policy context
 - Spatial Strategy

- **Section B: Stages in the LDP2 Process**
 - Review of existing LDP allocations
 - Call for Sites
 - Western Strategic Development Area Study
 - MIR consultation
 - Proposed LDP
 - Settlement Appraisal Methodology

- **Section C: Housing Position for LDP2**
 - Housing Land Requirement & Housing Supply Target
 - Established Housing Land Supply
 - Contributions to the requirement
 - Windfall assumption
 - Completions and demolitions
 - Removal of allocated sites
 - New sites to be included within LDP2
 - Contributions to the housing land requirement
 - Flexibility

- **Section D: Monitoring the Effective Housing Land Supply**
 - Monitoring the effective housing land supply

SECTION A: BACKGROUND CONTEXT

Policy context

Scottish Planning Policy (SPP) requires Council's to identify a generous supply of land for housing within all housing market areas, across a range of tenures, maintaining a 5 year supply of effective housing land at all times. SPP sets out that Planning Authorities should prepare an annual housing land audit as a tool to critically review and monitor the availability of effective housing land, the progress of sites through the planning process, and housing completions. This is to ensure a generous supply of land for house building is maintained and there is always enough effective land for at least 5 years. A site is only considered to be effective, where it can be demonstrated that within 5 years it will be free of constraints, and can be developed for housing.

In City Regions, the Strategic Development Plan (SDP) should identify the housing land requirement (HLR) for the plan area and indicate where land should be allocated in the LDP to meet requirements up to Year 12 beyond the predicted year of plan approval and an indication of the possible scale and location of housing land up to Year 20. LDP's should allocate land on a range of sites which is effective or capable of becoming effective to meet the HLR up to Year 10 from the predicted year of adoption, ensuring a minimum of 5 years effective land supply at all times.

SPP confirms that Housing Need & Demand Assessments (HNDA) provide the evidence base for defining the housing supply target (HST). It is recognised that the HNDA is a technical, modelling exercise which provides a range of estimate-based scenarios. The SESPlan HNDA covers each of the six local authority areas within the SESPlan area, including the Scottish Borders. SPP states that where the Scottish Government is satisfied that the HNDA is robust and credible, the approach used will not normally be considered further at a Development Plan Examination. SESPlan have prepared HNDA2 in accordance with detailed guidance from the Scottish Government, and this was considered 'robust and credible' by the Scottish Government in March 2015. It should be noted that HNDA2 is at present the most up to date and therefore reliable evidence of the housing need and demand within the SESPlan area. The SESPlan Housing Background Paper (October 2016) sets out the background, process and justification for the HST's and HLR's which were set out within the Proposed SDP.

The current SDP was approved in June 2013. However the Proposed SDP which was intended to replace SDP 2013 was rejected by Scottish Ministers on 16th May 2019. The reasons cited were the Ministers were not satisfied that the Plan was informed by an adequate and timely Transport Appraisal and did not take account of the relationship between land use and transport. SDP 2013 remains the approved Strategic Plan and must therefore continue to be referred to. Whilst the proposed SDP was rejected there are elements of the supporting technical papers and documents which helped guide the proposed SDP and incorporate the most up to date positions. Consequently, when assessing development proposals for sites not allocated for development within the Development Plan, SESPlan Member Authorities can have regard to the following;

1. The provision and requirements of SDP1, particularly policies 7, 8 and 9 of the approved SDP1 which address housing land supply, transport and infrastructure issues;
2. The level of housing provision allocated and/or safeguarded in adopted LDP's;
3. The policies of SDP2 Proposed Plan with the exception of those policies relating to transport infrastructure;
4. SDP2 Examination Report;
5. Updated information from the latest Housing Land Audit;
6. The Housing Needs and Demand Assessment 2015 (HNDA2); and

7. SDP2 Proposed Plan Housing Background Paper (October 2016).

Spatial Strategy

The SDP requires strategic growth in the Scottish Borders to be directed to three Strategic Development Areas (SDA's) in Central, Eastern and Western Borders. Towns within these areas should provide the focus for retail, commercial and strategic opportunities. Improved connectivity from Edinburgh to the north and from Newcastle and Carlisle to the south are recognised as being essential for the future economic growth of the area. The population distribution within the SDA's is broadly as follows; 60% Central, 20% Northern and 18% Eastern. The Southern HMA accounts for 2% of the overall population within the Scottish Borders. Furthermore, there is a need to ensure that sufficient land for housing is provided along the Borders Railway, which was opened in September 2015. This is closely linked with the Borders Railway Blueprint and the City Deal.

SECTION B: STAGES IN THE LDP2 PROCESS

Review of existing LDP allocations

In line with national planning policy, in preparing the new LDP it is important that allocated sites are considered to be deliverable in the sense that there is some acknowledged likelihood that sites will be developed.

To ensure an adequate and effective housing land supply, there is a requirement to ensure that there is a likelihood that sites allocated within the LDP will be developed. As part of the Main Issues Report (MIR) process, all existing allocations, which included an element of housing, were looked at to ascertain the likelihood of them being developed. If sites have been in the LDP for a lengthy period of time, with no realistic likelihood of them being developed then the Council must consider removing these sites from the Plan and replacing them with sites which are more likely to be developed.

Initially, the Council undertook a desktop exercise looking at all housing allocations and all re-development sites with an indicative housing capacity. A site criteria was used to assess each allocation against, looking at;

- The length of time a site has been allocated
- If it is known that the landowner does not want to develop the site
- There are any new constraints relating to the site
- There has been no recent planning application on the site
- There is no planning history on the site.

Other things to consider included;

- Whether the site is owned by a developer;
- If the site is part of later phases of an adjacent allocation;
- If the site is required for access to another site;
- Potential implications of removing the site;
- If the site is included within the SHIP and has RSL involvement for the delivery of affordable housing;
- Recent programming within the Housing Land Audit, (there may be some sites where developer forms were completed, as part of that process, with additional delivery information)

Where allocations met the criteria above, a letter was sent to the landowner, requesting confirmation as to whether they owned the land and whether they had any timescales for releasing the site for housing development/or whether they knew of any pending interest from any party wishing to develop the site.

Ultimately the Council wrote to 23 landowners requesting further information on their sites. The responses informed the sites to be retained or removed from the Proposed LDP.

Call for Sites

As part of the pre-MIR stage of the LDP process, the Council undertook a Call for Sites, seeking the submission of potential development sites for a variety of uses. A site assessment and consultation process was undertaken for all the sites submitted as part of the Call for Sites process. This ultimately informed which sites were included or excluded within the Main Issues Report.

Western Strategic Development Area Study

Whilst the western area has a considerable amount of undeveloped allocated housing land, it should be noted that much of this is within Innerleithen and Walkerburn. Historically Peebles has a vibrant market for housing development and the development industry will continue to seek further land in this area to meet demand. However, due to a number of physical and infrastructure constraints further housing site options are limited. Consequently consultants were appointed to prepare a study to identify both potential short and long term options and their findings have influenced the housing proposals in Tweeddale within the LDP.

Main Issues Report consultation

The MIR was prepared and consulted on in 2018. It was a forerunner to the Council's Proposed LDP and sought to encourage public engagement and comment on a wide range of matters. It identified key developments and land use issues for the Proposed Plan to address and set out the Council's preferred options for tackling these issues. The MIR also set out the preferred and alternative options for allocations within the Scottish Borders.

Proposed LDP

The Proposed LDP has taken on board the findings from the site assessments and consultations on all sites submitted throughout the LDP process. Ultimately the finalised allocations, which include a housing element, are outlined within this Technical Note. The Proposed LDP includes new allocations (15 housing sites and 1 mixed use site) and removes 6 allocations for housing/mixed use/redevelopment which are currently included within the adopted LDP.

Settlement Appraisal Methodology

Appendix 1: Settlement Appraisal Methodology contained within Volume 1 of the Proposed LDP, sets out the methodology for assessing the sites being carried forward from the previous Local Plans and the proposed sites for inclusion within the LDP. Part A of the appendix sets out the methodology for the sites carried forward from the Adopted Local Plan 2008, Part B sets out the methodology for the sites carried forward from the Local Plan Amendment, Local Development Plan and those included within the Proposed LDP, while Part C sets out the methodology for the sites which were included within the Housing SG.

SECTION C: HOUSING POSITION FOR LDP2

Appendix 2: Meeting the Housing Land Requirement contained within Volume 1 of the Proposed LDP, sets out the background context to the housing land requirement and provisions within the LDP. It sets out the allocations brought forward within the LDP and those being removed. It also provides the current position in terms of monitoring the effective housing land supply. This is expanded upon within this Technical Note.

Housing land requirement and housing supply target

The SESPlan Proposed Plan and associated Housing Background Paper set out the HST and HLR for the Scottish Borders, for the 10 year period from the intended adoption of LDP2 in 2021/22. As outlined above, the HST and HLR were informed by the HNDA2. The housing figures included within the Proposed LDP2 are based on the Proposed SESPlan and Housing Background Paper (2016). The HST is broken down into affordable and market units, this is shown in Table 1. The HLR is the level of housing land required to enable the HST to be met and sets out a generous level of housing land. A 10% margin of generosity was applied to the HST to calculate the HLR, this is shown in Table 2. The base date for the housing figures is 2012/13. However, to ensure that the LDP delivers a Plan which covers ten years from adoption, the LDP must set out an overall requirement up to 2030/31. The figures for this additional year were taken from Table 9.3 of the SESPlan Housing Background Paper and 10% generosity has been added. Table 3 contains the combined HLR for the period (2012/13 to 2030/31). This will ensure that the HLR accounts for ten years post the adoption of LDP2.

Table 1: Housing Supply Targets (2012/13-2029/30)

Authority	Affordable		Market		Combined Housing Supply Target	
	Annual Average	Period Total	Annual Average	Period Total	Annual Average	Period Total
Scottish Borders	128	(128*18) 2,304	220	(220*18) 3,960	348	(348*18) 6,264

Source: SESPlan Housing Background Paper (October 2016)

Table 2: Housing Land Requirement (2012/13 – 2029/30)

Authority	Combined Housing Land Requirement	
	Annual Average	Period Total
Scottish Borders	383	(383*18) 6,894

Source: SESPlan Housing Background Paper (October 2016)

Table 3: Housing Land Requirement (2012/13 to 2030/31)

Housing Land Requirement	2012/13 to 2030/31
HLR for Scottish Borders (2012/13 to 2029/30)	6,894
Additional HLR for 2030/31*	394
*This additional year is taken from the Housing Background Paper, table 9.3, with an additional 10% generosity added	
Total	7,288

Source: SESPlan Housing Background Paper (October 2016)

Established housing land supply

The most significant part of the provisions to meet the housing land requirement have been identified through previous LDP allocations, Housing SG allocations, planning permissions and through estimates for windfall sites.

The baseline position takes account of the 2019 Housing Land Audit (HLA). Table 4 shows the updated housing land supply broken down into; effective, potentially effective, post year 7 and constrained units. It should be noted that the additional sites brought forward as part of the Housing Supplementary Guidance (SG) are included within the 2019 HLA and form part of the established housing land supply

Table 4: Established Housing Land Supply (2019 HLA)

HLA Supply Category	Number of units
Effective (Years 1-5)	3,679
Potentially Effective (Years 6 & 7)	1,945
Post Year 7	2,249
Constrained	1,303
Total	9,176

Source: Housing Land Audit (2019)

The approach used by the Council to undertake the annual HLA is in accordance with PAN 2/2010 which states under the marketability criteria, that the test.

Contributions to the requirement

The contributions by Scottish Borders Council to meet the HLR are set out in Table 5, based on the 2019 HLA. This also takes into consideration the potential contributions from windfall approvals up to 2030/31.

Table 5: Contributions to the Requirement (2012/13 to 2030/31)

	2019/20 to 2023/24	2024/25 to 2030/31	Additional Potential	Total
Housing Land Supply (2019)				
Effective (Years 1-5)	3,679	n/a	n/a	3,679
Potentially Effective (Years 6 & 7 and Post Year 7)	n/a	4,194	n/a	4,194
Constrained	n/a	n/a	1,303	1,303
Windfall Assumption	(146*5) 730	(98*7) 686	n/a	1,416
Total Potential	4,409	4,880	1,303	10,592

Source: Housing Land Audit (2019)

Windfall assumption

In addition to the allocated sites within the Plan, some of the demand for new housing will be met through windfall sites, as outlined within Table 5. Windfall sites are sites which have not been identified for housing throughout the Plan preparation process. They are generally small, infill sites, although larger windfall sites can occasionally come forward. The number of completions on windfall sites is

shown below in Table 6. It should be noted that windfall development makes a substantial contribution to the housing land supply within the Scottish Borders annually, given its rural character and the relatively low level of development activity on larger sites. Over the past 5 years the average number of completions on windfall sites was 99 units. Of the total completions between 2015 and 2019 HLA periods, between 76 and 121 units have been on windfall sites. It is anticipated that 1,416 units will be developed for windfall sites in the Scottish Borders during the period between 2019/20 and 2030/31.

Table 6: Windfall Completions (2015 to 2019 HLA)

	2015	2016	2017	2018	2019	5 year average
Total number of completions	272	373	250	222	345	292
Number of completions on windfall sites	101	76	121	84	115	99
% of completions from windfall sites	37%	20%	48%	38%	33%	35%

Source: Housing Land Audit (2019)

Completions and demolitions

In addition, the HLR has already been subject to housing completions for the period 2012/13 to 2018/19, which totals 2,056 units. However, this is reduced by anticipated future demolitions between 2019/20 and 2030/31. The demolition assumption is based on 20 units per annum, which totals 240 units between 2019/20 and 2030/31. This is outlined in Tale 7 below.

Table 7: Completions and Demolitions

	2012/13 to 2018/19	2019/20 to 2030/31
Completions (2012/13 to 2018/19)	2,056	n/a
Loss of supply due to demolitions (2019/20 to 2030/31)	n/a	-240

Table 8 below shows the number of completions in the Scottish Borders from the 2015 to 2019 HLA period. The total number of completions in the past 5 years peaked at 373 units in 2016, with completions lower in the following two years. The lower level of completion across the Borders since the recession is a result of stalled sites, lack of developer and mortgage finance. The completion rate rose as part of the 2019 HLA, however it should be noted that a large number of these completions were for affordable units. Overall, the average rate of completions over the previous five years was 292 units.

Table 8: Completions (2015 to 2019 HLA)

	2015	2016	2017	2018	2019	5 Year Average
Total number of completions	272	373	250	222	345	292

Source: Housing Land Audit (2019)

Removal of allocated sites

As part of the LDP process, prior to the MIR, a review of all allocated sites with an indicative site capacity were reviewed. In line with National planning policy in preparing the LDP it is important that allocated sites are considered to be deliverable. This is particularly relevant to allocated sites which encompass an element of housing, as there is little point in having sites allocated for housing which are recognised within the Council's housing land supply figures, if in reality such sites may never be developed. As a result of the review, Table 9 outlines the 6 sites which have been removed and are not being carried forward into the Plan. These sites total 108 units from the existing land supply. It should be noted that the allocation (MGREE001) is being taken forward as a business and industrial allocation within the Plan.

Table 9: Sites to be removed

Settlement	Proposed Use	Site Reference	Site Name	Indicative Site Capacity
Chesters	Housing	RC2B	Roundabout Farm	5
Earlston	Housing	EEA12B	Earlston Glebe	25
Eyemouth	Housing	BEY1	Barefoots	20
Greenlaw	Mixed Use	MGREE001	South of Edinburgh Road	6
Lilliesleaf	Housing	EL16B	Mueslie Drive	7
Preston	Redevelopment	zRO16	Preston Farm	45
Total				108 units

New sites to be included within LDP2

The Proposed LDP includes a number of new allocations for housing and mixed use development, which have indicative site capacities. Table 10 outlines the additional sites included within the LDP. All of the sites are allocated for housing, with the exception of one mixed use allocation in Innerleithen. The new sites provide additional flexibility within the LDP and have been through a detailed site assessment process. The table outlines that 567 additional units are being brought forward as part of the LDP2.

It should be noted that the housing allocation (AGREE009) has planning consent for housing. The site is included within the 2019 HLA established housing land supply, as a windfall development for 28 units. Therefore, the indicative site capacity for (AGREE009) cannot be counted as part of the new allocations being taken forward within the LDP, to avoid double counting.

Table 10: New sites allocated in the LDP2

Settlement	Site Code	Site Name	Proposed Use	Indicative Site Capacity
Coldstream	ACOLD014	Hillview North (Phase 2)	Housing	100
Darnick	ADARN005	Land South of Darnlee	Housing	10
Eddleston	AEDDL010	Land South of Cemetery	Housing	30
Galashiels	AGALA029	Netherbarns	Housing	45
Gordon	AGORD004	Land at Eden Road	Housing	25
Grantshouse	AGRAN004	Land North of Mansefield	Housing	8
Greenlaw	AGREE009	Poultry Farm	Housing	38*
Hawick	AHAWIO27	Burnfoot (Phase 1)	Housing	60
Innerleithen	MINNE003	Land West of Innerleithen	Mixed Use	50
Jedburgh	AJEDB018	Land East of Howdenburn Court II	Housing	20
Melrose	AMELR013	Harmony Hall Gardens	Housing	5
Oxton	AOXTO010	Deanfoot Road North	Housing	30
Peebles	APEEB056	Land South of Chapelhill Farm	Housing	150
Reston	AREST005	Land East of West Reston	Housing	5
Selkirk	ASELK040	Philiphaugh Mill	Housing	19
Westruther	AWESR002	Edgar Road	Housing	10
Total				567*

*AGREE009 cannot be counted in the total additional units above. The units are already included within the 2019 HLS as windfall approval and are within the established land supply (Table 4).

Contributions to the Housing Land Requirement

Table 11 outlines the total contributions to the housing land requirement, which takes account of the following; established housing land supply (2019 HLA), windfall assumption, completions, assumed demolitions and allocations added/removed from the LDP2. The table demonstrates that the total contributions to the housing land requirement is 12,867 units.

Table 11: Contributions to the Housing Land Requirement

Contributions to the Requirement	2012/13 to 2030/31
Potential Supply (HLA 2019)*	10,592
Completions (2012/13 to 2018/19)	2,056
Demolitions (2019/20 to 2030/31)	-240
Units being removed	-108
Units being added to LDP2	567
Total	12,867 units

*Note this also includes windfall assumption (2019/20 to 2030/31), see Table 5 above.

Table 12 below compares the housing land requirement against the total contributions, as set out above. The table shows that the contributions meet the housing land requirement of 7,288 units and that the LDP2 provides additional flexibility overall.

Table 12: Housing Land Requirement v Contributions

Requirement v Contributions	
Housing Land Requirement (2012/13 to 2030/31)	7,288
Contributions to the Requirement	12,867
Total Surplus	+5,579 units

Flexibility

There is the potential for further flexibility through the allocation of redevelopment and mixed use sites, which do not have an indicative site capacity.

Additional sites are identified within the LDP for potential longer term housing and mixed use development. However, these allocations do not include an indicative site capacity and are not considered necessary as a contribution towards the housing land supply during the period of the Plan. Within this LDP, there is an additional longer term mixed use site identified at Cardrona.

SECTION D: MONITORING THE EFFECTIVE HOUSING LAND SUPPLY

Monitoring the effective housing land supply

Scottish Planning Policy (SPP) sets out national policy in relation to enabling the delivery of new homes. SPP requires Councils to identify a generous supply of land for housing within all housing market areas, across a range of tenures, maintaining a 5 year supply of effective housing land at all times. Planning Authorities are required to prepare an annual housing land audit as a tool to critically review and monitor the availability of effective housing land, the progress of sites through the planning process and housing completions. This is to ensure that a generous supply of land for house building is maintained and there is always enough effective land for at least 5 years.

Effectiveness in relation to the Plan and to the 5 year effective supply can be described as follows;

- In relation to development planning the requirement is that over the plan period there should be a 5 year effective land supply. This would allow currently constrained sites to be brought into the effective supply over the period subject to meeting the effectiveness criteria.
- In relation to maintaining the 5 year effective supply, this relies upon an annual monitor through the housing land audit to ensure that the 5 year supply is maintained. The requirement is that a site is considered effective where it can be demonstrated that it will be free of constraints within 5 years, and can be developed for housing.

The continued availability of land to meet prospective demand is monitored on an annual basis by the Council's Housing Land Audit (HLA). Likely actual demand is illustrated by the performance of the development industry over the previous 5 year period as required by SPP (particularly where there is a substantial land supply of available land). This is measured by actual completions and is the most appropriate measure of market performance. Therefore, there is a clear distinction between providing land to meet the theoretical requirement, and ensuring the presence of a 5 year effective supply to meet prospective market demand.