

EAST AYRSHIRE COUNCIL

CABINET – 23 APRIL 2008

SCOTTISH PLANNING POLICY 3: PLANNING FOR HOUSING: CONSULTATIVE DRAFT

Report by the Depute Chief Executive/Director of Corporate Support

1. PURPOSE OF REPORT

- 1.1 To advise the Cabinet and obtain the Cabinet's views on a revised Scottish Government publication entitled 'Scottish Planning Policy, SPP3: Planning for Housing: Consultative Draft which was issued for consultation in January of this year.

2. BACKGROUND

- 2.1 SPP 3: Planning for Housing was last revised in 2003. It is stated in the draft SPP that, since its publication, there have been indications that it has not been as effective as intended particularly with regard to the generous release of land for housing. This, together with difficulties and delays in bringing forward land identified for housing in local plans, has meant that stakeholders in local government, housing associations and the development industry have concerns that the absence of an adequate supply of housing is a major impediment to the provision of new housing in Scotland.
- 2.2 The Scottish Government published a discussion paper in late 2007 on the future of housing in Scotland titled 'Firm Foundations' which sets a national goal of increasing the rate of new housing supply to 35,000 houses every year by the middle of the next decade. The consultative draft SPP3 aims to refocus the role of planning in the delivery of housing, by setting out more robust methods of calculating housing requirements and ensuring that the correct number and type of high quality homes are built in the right locations.
- 2.3 Given that the Planning etc (Scotland) Act 2006 comes into force in late 2008, the draft SPP covers the operation of planning under both current and new legislation. Responses to the consultation paper are requested by 31 March 2008. However, for the information of Cabinet an extension to the consultation period in so far as East Ayrshire is concerned has been agreed with the Scottish Government.

3. KEY OBJECTIVES OF SPP3

- 3.1 The key objectives of the SPP are to provide policy guidance on:
- the identification of housing need and demand on a more aspirational, but consistent and robust basis;

- the allocation of sufficient appropriate land to meet identified need and demand for housing, including affordable housing, across all tenures, and mechanisms to ensure that those houses are built;
- the creation of high quality residential environments; and
- the interface between planning control and licensing of Houses in Multiple Occupation (HMOs). (Note: There are very few HMOs in East Ayrshire and it is considered that there is no requirement to control them through planning policy at this time. This report will therefore not go into detail on this part of the SPP).

4. IDENTIFICATION OF HOUSING REQUIREMENTS

- 4.1 The draft SPP states that local authority Planning and Housing Departments will require to work closely together to form Housing Market Partnerships and produce a Strategic Housing Need and Market Assessment (SHNMA), representing a new, standardised methodology currently being produced by the Scottish Government which will assess the amount of market and affordable housing required by each housing market area. Annex A of the draft SPP outlines the main principles of the SHNMA guidance and it is expected that the full document will be published during March 2008.
- 4.2 The SHNMA will determine the housing strategy of both the Local Housing Strategy (LHS) and the Local Plan. Taking account of need and demand, authorities should prepare a LHS which includes housing supply targets across all sectors and provide a supply of land suitable and available for building the required number and type of new houses through the development plan. There will therefore be a far greater overlap between the two documents than there is at present.
- 4.3 As detailed in paragraph 2.2 above, the SPP states that the amount of dwellings built each year should increase to 35,000 units per annum in Scotland. However, no spatial guidance is given either within draft SPP 3 or the National Planning Framework 2 as to where this increase should be met. Instead, targets in development plans are to be set locally having regard to analysis of housing demand and need.
- 4.4 The methodology for the preparation of SHNMAs does not differ greatly from that which has been used in East Ayrshire in the past. It remains based on an analysis of past trends in population change and household size and formation rates which are compared to the existing stock of housing and expected change through demolitions, voids and second homes. A significant addition is the detailed consideration of “suppressed” demand. Annex A of the SPP explains that Housing Market Partnerships (HMPs) will need to consider whether information should be gathered on the housing requirements of specific groups such as families, older people, minority and hard to reach households and households with specific needs. However, no specific guidance on how to measure suppressed demand is given in the Annex and individual HMPs will require to determine the most appropriate means of measuring this. SHNMAs are also expected to identify any backlog in demand in their housing requirement figures.

- 4.5 The SPP also requires Housing Market Partnerships to define housing market areas. It is acknowledged that these do not necessarily follow local authority boundaries and adjoining local authorities can work together on this issue. Housing numbers should, however, be allocated by local authority area to enable the development management process to operate effectively.
- 4.6 It is stated that local development plans will require to meet the housing land requirement up to year 10, providing appropriate effective sites for at least 5 years from the date of adoption and further sites capable of development by the end of year 10. Monitoring of this effective land supply will be done through the housing land audit and the draft SPP contains guidance on the preparation of these in Annex C with a view to seeking a standardised approach across Scotland for the purpose of monitoring land supply at the national level.
- 4.7 Local plans should also include policy triggers for the release of land in circumstances where the housing land audit identifies that a five year effective land supply has not been met. It is also stated that plans should include specific guidance on the circumstances in which consent will be granted for housing sites in advance of the review of the local plan where this is necessary to maintain a five year supply. However, the fact that there will be a requirement to review local development plans every 5 years and that housing allocations will require to be “generous”, the SPP states that the likelihood of additional sites being required under the new planning system is reduced.

5. DELIVERY OF HOUSING

- 5.1 The SPP states that up to date development plans are key to ensuring continued opportunities for new house building across Scotland and that an appropriate assessment of need and demand, the inclusion of effective sites in local plans and realistic programming of the effective supply should enable the construction of houses to meet targets within predictable timescales. However, as well as this spatial, site specific dimension of the local plan, the draft SPP promotes the creation of quality developments, mixed communities, opportunity for rural development and an appropriate amount of affordable housing.
- 5.2 As is required by the existing SPP 3, this consultative draft SPP states that local authorities should prepare a sustainable settlement strategy as part of the development plan process which must take account of the following key considerations:
- the efficient use of land and existing buildings, energy and infrastructure;
 - accessibility by a range of transport options to jobs and services for all sections of the community;
 - coordination of housing land provision with improvements in infrastructure, including transport and educational investment, and with

other major proposals such as business or other economic development; and

- the protection and enhancement of the environment.

- 5.3 The draft SPP reinforces the current SPP 3 policy on the use of land and buildings within existing settlements to make effective use of existing infrastructure and service capacity. It states that local authorities should prepare urban capacity studies which make an assessment of the opportunities for further housing development within existing settlements, focussing on previously developed land and conversions of existing buildings or a review of land zoned for other purposes where appropriate. Where previously developed land and infill sites cannot meet the full range of housing requirements, the SPP states that only then should local authorities look at extensions of existing settlements on greenfield land. The SPP also describes those circumstances where new stand alone settlements might be considered appropriate.
- 5.4 The SPP also contains a section on the creation of quality in housing which states that development plans should include a policy framework to achieve the creation of successful places which contribute to the identity of that locality. A list of policy and guidance documents which relate specifically to quality design solutions for new housing is given in Annex D.
- 5.5 Whilst the existing SPP covers energy efficiency in new housing, the draft SPP3 places more emphasis on this issue, stating that energy and resource efficiency should be key elements of new developments. Factors such as the location, siting and orientation of houses can influence the effects of climate change as can the efficient use of resources during construction.
- 5.6 The SPP also covers affordable housing stating that, where the SHNMA and Local Housing Strategy identify a shortage of affordable housing, this should be addressed by the development plan as part of the overall housing land requirement. This can include a local plan policy requiring a percentage of new housing to be affordable in nature and a benchmark of 25% is given. Local authorities should prepare Supplementary Planning Guidance on how the affordable housing requirement in their area is expected to be delivered. It is also pointed out that Planning Advice Note (PAN) 74 sets out detailed guidance on the provision of affordable housing. Rural Housing is also covered by the SPP. However SPP 15: Planning for Rural Development which was published two years after the original SPP 3 gives detailed policy guidance on this issue.

6. THE COUNCIL'S RESPONSE

- 6.1 The Scottish Government's desire to see house building rise to 35,000 units per annum is an aspiration rather than a target. No spatial guidance on where the 35,000 houses should be located is given in any of their recent publications. Paragraph 34 of the draft SPP states that, taking account of the scale and nature of the identified housing requirements, planning authorities will be required to allocate a "generous" supply of land for housing on a range of sites within each housing market area. There is confusion over exactly what

this means. It could mean that Councils should be generous in their interpretation of the SHNMA guidance or it could mean that planning authorities should take the SHNMA requirements and add on a generous flexibility allowance for the purposes of allocating land for housing development. It could also be the case that the Scottish Government expects suppressed demand to increase housing requirements and in turn increase housing allocations, thereby contributing to the aspirational target of 35,000 housing completions per annum in Scotland. Clarification is sought on this issue.

- 6.2 The new methodology for calculating housing demand will be contained within guidance which has not yet been published. Whilst the draft SPP contains an Annex summarising the main elements of the SHNMA guidance, it is not possible to assess the impact it could have on preparing housing strategies and demand figures. It will be important for the Council to establish exactly how much flexibility it will have in assessing housing demand figures in the future. Without the full version of the guidance, it is not possible to comment on the full implications of the draft SPP.
- 6.3 One of the principal outcomes of the draft SPP is that housing and planning functions of Councils will work together more closely than previously which is supported by the Council. However, certain parts of the text of this draft SPP raise concern as it is suggested that the Local Housing Strategy sits above the development plan in the hierarchy. An example of this is paragraph 6 which states that a SHNMA will provide a robust evidence base and clear vision for the provision of housing to be set out in the LHS which will include housing supply targets and guide the preparation of the development plan. It is considered that the SHNMA should guide the preparation of both the LHS and development plan. This issue should be clarified in the final version of SPP3.
- 6.4 Whilst the principle of closer integration of planning and housing services of the Council to SHNMAs is welcomed, local housing strategies and local plans currently work to completely different time horizons and preparation timetables. Two documents such as local plan and local housing strategy will need to be far more closely aligned to ensure that the SHNMA feeds into both at the relevant time.
- 6.5 Under the Planning etc. (Scotland) Act 2006, the cities and their regions will be required to produce strategic development plans. Although East Ayrshire Council is not affected by this, many other authorities in Scotland are and it will be extremely difficult for constituent local authorities to bring together both their planning and housing services to form Strategic Housing Partnerships. An example of this is Glasgow and the Clyde Valley Strategic Development Plan Authority area which consists of 8 local authorities. To manage the process of preparing, and reach agreement on the contents of an SHNMA between 16 Council departments is likely to be extremely complex and time consuming.
- 6.6 As is stated in paragraph 4.6 above, Annex C of the draft SPP contains guidance on the preparation of housing land audits. Under the "Windfall Sites" section of this Annex, it is stated that such sites are not part of the

planned housing supply as they arise unexpectedly usually on previously used land or buildings and as such should not be included within the audit until planning permission has been granted. This potentially conflicts with paragraph 58 of draft SPP3 which encourages planning authorities to undertake urban capacity studies and states that sites identified as having potential for residential development may be included within housing land audits as part of the established land supply. Clarification on exactly which sites should be included in housing land audits is sought.

7. FINANCIAL IMPLICATIONS

7.1 The Draft SPP 3 has no direct financial implications for the Council.

8. LEGAL / PERSONNEL / POLICY IMPLICATIONS

8.1 The Draft SPP 3 has no direct legal / personnel / policy implications for the Council.

9. RECOMMENDATIONS

9.1 It is recommended that Cabinet agrees:

- (i) to note the contents of this report; and
- (ii) to authorise the Head of Planning and Economic Development to submit a copy of this report to the Scottish Government as representing the views of the Cabinet on the draft SPP.

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26 March 2008 (EF/SA)

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Members wishing further information should contact Emma Fyvie, Senior Planning Officer on 01563 576756