

REPORT TO: East Lothian Council

MEETING DATE: 22 October 2013

BY: Depute Chief Executive (Partnerships and Services for Communities)

SUBJECT: SESplan Supplementary Guidance on Housing Land

1 PURPOSE

- 1.1 To ratify the decision of the SESplan Joint Committee of 30 September 2013 to approve for consultation the Supplementary Guidance on Housing Land, a requirement of the approval of SESplan's Strategic Development Plan by Scottish Ministers in June 2013.

2 RECOMMENDATIONS

- 2.1 It is recommended that East Lothian Council ratifies the decision of the 30 September 2013 SESplan Joint Committee to approve for consultation the Supplementary Guidance on Housing Land.

3 BACKGROUND

- 3.1 SESplan, the Strategic Development Planning Authority, submitted its Proposed Plan to Scottish Ministers in August 2012. The submitted plan was subject to Examination by Reporters from the Department of Planning and Environmental Appeals. Their report and recommendations on the issues raised by the representations made to that Plan were subsequently submitted to Scottish Ministers.
- 3.2 Scottish Ministers approved SESplan's Strategic Plan, with modifications, on 27 June 2013. The most significant of those modifications relates to the phasing and distribution of the overall SESplan housing requirement. Scottish Ministers require that Supplementary Guidance is to be prepared by SESplan to provide detailed further information for local development plans (LDPs) as to how much of that requirement should be met by the local development plans of each of the six member authorities for each plan period. Housing requirements for the LDPs are to be set for the periods 2009-2019 and 2019-2024. Scottish Ministers expect that this

Supplementary Guidance will be approved by them no later than June 2014, following consultation with the public and stakeholders.

- 3.3 The first stage in the preparation of this Supplementary Guidance, a consultation draft, was approved by the SESplan Joint Committee for ratification by the member Councils on 30 September 2013. It is attached to this Council report. The Guidance is also supported by a Technical Note that can be accessed at www.sesplan.gov.uk.¹
- 3.4 SESplan's overall housing requirement is based on its Housing Need and Demand Assessment (HNDA). The requirement is set out for the three plan periods, namely 2009-2019 and 2019-2024 for which land must be allocated, and for the period 2024-2032 for which a potential housing requirement is signposted.
- 3.5 SESplan's Proposed Plan, as submitted, did not plan to release additional land to match the full HNDA need and demand figures in each of the plan periods. This was because it was considered that sufficient land was already available for development to meet need and demand in the first two periods, but that it was the slower rate of its anticipated development which would prevent need and demand from being met. Given this, and the extended downturn in the housing market, it was deemed unrealistic to expect a depressed housing market to support the level of housing completions that satisfying need and demand in the first two periods would require. It would therefore be inappropriate to release additional land to provide for it in full.
- 3.6 Whilst SESplan did propose to bring forward some new housing land in the first two plan periods, based on the rate that it and the existing land supply was anticipated to be developed, the overall amount of land which would be available through time would continue to be lower than that which would be needed to meet the respective HNDA need and demand figures for each plan period. Instead, SESplan sought to prioritise the development of the existing land supply and to delay the requirement for new land by increasing the signposted housing requirement for the 2024-2032 period (the period where SESplan did not require new land to be found and for LDPs to be specific about where this housing land should be allocated).
- 3.7 However, neither the examination Reporters nor Scottish Ministers accepted this proposition. Instead, Scottish Ministers require that SESplan plans to make available enough land to meet in full its overall HNDA need and demand figures for the periods 2009-2019 (74,840 houses) and 2019-2024 (32,720 houses).
- 3.8 Scottish Ministers felt unable to distribute this SESplan-wide housing requirement across the six Council areas. Consequently, in approving the Strategic Development Plan, Ministers require the preparation of Supplementary Guidance to indicate how the housing requirement for

¹ Under the agenda papers for the SESplan Joint Committee of 30th September 2013 and included within item 5

these two periods will be distributed across the six member authority areas through their local development plans. This means that SESplan must be specific about how much of the overall housing requirement must be met within each of the LDP areas in the first two plan periods.

- 3.9 To meet the revised housing requirements in these two periods it is expected that local development plans will need to find land for at least an additional 24,338 houses (para 3.7 of the Supplementary Guidance). This figure is in addition to existing commitments, that is, land which is already allocated for housing or has planning permission.
- 3.10 With the exception of Midlothian, the HNDAs for each SESplan authority indicate a significant need and demand to 2024 and beyond. In East Lothian's case this is 5,210 houses to 2019 and 2,740 houses in the period 2019-2024, a total need and demand of 7,950 houses. Edinburgh's housing need and demand, at 48,490 over the period 2019-2024, is naturally the greatest. Scottish Ministers have accepted that policy and environmental constraints are likely to mean that not all of Edinburgh's housing need and demand can be satisfied within its boundaries. A proportion of this will be accommodated within the other SESplan authorities. This continues a strategic planning approach adopted in the Lothians by the now superseded Edinburgh and the Lothians Structure Plan 2015 and its predecessors.
- 3.11 In preparing the attached Supplementary Guidance, SESplan and the six member authorities considered how much additional housing could realistically be accommodated within each Council area. Addressing each Council's own need and demand for housing was a useful starting position. Subsequently, the SESplan authorities have accepted that the City of Edinburgh cannot accommodate all of its own need and demand. The Supplementary Guidance therefore proposes that East Lothian and those other authorities best placed strategically to deliver additional housing take a proportion of this in addition to meeting their own housing need and demand,
- 3.12 The proposed distribution of the additional housing that would be needed to meet requirements over the period 2009-2024 is shown in Table 3.2 of the Supplementary Guidance. In summary, by local authority area, the additional housing allowances would be:

Table 1 Additional Housing Allowance by Council Area

Local Authority Area	Additional Housing Allowance beyond current land supply ²
Edinburgh	7,700
East Lothian	3,533 [see note below]
Fife	7,800
Midlothian	2,550
Scottish Borders	630
West Lothian	2,125
SESPLAN	24,338

Note: it appears that the SESplan Supplementary Guidance figure of 3,533 for East Lothian is slightly underestimated: the actual figure is 3,565 houses and this latter figure is used in subsequent tables in this report

3.13 To provide a context for the East Lothian allowance, the following table compares each authority's current housing land supply against its HNDA need and demand figures, and how this would change as a consequence of the distribution of the additional housing allowances proposed in the Supplementary Guidance.

Table 2 Total housing land against HNDA need and demand

	Existing housing land supply vs HNDA need and demand 2009-2024	Additional Supplementary Guidance Allowance	Total Housing land supply against HNDA need and demand
Edinburgh	-26,652	7,700	-18,852
East Lothian	-1,465	3,565	+2,100
Fife	-6,891	7,800	+909
Midlothian	+7,736	2,550	+10,286
Scottish Borders	+3,563	630	+4,193
West Lothian	-629	2,125	+1,496

3.14 The table illustrates that Edinburgh would be planning for almost 19,000 households less than its HNDA need and demand, while East Lothian will be planning for 2,100 more. Significantly, Midlothian would be planning for over 10,000 more houses than its HNDA figures and Scottish Borders over 4,000. West Lothian would be planning for almost 1,500 and Fife just over 900 more. East Lothian's additional provision

²Based on Housing Land Audi 12

beyond its own HNDA need and demand figures would therefore be very significantly less than Midlothian and half that of Scottish Borders.

- 3.15 The proposed distribution of housing requirements over the first two plan periods has implications for all six Councils and their local development plans. East Lothian would be taking more than 1000 houses above its HNDA need and demand figures in each of the two plan periods. Together with committed housing land, East Lothian, through its local development plan, would require to plan for the delivery of 6,250 houses over the period 2009-2019 and 3,800 houses over the period 2019-2024 (including existing commitments), a total of 10,050 houses over the period 2009-2024, as follows:

Table 3 Implications of Supplementary Guidance on East Lothian’s housing requirements

East Lothian	2009-2019	2019-2024	Total 2009-2024
1 HNDA Requirement	5,210	2,740	7,950
2 Current housing land supply ³	4,845	1,640	6,485
3 Additional housing allowances ⁴	1,405	2,160	3,565
4 Total housing requirement to be planned for ⁵	6,250	3,800	10,050
5 HNDA vs total East Lothian SESplan reqt ⁶	+1,035 houses	+1,060 houses	+2,100 houses

- 3.16 This level of additional housing set out at part 4 of Table 3 above will be a challenging one to plan for in the preparation of the local development plan (LDP), particularly with further delay anticipated in the programming of completions from existing housing commitments such as Wallyford and Letham Mains. Any further slippage in the delivery of completions from such sites will have to be made up by additional housing land allocations in the LDP. The scale of sites that the LDP brings forward to meet these requirements will influence the rate of delivery of house completions. Appropriate smaller sites that have little or no infrastructure requirement and can therefore deliver early completions would be preferred, particularly in the short term, but their availability is limited. Larger sites may also have to be allocated, thereby potentially delivering

³ Source: Based on Housing Land Audit 12

⁴ Source; draft SESplan Supplementary Guidance, Sept 2013

⁵ Current housing land supply (2) plus additional housing requirement (3)

⁶ (4) minus (1)

completions over a longer time period, possibly even beyond the LDP period, and bringing with them their own policy and infrastructure challenges.

- 3.17 Infrastructure challenges that will be common to any East Lothian development strategy include the upgrading of the Old Craighall Junction and capacity improvements to other A1 interchanges, increased local public transport capacity, additional education and community facilities capacity and improvements to water and sewerage provision.
- 3.18 Additionally, given considerations such as lead-in times to development commencement, development programming, completions rates, etc., to maintain an effective five year supply of housing land at all times (as per Scottish Planning Policy) the LDP is likely to have to allocate land for significantly more than 3,565 houses.
- 3.19 The overall SESplan housing requirements for the periods 2009-19 and 2019-2024 is a direct consequence of Scottish Ministers approval of SESplan's Strategic Development Plan. The need to meet these overall requirements is not open to debate. What is being consulted on is the consequential proposed distribution of the housing requirements between the six local authorities in the two plan periods 2009-2019 and 2019-2024. This proposed distribution has been agreed following extensive discussions between SESplan and the six member Councils. The East Lothian housing requirement is challenging but is no more so than for the majority of the other Councils.

4 POLICY IMPLICATIONS

- 4.1 The Supplementary Guidance will, when approved, have a significant influence on the amount of additional housing land to be allocated in the East Lothian Local Development Plan. The Guidance also begins to set the context for calculating East Lothian's five year housing land supply and the extent to which this is being met.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
- 6.2 Personnel - None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 SESplan Proposed Plan, November 2011
- 7.2 SESplan approval letter/modifications from Scottish Ministers, 27 June 2013
- 7.3 SESplan Strategic Development Plan, June 2013 (as approved)
- 7.4 SESplan Supplementary Guidance - Technical Note, September 2013

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DATE	8 October 2013

Supplementary Guidance

Housing Land
September 2013.



Supplementary Guidance - Housing Land



Contents

1 Introduction	3
2 Policy Context	4
3 Housing Land Requirement	5
4 Glossary	9

1 Introduction

1.1 This Supplementary Guidance is prepared under Section 22 of the Planning etc (Scotland) Act 2006 in connection with the Strategic Development Plan (SDP) for South East Scotland as approved by Scottish Ministers on 27 June 2013. Once adopted, the Guidance will form part of the development plan.

Purpose

1.2 The purpose of the Supplementary Guidance is to provide detailed further information in support of SDP Policy 5 (Housing Land). The further information will provide direction for Local Development Plans (LDPs) as to how much of the overall housing land requirement should be met in each of the six member authority areas (City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian).

Preparation

1.3 The Supplementary Guidance is based on an analysis of opportunities and of the infrastructure and environmental capacities and constraints. A Technical Note has been prepared in support of this Supplementary Guidance. The Technical Note contains the background information and report of survey work undertaken to prepare the Supplementary Guidance itself. A Strategic Environmental Assessment (SEA) has been undertaken for the Supplementary Guidance. This is set out in a separate document.

1.4 The Supplementary Guidance, supporting Technical Note and SEA have been prepared in consultation with the six member authorities.

How to Get Involved

1.5 The Guidance was considered by SESplan Joint Committee on **30 September 2013**. Following approval for ratification and consultation, the Guidance was ratified by each of the six member authorities. The Supplementary Guidance has now been published for consultation and is available through the SESplan public portal for comment (<http://sesplan-consult.objective.co.uk/portal>). The six week period during which comments may be submitted is open from **Monday 11 November 2013 until 5pm on Friday 20 December 2013**.

1.6 All comments should be submitted electronically via the SESplan portal. If you require assistance in accessing the portal please contact a member of the SESplan team on 0131 524 5165.

2 Policy Context

2 Policy Context

2.1 Under the terms of the Planning etc (Scotland) Act 2006, the six member authorities that make up the SESplan Strategic Development Planning Authority (SDPA) are required to prepare an SDP for South East Scotland. The first SDP, which was approved by Scottish Ministers on 27 June 2013, sets clear parameters for each of the six LDPs covering the period to 2032. The spatial strategy set out in the approved SDP builds on approaches in existing development plans focusing development along preferred corridors optimising connectivity and access to services and jobs. Policy 1A (Spatial Strategy Development Locations) identifies five sub regional areas (Regional Core, East Coast, Fife Forth, Midlothian / Borders, West Lothian). Within these, further development will be focused in 13 Strategic Development Areas (SDAs) acting as the primary locations for growth and investment:

- West Edinburgh;
- South East Edinburgh;
- Edinburgh City Centre;
- Edinburgh Waterfront;
- East Lothian;
- Eastern Borders;
- North Dunfermline;
- Ore / Upper Leven Valley;
- A7 / A68 / Borders Rail Corridor;
- A701 Corridor;
- Central Borders;
- Western Borders; and
- West Lothian.

2.2 SDP Policy 5 (Housing Land) identifies that, for the period from 2009 up to 2024, there is a requirement for sufficient housing land to be allocated so as to enable 107,545 houses to be built across the SESplan area, including on land which is currently committed for housing development. Policy 5 also indicates that Supplementary Guidance will be prepared to provide detailed further information as to how much of the requirement should be met in each of the six member authority areas, both in the period 2009 - 2019 and in the period 2019 - 2024. The Supplementary Guidance is to be based on an analysis of opportunities and of the infrastructure and environmental capacities and constraints. The approved SDP also notes that, due to environmental constraints and other restrictions within the City's boundaries, a significant proportion of housing need and demand generated in the City of Edinburgh Council area may need to be met in the other five LDP areas. The accompanying Technical Note sets out the survey and analysis work undertaken.

2.3 The Supplementary Guidance has been prepared in accordance with other relevant SDP policies including Policy 1B (The Spatial Strategy Development Principles) and Policies 6 and 7 (Housing Land Flexibility and Maintaining a Five Year Housing Land Supply).

Housing Land Requirement 3

3 Housing Land Requirement

3.1 The SDP must ensure that the housing needs and demand of the SESplan area can be met. As detailed in the approved SDP and as required by national policy, it is the role of the SDP to provide the framework for the six LDPs within the SESplan area to allocate sufficient land for housing development.

3.2 Across the SESplan area, there is a requirement for a total of 155,544 houses to be provided over the period to 2032. This total requirement as identified by the Housing Needs and Demand Assessment (HNDA) (see Table 2, Assessed Housing Requirements by Plan Period contained within the SDP) is to be distributed across the three SDP plan periods 2009 - 2019 (74,835 houses), 2019 - 2024 (32,710 houses) and 2024 - 2032 (47,999 houses). Sufficient land must therefore be identified across the six LDP areas to accommodate the housing land requirement over the period to 2024, a total of 107,545 units.

3.3 As set out in the accompanying Technical Note, in order to identify sufficient land to accommodate the housing land requirement a review of the opportunities and of the environmental and infrastructure capacities and constraints has been undertaken. This has included a refresh and review of data and information collated to support the approved SDP and has meant an update of the established land supply based on Housing Land Audit (HLA) 2012 instead of HLA 2010, a review of the output from all brownfield sites in the established supply and the housing market in terms of viability and deliverability and a refresh of the Spatial Strategy Assessment undertaken to support the Proposed Plan. The latter included a review of the entire SESplan area against criteria such as infrastructure capacity, land availability, green belt and transport.

3.4 The housing land requirement set out in this Supplementary Guidance must be consistent with the approved SDP and in particular the spatial strategy by prioritising brownfield land and locating additional development within the identified SDAs in the first instance. The policy principles for the location of development as set out in Scottish Planning Policy (SPP) and contributing towards successful place making have informed the requirement by LDP area. The requirement must also balance the principle of seeking to meet need and demand where it arises with the capacity and constraints analysis, as well as market and deliverability considerations.

3.5 Details of how all these factors were considered in the Supplementary Guidance preparation process is set out in the accompanying Technical Note. The conclusions and justification for the distribution are also set out in the Technical Note.

3.6 Based on the outcomes of the analysis undertaken and the considerations set out above, the distribution of the housing land requirement of 107,545 units in the periods 2009 - 2019 and 2019 - 2024 is set out in Table 3.1 below. LDPs must identify sufficient sites and locations to accommodate the housing land requirements set out in Table 3.1. Please note that the figures have been rounded to the nearest 10.

3 Housing Land Requirement

Table 3.1 Housing Land Requirement by Local Development Plan Area

Local Development Plan	2009 - 2019	2019 - 2024
City of Edinburgh	22,300	7,210
East Lothian	6,250	3,800
Fife	17,140	7,430
Midlothian	8,080	4,410
Scottish Borders	9,650	3,280
West Lothian	11,420	6,590
SESplan Totals 2009 - 2019 and 2019 - 2024	74,840	32,720
SESplan Total 2009 - 2024	107,560	

3.7 Most of the new houses required are expected to be built on land which is already committed for development either because it is already allocated for that purpose or because planning permission has been granted. Based on HLA 2012 and including an allowance for constrained and windfall sites to come forward and for demolitions, the total supply across the SESplan area to 2024 is 83,207 units. To meet the total requirement of 107,545 units, it is therefore expected that LDPs will need to identify land to accommodate at least an additional 24,338 units.

3.8 The extent to which sites already identified for housing (i.e. the 83,207 units) remain capable of delivering house completions by 2024 must be re-assessed in LDPs (SDP paragraph 23). Any changes in this figure will have implications for the amount of additional housing land needed. Where necessary, alternative housing sites will need to be allocated.

3.9 Consistent with SPP and paragraph 113 of the approved SDP, LDPs should give priority to brownfield sites within existing built up areas when allocating new sites for housing development. Where additional land is required, sites should first be sought within the identified SDAs. No significant new brownfield housing opportunities have been identified at this time. Based on analysis undertaken of opportunities and constraints within SDAs, Table 3.2 indicates the potential contribution that each SDA could make towards meeting the housing requirement. These figures will need to be re-assessed in LDPs to demonstrate that the requirements of SDP paragraph 113 have been met.

3.10 The analysis undertaken in preparing the Supplementary Guidance suggests that additional sites will need to be allocated outwith SDAs and that the most appropriate locations for these are in the City of Edinburgh, Fife and the Scottish Borders. An indication of how much land may be needed outwith SDAs and how this could be distributed is also included in Table 3.2. LDPs will include a detailed assessment of the amount of housing land to be allocated outwith SDAs and consideration of potential sites.

Housing Land Requirement 3

3.11 New development proposals will complement and not undermine the delivery of existing committed development. In all circumstances, the principles and criteria set out within Policies 1B (Spatial Strategy Development Principles), 6 (Housing Land Flexibility) and 7 (Maintaining a Five Year Housing Land Supply) must be adhered to and met by each of the six LDPs.

Table 3.2 Additional Allowances Within and Outwith Strategic Development Areas

Strategic Development Area	Additional Allowances
West Edinburgh	2,700
South East Edinburgh	2,950 (2,500 in City of Edinburgh and 450 in Midlothian)
Edinburgh City Centre	0
Edinburgh Waterfront	0
East Lothian	3,533
North Dunfermline	2,630
Ore / Upper Leven Valley	3,220
A7 / A68 / Borders Rail Corridor	1,350
A701 Corridor	750
Eastern Borders	160
Central Borders	285
Western Borders	105
West Lothian	2,125
Outwith Strategic Development Areas	Additional Allowances
City of Edinburgh	2,500
Fife	1,950
Scottish Borders	80
SESplan	24,338

Delivery

3.12 Maintaining a supply of effective land for at least 5 years at all times, in accord with approved SDP Policy 6 and Policy 7, should ensure that there is a continuing generous supply of land for house building. Member authorities will base their calculation of the five

3 Housing Land Requirement

year land supply on the period 2009 - 2024, taking into consideration housing completions. SESplan, in conjunction with member authorities, will monitor the supply of housing land on an annual basis in order to assess progress against the overall housing land requirement set out in Table 3.1. This will inform the preparation of LDPs and the second SDP.

3.13 A very significant increase in the rate of house completions across the SESplan area will be needed if the requirements set by this Supplementary Guidance are to be met. This is challenging and particularly so in 2009 - 2019 as it is expected that LDPs will be adopted around 2015, around six years into the first period (2009 - 2019).

3.14 Significant transport and strategic infrastructure improvements are essential to support the delivery of the housing land requirement set out in this Supplementary Guidance. These infrastructure requirements are set out in Figure 2 of the SDP and the accompanying Action Programme. In particular, school extensions and new schools to provide the additional pupil places required to meet development need are seen as essential and must be delivered alongside development. LDPs will provide further details on these requirements and further policy guidance in accord with Policy 9 (Infrastructure) of the approved SDP.

3.15 The Supplementary Guidance sets out a housing land requirement to meet need and demand from the South East Scotland region. Delivering that level of housing will be challenging and that will be made even more difficult should funding solutions to enable the provision of essential infrastructure improvements not be identified. A very significant increase in housing completion rates will also be required to deliver the housing needed to meet the need and demand which has been identified. Setting requirements for housing land at levels to meet the HNDA estimates of need and demand for housing units in the South East Scotland region will ensure that the supply of housing land identified in development plans will not be the reason for failing to meet this challenge.

Glossary 4

4 Glossary

Constrained Housing Land Supply	That part of the established housing land supply which may be affected by infrastructure constraints, land contamination or ownership / marketing issues.
Effective Land Supply	The part of the established housing land supply which is free or expected to be free of development constraints in the period under consideration, and will therefore be available for the construction of housing.
Established Land Supply	The total housing land supply - including both unconstrained and constrained sites. The Established Land Supply includes the effective housing land supply.
Supplementary Guidance	Provides further information or detail in respect of policies or proposals set out in the Strategic Development Plan or Local Development Plan. Statutory guidance adopted in connection with a plan, forms part of the development plan.
Windfall	A site which becomes available for development during the plan period which was not anticipated to be available when the plan was being prepared.