

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	City Region Vision for 2038
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p><u>Vision Corresponding with Development Strategy</u> Homes for Scotland considers that the City Region Vision for 2038 set out within the Proposed Plan is positive, but does not go far enough to set the south east Scotland City Region apart as the key driver of sustainable economic growth for Scotland. As the City Region with Scotland's capital city, Homes for Scotland would like to see a stronger, more robust, ambitious and far reaching Vision which reflects projected and aspirational growth through the City Region Deal and other initiatives, setting a positive and inviting position for investment into the City Region.</p> <p>City of Edinburgh Council predicts that Edinburgh will be the biggest Scottish city within 25 years, with a population approaching 750,000. The latest population projections for Edinburgh confirm that Edinburgh's 2037 population projection will be 620,000 residents, requiring 90,000 additional homes. This type of vital context is absent from the Proposed Strategic Development Plan (SDP)'s Vision.</p> <p>The Proposed Plan itself lacks ambition, and as such does not accord with this Vision, nor does it meet the aspirations of National Planning Framework 3 which states (page 13) that "<i>Led by SESplan, we wish to see greater and more concerted effort to deliver a generous supply of housing land in this area.</i>" Both the Vision and the Plan itself must demonstrate how this will be delivered, however this is not clear from the Proposed Plan Vision or development strategy.</p> <p>We consider that the Vision should identify targets for growth, particularly on economic growth and increased delivery of homes in the City Region.</p> <p><u>Policy Framework</u> Homes for Scotland notes that the Proposed SDP does not set any specific policies. Instead, there are a number of "directions" set out in bold text throughout the Plan which Local Development Plans and "future development management decisions" are to take into consideration. We do not consider that this approach is helpful in providing transparency and clarity to the SDP which is a document with considerable statutory weight. We consider that the inclusion of policies in SDP1 was easier to interpret, and that there is a danger of misinterpretation and lack of clarity on the weight to be afforded to sections of the Plan through this method, therefore the policy approach in SDP1 should be retained unless sufficient evidence can be provided to support the replacement of policy with standard and bold text.</p> <p><u>Action Programme</u> The Action Programme should be a key document to support and drive the delivery of the SDP. The Action Programme should be clearer in setting out how the Vision will be delivered, and ensuring collaboration across the Member authorities to deliver that Vision, including delivery of economic growth for the City Region.</p> <p>Homes for Scotland supports the Action Programme actions to share knowledge and experience between Member authorities and with Homes for Scotland. We also support the Action to monitor SESplan Housing Land Supply through seeking standards for Housing Land Audits across the Member authorities, and Homes for Scotland will take SESplan's lead on starting this process and fully engaging with our pan-Scotland experience on Housing Land Audits.</p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan

City Region Vision for 2038

The Proposed Plan should articulate targets as part of its Vision. The Vision should define targets based on the number of people living in the City Region, the number of homes in the City Region, and the number of jobs in the City Region. A baseline figure should be shown for 218, and then targets to 2030 and to 2038 in line with the plan periods should be explicitly shown as a key part of the Vision.

Delivering the Vision

With a clear set of targets as part of the Vision, Delivering the Vision should be replaced to set out how the growth targets of the SDP will be delivered through the spatial strategy and policy framework. The policy framework within SDP1 is still relevant here within the SESplan2 Proposed Plan, and therefore many aspects of the existing SESplan1 policies (15 policies) could be reiterated in the relevant sections of the Proposed Plan to add clarity and direction.

SESplan Action Programme

There is a need to further develop the SESplan Action Programme, particularly in the longer term period. LDP Action Programmes by their nature focus on the short term period and certainly do not plan beyond their second plan period. The Proposed SDP needs to consider actions up to 2030 and beyond to 2038. A bullet should be added to Paragraph 2.2 to set a requirement for more longer term actions, and a further bullet to action the input and coordination of other stakeholders in the development process, especially infrastructure providers such as Scottish Water.

A critical aspect which is missing from the Proposed SDP and its action programme is the need or otherwise for new secondary schools to meet future housing land requirements. To date, this key infrastructure requirement and the required educational, long term planning has not been adequately addressed.

Please summarise your representation (max 400 words)

The City Region Vision for 2038 should be stronger in its aspirations and ambitions for the future growth of the City Region. It fails to meet the requirements set out in NPF3 and SPP. Simple target setting should be introduced to help address shortcomings in the Vision. An executive summary of the spatial strategy should also be set out as part of the Vision, helping direct growth and provide guidance about the delivery of supporting infrastructure to specific areas.

The Action Programme should be amended to be clearer in setting out how the Vision will be delivered.

The Proposed SDP does not propose a policy framework which can guide development plan and development management decision making. The approach in the Proposed SDP fails to provide essential policy requirements. SESplan's current policy framework has worked and in particular, helped to deliver more homes and should be retained. The existing policy framework of 15 policies should be reinstated in the section on *Delivering the Vision*.

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	The Spatial Strategy
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p>Homes for Scotland does not dispute the new Spatial Strategy within the Proposed SDP which is defined as “most growth in and around Edinburgh and in Long Term Growth Corridors”. This seems to be a logical approach and we support the decision to ensure that Edinburgh accepts more of its own need and demand than was the case in SESplan1. This is a more sustainable approach, focusing new homes in the most accessible locations for work and leisure opportunities.</p> <p>However, the Spatial Strategy fails to explain how this strategic growth will “occur in and around Edinburgh and along transport corridors over the plan period to 2030”. In order to direct future growth along these transport corridors, and to achieve the desired modal shift in favour of public transport, the necessary supporting infrastructure planning must be part of the Proposed Plan. There is no explanation on how the Long Term Growth Corridors will be established in the lead-in up to 2030, particularly in the provision of necessary infrastructure in advance of 2030.</p> <p>We note that the Strategic Growth Areas identified in Figure 3.1 Key Diagram appear to reflect committed development (allocated and proposed sites) within current and emerging Local Development Plans, and there is no clear provision to allow for any additional growth of these areas.</p> <p>Therefore the Growth Areas are smaller than in the current SDP1, and do not explicitly allow for additional growth. This should not be the case for a new Strategic Development Plan which should assess these Growth Areas in terms of their ability to accommodate further development, and infrastructure capacity.</p>	
If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan	
<p>The SDP should assess the Strategic Growth Areas to look at infrastructure capacity, and their ability to accommodate further growth. There should be provision within the Plan for additional growth. Since the Strategic Growth Areas appear to only reflect allocated sites and proposed allocations, flexibility should be built in and provision made for the future growth of these areas on other sites not yet identified through future plans.</p>	
Please summarise your representation (max 400 words)	
<p>The SDP should assess the Strategic Growth Areas to look at infrastructure capacity, and their ability to accommodate further growth. There should be provision within the Plan for additional growth. Since the Strategic Growth Areas appear to only reflect allocated sites and proposed allocations, flexibility should be built in and provision made for the future growth of these areas on other sites not yet identified through future plans.</p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	Increasing Housing Delivery
Do you support this section of the plan?	No
Please explain why?	
<p>Homes for Scotland supports the Minister for Local Government and Housing in his letter to City of Edinburgh Council on 9th November 2016 where he states that “<i>there is unmet need and demand for housing across Scotland and we need to take the steps that are necessary to resolve this situation</i>”. We dispute the sentence in Paragraph 5.1 of the Proposed Plan that states “<i>this plan sets out ambitious targets for housing and a generous land requirement to enable these targets to be met</i>”. If the Housing Supply Target and Housing Land Requirement are both amended to ensure that the HNDA scenario of Wealth Distribution is met in full on an all-tenure basis, with a 20% generosity margin added for flexibility of supply and delivery (as set out in the remainder of this section of our representation), this statement will be true, and we would support it. However, we do not feel that the Proposed Plan does set out an ambitious target for the City Region.</p> <p><u>HNDA Growth Scenario</u></p> <p>Homes for Scotland supports the SESplan Proposed Plan selection of the HNDA “Wealth Distribution” growth scenario as the most appropriate scenario upon which to base the future growth of the city region. We believe this is the most likely economic trajectory for the SESplan area over time, and therefore the Housing Supply Targets (HST) should be based on this assessment.</p> <p>Rettie & Co has produced a paper for Homes for Scotland, considering the economic scenarios within the HNDA. This report “SESplan Review of Assumptions” is attached to this submission as Appendix 1.</p> <p>The report looks at the issues of migration and household growth, income growth and distribution, house price growth, and city deal and economic strategies. It tests each one against the HNDA scenarios. It concludes that any assessment of economic growth scenarios over the longer term must take account of past economic cycles and therefore when key variables are considered over the longer term, this lends “<i>substantial support to the Wealth Distribution economic scenario of the HNDA</i>”.</p> <p>Whilst we support the selection of the Wealth Distribution economic growth scenario, we believe that this scenario should be met in full on an all-tenure basis. The Rettie & Co paper sets out a number of ‘serious implications’ of failing to tie house building levels to the chosen economic scenario.</p> <p><u>SESplan Plan Periods</u></p> <p>The Proposed Plan should be more closely aligned to the HNDA as required by Scottish Planning Policy (SPP) which states in Paragraph 114 that “<i>the HNDA, development plan, and the local housing strategy processes should be closely aligned</i>”, and in Paragraph 115 states that the HST should be “based on evidence from the HNDA”. Since the HNDA growth estimates adopted by the SDPA are 2012 based, we consider it appropriate for the SDP to use 2012 as the start date. Credible evidence is not provided in the Housing Background Paper (Para 4.4) to justify 1st April 2018 as the start date for the HSTs. This paragraph simply states that “<i>Housing Supply Targets so not cover the same period as the HNDA as they are not required to</i>”. This statement does not justify the attempt to alter the start date of projections from 2012 to 2018, and does not constitute aligning the SDP and the HNDA.</p> <p>The HST is required to begin in 2012 and if the SDP is approved in 2018, it is required to set an HST up to 12 years post-adoption. Therefore, the HNDA period to consider is 2012-2030 for the purposes of determining the HST for the Plan, and for the period up to year 20 post-adoption, the HNDA period to consider is 2030-2038.</p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

We strongly believe that the HST should reflect the HNDA period of 2012-30 and years prior to 2018 cannot be ignored. Accordingly, completions from 2012-2018 will be taken into account.

The following tables identify the correct periods of 2012-30 and 2030-38 that should be used for the purposes of calculating the HST for SESplan2:

Table 1 – HNDA Wealth Distribution (2012 Based)

2012 to 2030	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,433	43,797	1,491	26,834	3,924	70,631
East Lothian	376	6,766	183	3,302	559	10,068
Fife	466	8,393	349	6,280	815	14,673
Midlothian	334	6,005	117	2,110	451	8,115
Scottish Borders	172	3,101	118	2,121	290	5,222
West Lothian	388	6,990	253	4,559	642	11,549
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,022	16,176	1,645	13,162	3,667	29,338
East Lothian	272	2,174	188	1,503	460	3,677
Fife	255	2,038	300	2,399	555	4,437
Midlothian	179	1,428	116	925	294	2,353
Scottish Borders	29	234	37	299	67	533
West Lothian	236	1,887	196	1,564	431	3,451
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

Housing Supply Target

Homes for Scotland is concerned that the Housing Supply Target set by SESplan2 Proposed Plan does not meet the Wealth Distribution HNDA growth scenario in full, and on an all-tenure basis is substantially below the HNDA estimate.

We believe that the HST should fully meet the need and demand identified in the Wealth Distribution scenario in the HNDA. The SDPA has confirmed that this growth scenario was chosen for the purposes of setting ambitious HSTs and in order that the Market HST would fully reflect the HNDA market estimate of demand.

The Housing Background Paper identifies that the SDPA has sought to adjust the affordable housing element of the HNDA estimate based on the past delivery of affordable housing (Para 6.1) and availability of resources (para 6.3). We consider it inappropriate to adjust the affordable housing need set by the Wealth Distribution estimate as the HST should be met on an all-tenure basis, not artificially constrained by tenure (see section on All-Tenure Approach below). Artificially reducing the estimates of need and demand puts the SESplan development strategy at risk and also risks the delivery of the Scottish Government's ambitious objective to deliver 50,000 affordable homes over the course of this Parliament to 2020. Through not planning to meet the defined need and demand, there is the potential to exacerbate further the shortfall in affordable housing and to further exacerbate the trend of increasing house prices through demand far outweighing supply.

We do not believe that there is adequate justification for the HSTs set within the SDP for affordable housing. Paragraph 6.6 of the Housing Background Paper simply concludes that lack of funding for affordable housing means that the HNDA estimate of affordable housing cannot be realistically delivered. However, these considerations appear to look no further than 4-5 years and do not take

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

adequate account of emerging and future initiatives that will inevitably come forward over a 12-year period. For example, City of Edinburgh Council has recently announced the intention to increase the Council's housebuilding programme from 3,000 to 8,000 affordable homes over the next decade through the Edinburgh Homes Initiative. This and other initiatives that will come forward during the plan period should be taken into consideration. Furthermore, the Scottish Government's commitment to delivering 50,000 affordable homes over the course of the current parliament, with 35,000 of these being social rented properties must be reflected within the ambition of the SDP for this City Region.

Moreover, Homes for Scotland strongly believes that the ability of the private sector to deliver affordable housing and contribute to the affordable housing target is significantly under-estimated in the Proposed Plan, and there has been a lack of exploration of SESplan into potential delivery mechanisms to increase the supply and delivery of 'mid-market' housing options.

There is a lack of transparency within evidence base for the HSTs with no explanation within the Plan or supporting documents as to how the private HST has increased from the HNDA estimate, nor is there evidence to support the significant reduction in affordable housing need and how this affects the increase in the private housing demand, or justification of how these figures have been calculated.

Despite the target for market housing being set slightly higher than the HNDA requirement, the affordable housing target is set so far below the HNDA requirement that the overall HST set out within SESplan2 Proposed Plan is a significant departure from the HNDA, resulting in a large all-tenure deficit which is at odds with the SDPA's suggestion that the HST is ambitious. Additionally, it does not accord with NPF3 which states (page 13) that "led by SESplan, we wish to see greater and more concentrated effort to deliver a generous supply of housing land in this area".

We note that this issue could have been identified earlier in the Plan process and a potential solution sought if the HST had been identified at MIR stage as a preferred option, with other alternatives, for consultation.

Paragraph 5.4 refers to three bullet points which should be deleted due to the need to meet an all-tenure HST, recognising that development of any tenure contributes to meeting the all-tenure HST.

Redistribution of Edinburgh's Need and Demand

We note that the SDP promotes a strategy to redistribute an element of Edinburgh's need away from the city to be met within the other SESplan authorities. Therefore to calculate the HST for each SESplan authority, an element of redistribution away from Edinburgh must be calculated.

Geddes Consulting's Review of the Housing Background Paper (attached at Appendix 3) clearly sets out the approach to calculating the redistribution of Edinburgh's need and demand.

Appendix 2 shows the resulting calculations of the HST for each SESplan authority area based on firstly the 19% redistribution, and secondly the 9.7% redistribution from Edinburgh, all adding up to the full Wealth Distribution HNDA scenario estimate of need and demand for the SESplan region.

Fundamental to this calculation is the all-tenure approach to redistribution which is the most appropriate means of effectively calculating a reasonable and deliverable HST, rather than the solely market redistribution currently within the Proposed Plan.

Housing Land Requirement / Generosity

The Scottish Government interpreted the meaning of generosity in its response to SESplan1 – "*to be clear, the Scottish Government's view is that a generous land supply is arrived at by first identifying a robust and justifiable housing requirement, and then allocating more than enough land to meet this.*"

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Generosity is therefore a concept associated with the housing land supply and not with the housing requirement. It is also inherent in the concept of a generous housing land supply that not all allocated sites will in fact be developed.” This may have been written before the publication of the current 2014 SPP, but is still very much relevant in setting the meaning of adding a generosity allowance.

Paragraph 10.6 of the Housing Background Paper states that a “10% margin is sufficient to allow the Housing Supply Target to be achieved”. The 10% margin is not sufficient to deliver the HNDA Wealth Distribution scenario in full, and therefore a 20% margin would be more appropriate. We do not believe that the “*viability of allocated land could be undermined by an over-supply of land*”. This is highly unlikely in the SESplan region based on the HNDA requirements. It must be acknowledged that not all allocated sites will be delivered within the plan period, and therefore the generosity allowance does not add to the HST, but replaces any lost sites to ensure that the target is met. A 20% generosity allowance ensures there is flexibility in the housing land supply, reflecting sites lost through the plan period, and allowing for others to come forward to meet the HST. The delivery of the established housing land supply is highly optimistic, and this must be reflected by the application of a generosity allowance at 20%.

It is essential that sufficient effective land is allocated to guarantee the delivery of the HST. By setting an appropriate figure at this stage, statutory agencies are able to properly plan for the infrastructure that will be needed to deliver the SDP’s strategy. This would avoid many of the difficulties which have bested SESplan1 and its associated LDPs where lengthy plan-making processes have ultimately resulted in LDP Examination Reporters concluding that there was insufficient certainty around infrastructure to permit the allocation of sufficient land to meet the relevant requirements.

Appendix 2 shows the Housing Land Requirements based on a 20% generosity margin, for both a 19% and 9.7% redistribution for Edinburgh for the SDP plan periods of 2012-30 and 2030-38.

The process of reaching the end Housing Land Requirement should therefore be as follows:

Table 2: *HFS Methodology – Calculation of Housing Supply Target and Housing Land Requirement*

- The HNDA growth scenario (Wealth Distribution) from 2012-2030 should be met in full;
- An element of redistribution is calculated, based on either 19% or 9.7% of Edinburgh’s need and demand being redistributed to the other SESplan authorities on an all-tenure basis;
- The past shortfall in delivery is calculated based on the Housing Land Audit completion figures measured against the HNDA estimates for each year, and this is taken into account within the HST, on an all-tenure basis; and
- 20% generosity allowance is added to the HST to calculate the HLR

All-Tenure Approach

Paragraphs 5.8-5.12 of the Proposed Plan must be modified to take into account an all-tenure approach. We acknowledge that SPP requires the HST to be separated into affordable and market sector, however we believe that this HST must be delivered on an all-tenure basis.

This matter has been tested at examination. In approving the current Glasgow & Clyde Valley

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Strategic Development Plan, the Reporters made significant modifications to the SDP on matters relating to the need for an all-tenure housing requirement as well as recognising the importance of private sector housing in meeting affordable needs along with other providers such as the Council and housing associations. The Reporters also highlighted the need to maintain a five year effective land supply at all times.

The Geddes Consulting “Review of the Housing Background Paper” is attached as Appendix 3 to the Homes for Scotland submission. We refer to the robust argument made in Page 3 of this report regarding an all-tenure approach, and support this evidence.

Homes for Scotland believes that land should be made available either through the Development Plan or Development Management process to meet the identified all-tenure HST and housing land requirement in full, regardless of the tenure of housing provided.

Paragraph 7.24 of the Housing Background Paper states that “Setting higher market Housing Supply Targets than proposed would not be credible against the HNDA as they would not reflect future demand. Therefore they would remain undelivered and is therefore neither reasonable nor realistic”. We believe that far more recognition should be given to the role of the private sector in delivering homes and infrastructure and the contribution towards affordable housing from the private sector. There is an argument to increase private supply significantly to provide flexibility and deliver a proportion of affordable housing, and provide a moderating impact on market house prices through an increase in the supply of housing sites.

SESplan Evidence Base

We refer to Appendix 4 which sets out our analysis of the evidence base provided within the Housing Background Paper and Environmental Report specifically on infrastructure capacity and environmental constraints identified as a justification for the Housing Supply Targets set within the Proposed Plan.

If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan

The SDP should be amended to take into consideration the 2012-2018 period, therefore the SESplan2 plan periods should be 2012-2030 and 2030-2038.

The HNDA Wealth Distribution economic growth scenario should be met in full, on an all-tenure basis. Table 1 should be used for the purposes of calculating the HST for SESplan2, and the Housing Supply Targets should be amended accordingly (See Appendix 2).

Redistribution of Edinburgh’s need should be clarified. This should either be based on a 19% redistribution or a 9.7% NET distribution (see Appendix 2 for the resulting Housing Supply Targets for each scenario).

The Housing Land Requirements should be amended (see Appendix 2) to reflect a 20% generosity margin.

The Housing Supply Targets and Housing Land Requirements should be recalculated based on an all-tenure approach, recognising that housing delivery of any tenure will contribute to meeting the overall requirement.

Please summarise your representation (max 400 words)

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Homes for Scotland supports the selection of the Wealth Distribution HNSA growth scenario. We consider that this growth scenario should be met in full, on an all-tenure basis, for the period of 2012-2030 and 2030-2038, with 20% generosity added, and either a 19% redistribution or 9.7% NET redistribution taken account of for Edinburgh.

An all-tenure approach is important, recognising that housing delivery of any tenure will contribute to meeting the overall requirement.

We further consider that a more robust evidence base should be provided, and our analysis of the evidence base is shown at Appendix 4.

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	Affordable and Specialist Need
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p>SPP (Paragraph 129) identifies that “the level of affordable housing required as a contribution within a market site should generally be no more than 25% of the total number of houses”. Homes for Scotland considers that this should be explicitly stated within the Strategic Development Plan at Paragraph 5.5.</p>	
If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan	
<p>Paragraph 5.5 (section in bold) should be amended to state:</p> <p><i>“Local Development Plans will set out the proportion of affordable housing that will be sought on market sites, taking into account relevant local factors. This will be no more than 25%. Affordable housing will also be developed by housing associations and councils, making best use of the public estate.”</i></p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	Housing 2018 – 2030 Period
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p>Homes for Scotland agrees with the sentence in bold of Paragraph 5.8 of the Proposed Plan that “Local Development Plans will ensure that there is sufficient supply of housing land to meet the Housing Land Requirements over the 10 year period from the expected date of adoption”. This is in accordance with Scottish Planning Policy Para 119.</p> <p>The second part of Paragraph 5.8 (not in bold) assumes that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-30 period in all SESplan authority areas except Edinburgh. This assertion sends the wrong message and cannot be made through the Strategic Development Plan, it is for each Local Development Plan to assess the land supply at the local level at the time of plan preparation and beyond. As such, text <i>“Estimates indicate that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-2030 period in East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. This is due to the existing land supply set out in Local Development Plans based on housing requirements in the previous Strategic Development Plan”</i> should be deleted.</p>	
If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan	
<p>The following sentences in Paragraph 5.8 of the Proposed Plan should be deleted:</p> <p><i>“Estimates indicate that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-2030 period in East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. This is due to the existing land supply set out in Local Development Plans based on housing requirements in the previous Strategic Development Plan”</i></p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	Maintaining a 5-Year Land Supply
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p><u>Paragraph 5.11</u></p> <p>As set out within our representation on “Increasing Housing Delivery”, the future level of housebuilding is required to be defined on an all-tenure basis, and this has been highlighted by Scottish Ministers in decisions on housing requirements for all Strategic Development Plans.</p> <p>For the Glasgow & Clyde Valley Strategic Development Plan Examination, the DPEA Reporter modified the Strategic Development Plan, concluding that “...it is appropriate that the strategic development plan sets out an all-tenure housing requirement for each local authority... and ...by doing so, it will recognise that new housing provided in any sector can contribute to meeting that requirement, and that no unnecessary or artificial restrictions are imposed simply because of the definitions adopted for the purposes of the housing need and demand assessment” (Issue 23, paragraph 2). This modification by the DPEA Reporter was upheld by Scottish Ministers. The requirement to meet the housing target in full is required by SPP (paragraphs 118, 119 and 120).</p> <p>The methodology set out in Paragraph 5.11 of the Proposed SDP will not enable the Scottish Ministers’ aim of meeting the Housing Supply Target and Housing Land Requirement in full over the plan period. This is because it does not take account of the performance of the development strategy in the plan period to date, and does not deal with the situation where a surplus, or shortfall, emerges in the plan period.</p> <p>When presented at Planning Appeals, the calculation set out in Paragraph 5.11 has been rejected consistently by DPEA Reporters as an inappropriate methodology to determine whether the five year effective housing land supply is maintained.</p> <p>We refer to Geddes’ Consulting’s Review of the Housing Background Paper for further detailed evidence on this matter.</p> <p>We suggest that SESplan looks to some of its member authorities for methodology on calculating the 5 year effective land supply which are supported by the home building industry. For example City of Edinburgh Council, and also the methodology within the Proposed East Lothian Local Development Plan.</p> <p>There is a need to identify land for new housing in strong market areas, whether there is one single Housing Market Area for SESplan or more than one. The argument of marketability of sites only arises where land is allocated for development in marginal locations. While SESplan has been identified as one Housing Market Area, it must be recognised that there is a big difference in the strength of the market between certain areas.</p> <p><u>Paragraph 5.12</u></p> <p>Homes for Scotland suggests that Paragraph 5.12 should set out the delivery of the proposed development strategy on an all-tenure basis with specific recognition that housing provided in any tenure will contribute to meeting the overall SESplan Housing Land Requirement. Further, we suggest that bullet of Paragraph 5.12 is deleted in full.</p>	

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

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Paragraph 5.11

Paragraph 5.11 should be amended from the section in bold reading "*They will maintain a five year effective housing land supply at all times measured...*" to the end of the Paragraph.

We suggest the following wording and table of methodology is added:

"They will maintain a five year effective housing land supply at all times measured against the all tenure five year housing supply targets. The five year effective housing land supply is calculated using the following methodology:

Step	Description	Method
A	Housing Supply Target for relevant plan period from Development Plan	
B	Housing Completions to date from Housing Land Audit	
C	Remaining Housing Supply Target for plan period	A - B
D	Annual Average Housing Supply Target over remaining plan period, where Y = number of years in plan period remaining	C / Y
E	Five Year Housing Supply Target	D x 5
F	Five Year Effective Housing Land Supply from Housing Land Audit	
	Shortfall/Surplus in Five Year Effective Housing Land Supply	E - F
	Number of Years Supply	(F / E) x 5
	Percentage of Five Year Housing Supply Target Met	(F / E) x 100

Paragraph 5.12

The second bullet of Paragraph 5.12 should be deleted in its entirety and this Paragraph should be amended to reflect an all-tenure approach.

Please summarise your representation (max 400 words)

The delivery of the proposed development strategy should be on an all-tenure basis recognising that new housing provided in any tenure will contribute to meeting the overall housing land requirement which has been identified across SESplan. Assumptions regarding the likely tenure of the provider should not impose artificial or unnecessary restrictions on new housing provision.

It noted that the SDPA is seeking to adopt an alternative methodology that has been rejected by Scottish Ministers.

Homes for Scotland Representation

SESplan Proposed Plan

November 2016

Section of plan	Housing 2018 – 2030 Period
Do you support this section of the plan?	No
Please explain why? (max 2,000 words)	
<p>Homes for Scotland agrees with the sentence in bold of Paragraph 5.8 of the Proposed Plan that <i>“Local Development Plans will ensure that there is sufficient supply of housing land to meet the Housing Land Requirements over the 10 year period from the expected date of adoption”</i>. This is in accordance with Scottish Planning Policy Para 119.</p> <p>The second part of Paragraph 5.8 (not in bold) assumes that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-30 period in all SESplan authority areas except Edinburgh. This assertion sends the wrong message and cannot be made through the Strategic Development Plan, it is for each Local Development Plan to assess the land supply at the local level at the time of plan preparation and beyond. As such, text <i>“Estimates indicate that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-2030 period in East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. This is due to the existing land supply set out in Local Development Plans based on housing requirements in the previous Strategic Development Plan”</i> should be deleted.</p>	
If you do not support this section, please set out precisely what changes should be made to this section of the Proposed Plan	
<p>The following sentences in Paragraph 5.8 of the Proposed Plan should be deleted:</p> <p><i>“Estimates indicate that there is sufficient housing land supply to meet the Housing Land Requirements for the 2018-2030 period in East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. This is due to the existing land supply set out in Local Development Plans based on housing requirements in the previous Strategic Development Plan”</i></p>	



SESPLAN

REVIEW OF ASSUMPTIONS

HOMES FOR SCOTLAND

PRIVATE AND CONFIDENTIAL
DATE OF REPORT: 18TH NOVEMBER 2016

CONTENTS

1	ABOUT THIS PAPER	3
2	MIGRATION AND HOUSEHOLD GROWTH	6
3	INCOME GROWTH AND DISTRIBUTION	8
4	HOUSE PRICE GROWTH	11
5	CITY DEAL AND ECONOMIC STRATEGIES	13
	CITY DEAL	13
	EDINBURGH	13
	FIFE	13
	EAST LoTHIAN	14
	SCOTTISH BORDERS	14
	MIDLoTHIAN	14
	WEST LoTHIAN	15
6	CONCLUSIONS	16

1 ABOUT THIS PAPER

Homes for Scotland commissioned Rettie & Co to review SESplan interpretation of its Housing Need & Demand Assessment (HNDA) in setting its housing supply targets in its *Housing Background Paper* (October 2016).

In particular, Rettie & Co was asked to consider the economic scenarios – Steady Recovery (low end forecast), Wealth Distribution (mid forecast) and Strong Economic Growth (high end forecast) that were used in the HNDA and the variables used to explain them.

This is important as the housing supply target is based on an assessment of the most likely economic trajectory for the SESplan area. The HNDA considered that the Steady Recovery or Wealth Distribution scenarios were the most likely, while the Main Issues Report's preferred approach was the Steady Recovery scenario.

Broadly, the economic scenarios can be set out as follows.

- **Steady Recovery** – Modest economic and employment growth throughout the region together with modest population and household growth. Predicated on business confidence taking longer to return post-recession and large-scale developments drifting out in time as a consequence.
- **Wealth Distribution** – Anticipates a wider distribution of wealth in the region, creating more high and low skilled jobs and increasing economic activity throughout the working age population
- **Strong Economic Growth** – Characterised by increasing economic wealth and productivity and includes significant population growth and innovation raising economic output and employment. The Edinburgh City Region in this scenario would be one of the fastest growing regions of the UK in terms of population, drawing in workers from across the country. This facilitates strong economic and income growth.

In

Figure 1, below, the assumptions that inform the alternative futures are laid out, with those indicated in red representing the most likely future for that variable in the *SESplan Study* (supporting HNDA document) by Oxford Economics.

The Steady Recovery scenario assumes low migration growth, no real growth in wages, little change in income distribution, and average house prices growing in line with inflation targets of 2% per annum.

The Wealth Distribution scenario assumes the 'principal' growth in households in the official household projections for the area, as well as modest increase in income, reduced income inequality and modest rises in houses prices (stronger in Edinburgh and West Lothian). The Strong Economic Growth scenario assumes a high level of migration, relatively high income growth, rising income inequality and a strong recovery in house prices.

Figure 1 Variables used for HNDA based Alternative Futures

Variables in HNDA Tool	Steady Recovery	Wealth Distribution	Strong Economic Growth
Household Projections	'Low migration' using 2012 based household projections	'Principal' using 2012 based	'High migration' using 2012 based household projections
Existing Need Clearance Period	Inputted value of 10 years	Inputted value of 10 years	Inputted value of 5 years
Average (median) Household Income Growth	No real growth (Inflation Target)	Modest Increases	Reasonable growth
Change in Income Distribution	Flat (no change)	Creeping equality	Creeping inequality
Projected House Prices	'No real growth (inflation target)', 'OBR estimates' for CEC and 'modest increases' for WL	'Modest increases' with 'Strong recovery' 'strong recovery' for CEC and WL	
Below Market Rent Assumption	'No real growth (Inflation Target)' with 'OBR estimates' for CEC and 'modest increases' for WL	'Modest increases' with 'Strong recovery' 'strong recovery' for WL	

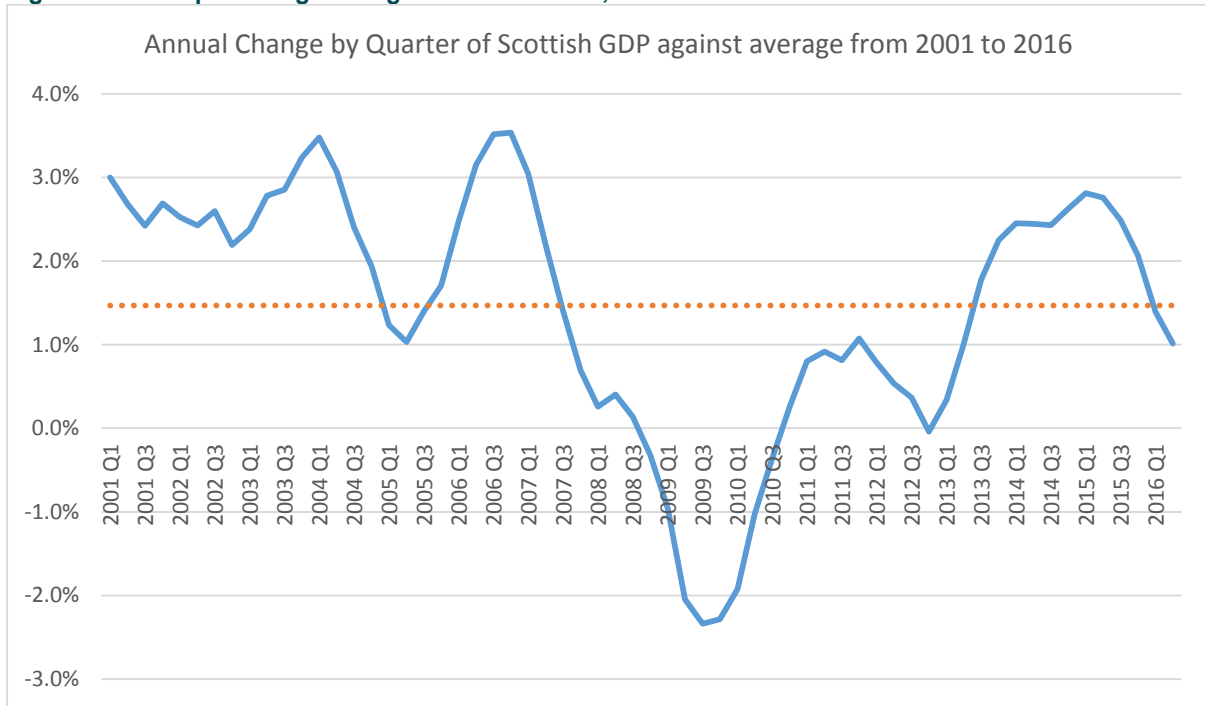
Source: Housing Background Paper SESplan Table 5.1 Pg 25

This paper by Rettie & Co will focus on four of these variables, for which accurate and a fairly long time series of data is available, and how they have been considered in the Housing Background Paper: household projections, average household income growth, change in income distribution and projected house prices. It considers the long term changes in these variables over the last 12 and 20 years to provide a benchmark for the time ranges considered by the HNDA and SESplan housing delivery targets (2012-32 and 2018-30 respectively).

The 'Post HNDA Economic Commentary Review' included in the Housing Background paper reflects on recent and anticipated change over a relatively narrow period of time and this is allowed to justify a relatively downbeat assessment of the future of the Scottish economy and therefore a low to mid end recovery forecast on which to base supply targets. However, economic cycles are typically longer than a few years and any assessment of future performance should consider what is likely to happen over economic peaks as well as slumps, which can be reflected on if we consider the performance of these variables over the previous 12 and 20 year periods.

This is justified, not just because it contains the sort of time periods used in the HNDA and SESplan targets, but because economic growth fluctuates significantly over this sort of interval, as highlighted below. Growth since 2001 has averaged 1.5%, but has been in the range of +3.6% and -2.2% a year.

Figure 2 Annual percentage change in Scottish GDP, Q1 2014-Q1 2016



Source: Scottish Government

2 MIGRATION AND HOUSEHOLD GROWTH

The assumption under the Steady Recovery scenario is based on the 2012 low migration variant to 2037, whereas the Wealth Distribution scenario is based on principal variant and the Strong Recovery scenario is based on the high end forecast.

The low end projection was assumes an average annual growth of 0.7% over the period, with the principal projection at 0.9% per annum and the high end projection at 1%.

Strong household growth was anticipated in Edinburgh, at over 1% on all projections, with weaker growth in the other areas, ranging from 0.1%-0.9% per annum under the low projection, 0.3%-0.9% under the principal projection and 0.4%-1.6% under the high projection.

Figure 3 Average annual percentage change in household numbers projections in the SESplan area, 2012-27

Low	2012-2024	2012-2035	2012-2037
East Lothian	0.9%	0.9%	0.9%
Edinburgh	1.2%	1.1%	1.1%
Fife	0.5%	0.4%	0.3%
Midlothian	0.8%	0.7%	0.7%
West Lothian	0.7%	0.6%	0.5%
Scottish Borders	0.3%	0.2%	0.1%
All Areas	0.8%	0.7%	0.7%

Principal	2012-2024	2012-2035	2012-2037
East Lothian	1.0%	1.0%	0.9%
Edinburgh	1.4%	1.3%	1.3%
Fife	0.6%	0.5%	0.5%
Midlothian	0.9%	0.8%	0.8%
West Lothian	0.7%	0.7%	0.6%
Scottish Borders	0.5%	0.3%	0.3%
All Areas	0.9%	0.9%	0.9%

High	2012-2024	2012-2035	2012-2037
East Lothian	1.6%	1.6%	1.6%
Edinburgh	1.1%	1.1%	1.1%
Fife	0.6%	0.6%	0.6%
Midlothian	0.9%	0.9%	0.8%
West Lothian	0.8%	0.7%	0.7%
Scottish Borders	0.6%	0.5%	0.4%
All Areas	1.1%	1.1%	1.0%

Source: National Records of Scotland, Scottish Household Projections 2012-37

The actual changes in household numbers over different periods of time are presented below. The current 20-year average (the same period as involved in the HNDA) is 0.9% for the SESplan area, with a 12-year average (same period of time as the SESplan delivery targets) of 1.4%. Even in the last three years, a period of relatively low economic growth, the rise in household numbers has averaged 0.8% per annum.

The lower than projected outturns for Edinburgh are partly because the households that were expected to form did not form because of the relatively low rate of new build. Many people have also left the Capital or did not move to it and instead settled in neighbouring areas, such as Midlothian, where new build activity is stronger and/or housing more affordable.

Figure 4 Actual average annual percentage change in household numbers in the SESplan area for various periods 1995-2015

	20 Year	12 Year	10 Year	5 Year	3 Years
	1995-2015	2003-2015	2005-2015	2010-2015	2012-2015
East Lothian	1.1%	1.8%	1.1%	0.8%	0.7%
Edinburgh	0.8%	1.4%	0.8%	0.8%	0.9%
Fife	0.7%	1.1%	0.6%	0.5%	0.6%
Midlothian	0.9%	1.5%	1.1%	1.3%	1.4%
West Lothian	1.3%	2.1%	0.9%	0.7%	0.9%
Scottish Borders	0.8%	1.4%	0.7%	0.4%	0.4%
All Areas	0.9%	1.4%	0.8%	0.7%	0.8%

Source: National Records of Scotland, Scottish Household Projections 2012-37

This analysis suggests that actual migration and household change supports the Wealth Distribution economic scenario, based on the principal household projections assumption, and also lends some support to the Strong Economic Growth scenario as the change over the last 12 years is actually in excess of the high end projection. The low end projection, on which the Steady Recovery scenario is predicated, trails actual change over the last 12 and 20 years and is even below change over the last three years in a period of low economic growth.

3 INCOME GROWTH AND DISTRIBUTION

The assumption under the Steady Recovery scenario assumes that there will be no real growth in income, i.e. following the Bank of England inflation target of 2% per annum (based on the median).

The Council for Housing Market Analysis (CHMA) also provides ‘moderate’ and ‘reasonable’ income growth projections of around 3-4% and 3-6% respectively over the period up to 2030, which are aligned with the Wealth Distribution and Strong Economic Growth scenarios.

Figure 5 CHMA income growth rate projections, 2013-41

CHMA Growth rate, forecast, Income, All areas, selected years

	2013	2014	2015	2016	2020	2030	2030-2041 (avg pa)
Inflation Target (No real growth)	2.0%	2.0%	2.0%	2.0%	2.0%	2.5%	2.5%
Modest Increases (core)	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%
Reasonable growth	5.0%	6.0%	6.0%	6.0%	6.0%	3.0%	2.7%
Slow decline	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	2.0%	2.4%

Source: CHMA

While income has not seen real growth over the course of the recession, in the 12-year period to 2016, average (median) income growth has been around 2.4% per annum on average in the SESplan area. Even over a relatively depressed economic period from 2012-16, average wage growth has been running at over 2%. Notably, real wage growth has been returning to the economy in very recent years.

On income distribution, the Steady Recovery scenario is based on no change, whereas the Wealth Distribution scenario is based on ‘creeping equality’ and the Strong Economic Growth scenario is based on ‘creeping inequality’. Considering the income of the top 25% versus the bottom 25% across the SESplan area over the last 12 years, whereas the top 25% have had an average increase in income of 2.5%, the bottom 25% have had an average increase of just 2% per annum. This is indicative of ‘creeping inequality’, which lends support to the Strong Economic Growth scenario.

When only considering the position since 2012, these statistics reverse, with the bottom 25% having an increase of 2.7% on average and the top 25% an average annual increase of just 2.1%. This is supportive of the ‘creeping equality’ assumption underpinning the Wealth Distribution scenario.

Figure 6 Changes in resident income within SESplan area for place of residency, 2004-16

Median	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2004-2016	2012-2016
Scotland	2.2%	5.8%	4.3%	3.5%	4.9%	2.7%	0.1%	-0.6%	1.8%	2.4%	1.1%	3.2%	2.3%	2.6%	2.2%
East Lothian	-1.4%	-2.1%	-0.1%	3.9%	7.1%	5.4%	-0.9%	-2.9%	1.6%	2.7%	2.6%	2.6%	-1.4%	1.3%	1.6%
City of Edinburgh	5.8%	0.7%	5.4%	-0.7%	4.0%	1.5%	-0.3%	2.5%	0.0%	1.9%	0.0%	1.8%	4.0%	2.1%	1.5%
Fife	2.2%	4.3%	4.9%	2.2%	6.5%	0.9%	2.7%	-0.8%	3.0%	1.1%	0.8%	3.4%	6.1%	2.9%	2.9%
Midlothian	4.1%	2.0%	7.0%	3.2%	3.1%	1.3%	6.7%	-3.9%	3.2%	0.6%	0.8%	7.4%	2.9%	3.0%	3.0%
Scottish Borders			5.8%	5.9%	3.6%	-2.1%	2.1%	-0.4%	-2.1%	8.4%	3.2%	2.7%	1.3%	2.6%	2.7%
West Lothian	-9.9%	22.9%	2.7%	5.1%	-4.6%	6.6%	3.5%	2.8%	6.4%	-2.1%	3.2%	-1.2%	0.3%	2.7%	1.3%
All Areas Avg	0.2%	5.5%	4.3%	3.3%	3.3%	2.3%	2.3%	-0.5%	2.0%	2.1%	1.8%	2.8%	2.2%	2.4%	2.2%
Weighted Avg	2.1%	3.3%	4.8%	2.0%	3.9%	1.6%	1.5%	0.5%	1.3%	2.2%	1.2%	2.4%	3.3%	2.4%	2.1%

25 Decile	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2004-2016	2012-2016
Scotland	1.2%	6.6%	2.4%	4.5%	6.7%	2.2%	-1.6%	-1.2%	2.7%	1.6%	-0.2%	4.9%	3.5%	2.5%	2.5%
East Lothian	-20.6%	27.9%	-0.1%	5.4%	1.3%	-0.7%	7.8%	-9.7%	-1.5%	1.0%	5.6%	5.3%	-5.0%	1.3%	1.1%
City of Edinburgh	1.0%	-9.5%	8.3%	-4.8%	15.0%	-1.4%	1.4%	-1.2%	1.9%	-1.3%	1.0%	4.9%	6.7%	1.7%	2.6%
Fife	-2.8%	4.6%	2.9%	4.0%	3.7%	0.6%	0.8%	-2.0%	5.2%	5.5%	-0.9%	4.2%	2.9%	2.2%	3.4%
Midlothian	6.7%	5.0%	-4.7%	10.5%	9.5%	-0.4%	-3.2%	2.3%	-10.9%	6.4%	6.0%	3.7%	6.3%	2.9%	2.3%
Scottish Borders			5.0%	6.3%	3.5%	-7.7%	5.8%	-2.6%	6.8%	-5.5%	10.3%	1.9%		2.4%	3.4%
West Lothian			5.8%	6.3%	-6.7%	8.2%	6.5%	-6.4%	8.7%	1.7%	-1.1%	2.5%	-1.5%	2.2%	2.0%
All Areas Avg	-3.9%	7.0%	2.9%	4.6%	4.4%	-0.2%	3.2%	-3.3%	1.7%	1.3%	3.5%	3.7%	1.9%	2.1%	2.4%
Weighted Avg	-1.4%	-0.2%	4.8%	1.6%	7.4%	-0.8%	2.6%	-2.5%	2.8%	0.7%	2.3%	4.1%	3.2%	2.0%	2.7%

75 Decile	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2004-2016	2012-2016
Scotland	2.7%	5.6%	3.6%	4.0%	4.0%	3.1%	-0.1%	-0.2%	1.2%	2.4%	1.0%	2.9%	1.8%	2.5%	1.9%
East Lothian	-7.0%	-3.2%	-0.9%	5.8%	3.6%	3.5%	3.3%	-0.7%	-0.9%	3.5%	-0.3%	-0.3%	5.9%	0.9%	1.6%
City of Edinburgh	2.2%	6.1%	3.1%	1.2%	1.2%	4.5%	-0.2%	0.9%	2.0%	3.9%	0.2%	2.0%	0.2%	2.1%	1.7%
Fife	5.2%	4.2%	2.3%	6.6%	6.0%	1.3%	1.3%	2.0%	0.4%	0.1%	3.5%	4.8%	1.5%	3.0%	2.0%
Midlothian	4.1%	3.3%	3.2%	3.7%	3.6%	0.3%	3.8%	-3.2%	-0.8%	1.9%	1.9%	7.2%	3.6%	2.5%	2.8%
Scottish Borders	10.2%	9.3%	1.4%	13.8%	9.0%	-4.6%	-4.8%	-4.9%	2.5%	5.8%	1.6%	4.2%		3.6%	3.5%
West Lothian	9.9%	9.0%	1.5%	2.0%	-0.6%	4.5%	0.8%	1.9%	5.9%	0.6%	1.9%	-1.1%	1.3%	2.9%	1.7%
All Areas Avg	4.1%	4.8%	1.8%	5.5%	3.8%	1.6%	0.7%	-0.7%	1.5%	2.6%	1.5%	2.8%	2.5%	2.5%	2.2%
Weighted Avg	4.1%	5.5%	2.2%	4.8%	3.6%	2.1%	0.1%	0.0%	1.7%	2.8%	1.4%	2.8%	1.2%	2.5%	2.1%

Source: Office for National Statistics, Annual Survey of Hours & Earnings (ASHE)

For the 20-year change, the gross weekly pay for all employee jobs by council area, as opposed to residents' income by area, needs to be considered due to methodological changes in the series. This data goes back to 1997.

Average annual change in income over this longer period is 3.1%, which would be best aligned with the 'modest increases' anticipated in the Wealth Distribution scenario.

Figure 7 Changes in gross weekly wages by council area, 1997-2016

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Scottish Borders, The	311.1	317.3	332.4	332	350.7	348.5	357.6	368.5	437.8	481.2	480.8
East Lothian	313.5	308	352.8	370.8	377.1	409.5	389.6	457.5	420.1	480.7	480.9
Edinburgh, City of	373.6	379.4	404.9	416	456.6	492.6	490.2	503.2	442.3	528.9	526.8
Fife	332.5	345.8	348.4	349.9	372.3	392.5	416.8	425.3	459.5	463	496.1
Midlothian	310.5	336.8	361.4	372.3	379.1	392.4	418.5	444.4	448.1	508.7	498.3
West Lothian	344.1	351.1	373.3	385.7	406.7	433.5	428.2	451.9	426	457	479.6
All Areas Avg	331	340	362	371	390	412	417	442	439	487	494
Weighted Avg	331	336	366	378	396	423	420	457	434	492	495

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2004-2016	1997-2016
Scottish Borders, The	491.8	607.4	606.3	571.6	518.1	544.9	523.8	553.6	541.3	47%	74%
East Lothian	502.4	510.1	485.3	497.2	459	474.5	510.9	529.9	585.3	28%	87%
Edinburgh, City of	492	560.1	512.2	510.5	537.2	537.6	510.5	528.8	520.4	3%	39%
Fife	504.8	511.6	539.2	504	519.1	530.1	544.9	550.5	571	34%	72%
Midlothian	510.7	558.4	550.8	543.1	561.2	550.7	537	572.9	602.6	36%	94%
West Lothian	499.5	521.2	548.3	519.9	557.1	579.4	574.2	559	611.7	35%	78%
All Areas Avg	500	545	540	524	525	536	534	549	572	29%	73%
Weighted Avg	500	537	519	515	509	518	523	541	571	25%	73%

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Scottish Borders, The	-	2.0%	4.8%	-0.1%	5.6%	-0.6%	2.6%	3.0%	18.8%	9.9%	-0.1%
East Lothian	-	-1.8%	14.5%	5.1%	1.7%	8.6%	-4.9%	17.4%	-8.2%	14.4%	0.0%
Edinburgh, City of	-	1.6%	6.7%	2.7%	9.8%	7.9%	-0.5%	2.7%	-12.1%	19.6%	-0.4%
Fife	-	4.0%	0.8%	0.4%	6.4%	5.4%	6.2%	2.0%	8.0%	0.8%	7.1%
Midlothian	-	8.5%	7.3%	3.0%	1.8%	3.5%	6.7%	6.2%	0.8%	13.5%	-2.0%
West Lothian	-	2.0%	6.3%	3.3%	5.4%	6.6%	-1.2%	5.5%	-5.7%	7.3%	4.9%
All Areas Avg	-	2.7%	6.7%	2.4%	5.1%	5.2%	1.5%	6.1%	0.3%	10.9%	1.6%
Weighted Avg	-	1.4%	9.3%	3.4%	4.5%	6.6%	-0.6%	9.2%	-4.4%	13.6%	0.6%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	1997-2016
Scottish Borders, The	2.3%	23.5%	-0.2%	-5.7%	-9.4%	5.2%	-3.9%	5.7%	-2.2%	3.2%
East Lothian	4.5%	1.5%	-4.9%	2.5%	-7.7%	3.4%	7.7%	3.7%	10.5%	3.6%
Edinburgh, City of	-6.6%	13.8%	-8.6%	-0.3%	5.2%	0.1%	-5.0%	3.6%	-1.6%	2.0%
Fife	1.8%	1.3%	5.4%	-6.5%	3.0%	2.1%	2.8%	1.0%	3.7%	2.9%
Midlothian	2.5%	9.3%	-1.4%	-1.4%	3.3%	-1.9%	-2.5%	6.7%	5.2%	3.6%
West Lothian	4.1%	4.3%	5.2%	-5.2%	7.2%	4.0%	-0.9%	-2.6%	9.4%	3.2%
All Areas Avg	1.4%	9.0%	-0.7%	-2.8%	0.3%	2.1%	-0.3%	3.0%	4.2%	3.1%
Weighted Avg	1.3%	7.4%	-3.3%	-0.6%	-1.3%	2.0%	1.3%	3.5%	5.4%	3.1%

Source: Office for National Statistics

4 HOUSE PRICE GROWTH

The Steady Recovery scenario assumes ‘no real growth’, which, in effect is 2% nominal growth (based on an inflation target of 2%). The only qualifiers to this are use of Office of Budget Responsibility (OBR) targets for Edinburgh (around 4% on average) and ‘modest increases’ for West Lothian (around 5% up to 2020 and dropping to 2.5% longer term).

The Wealth Distribution scenario assumes ‘modest increases’ across the SESplan areas as a whole, with ‘strong recovery’ for Edinburgh and West Lothian. As shown in the CHMA table below, this implies an average annual rate of change across the area of around 2.5%-5% and a higher level of upward movement in Edinburgh and West Lothian, as least up to 2020.

The Strong Recovery scenario assumes ‘strong recovery’ across the whole SESplan area, which, again from the table below, suggests an average annual long-term growth rate of 2.5%-8%, with the higher levels of growth in the period up to 2020.

Figure 8 CHMA house price growth rate projections, 2013-41

CHMA Growth rate, forecasts, House Prices, All areas, Selected Areas

	2013	2014	2015	2016	2020	2030	2030-2041 (avg pa)
OBR estimates (Core)	1.6%	3.6%	3.9%	4.0%	4.5%	4.5%	4.5%
No real growth (inflation target)	2.0%	2.0%	2.0%	2.0%	2.0%	2.5%	2.5%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%
Modest Increases	5.0%	5.0%	5.0%	5.0%	5.0%	2.5%	2.5%
Strong Recovery	5.0%	6.0%	7.0%	8.0%	8.0%	2.5%	2.5%
Gradual decline	-1.0%	-2.0%	-2.0%	-4.0%	-1.0%	2.5%	2.5%

Source: CHMA

Looking at actual house price growth over the last 12 years, it has averaged 4% per year in the SESplan area. This figure is quite similar across all of the individual local authority areas and comparable with Scotland as a whole.

Figure 9 12-year house price growth in the SESplan area and Scotland

Area	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average
East Lothian	10%	8%	7%	17%	-2%	-8%	14%	-2%	4%	-4%	5%	-5%	4%	3.8%
Edinburgh, City of	13%	5%	10%	13%	0%	-8%	11%	-2%	1%	-2%	6%	-3%	6%	3.8%
Fife	17%	8%	12%	10%	4%	-4%	3%	-1%	-7%	2%	5%	7%	0%	4.3%
Midlothian	9%	2%	14%	10%	1%	-4%	1%	5%	-4%	2%	2%	3%	6%	3.8%
West Lothian	13%	7%	10%	9%	0%	-3%	7%	0%	-7%	4%	6%	6%	-2%	3.9%
Scottish Borders	19%	5%	16%	12%	1%	-7%	11%	-4%	-7%	7%	-6%	8%	-1%	4.1%
All Areas	14%	6%	12%	12%	1%	-5%	8%	-1%	-3%	2%	3%	3%	2%	4.0%
Scotland	16%	7%	12%	13%	0%	-4%	6%	0%	-2%	2%	5%	0%	1%	4.2%

Source: Registers of Scotland

In considering the longer term 20-year price change, we have used the median house price for the areas as reported in the Barker Report, which goes back to 1996.

The median house price in SESplan council areas have seen stronger average growth over the longer term, ranging from 4.4% to 6.5% annually and averaging 6.1%. These figures are well ahead of the no real growth assumptions under the Steady Recovery scenario and more in line with something

between the 'modest increases' in the Wealth Distribution scenario and 'strong recovery' of the Strong Economic Growth scenario.

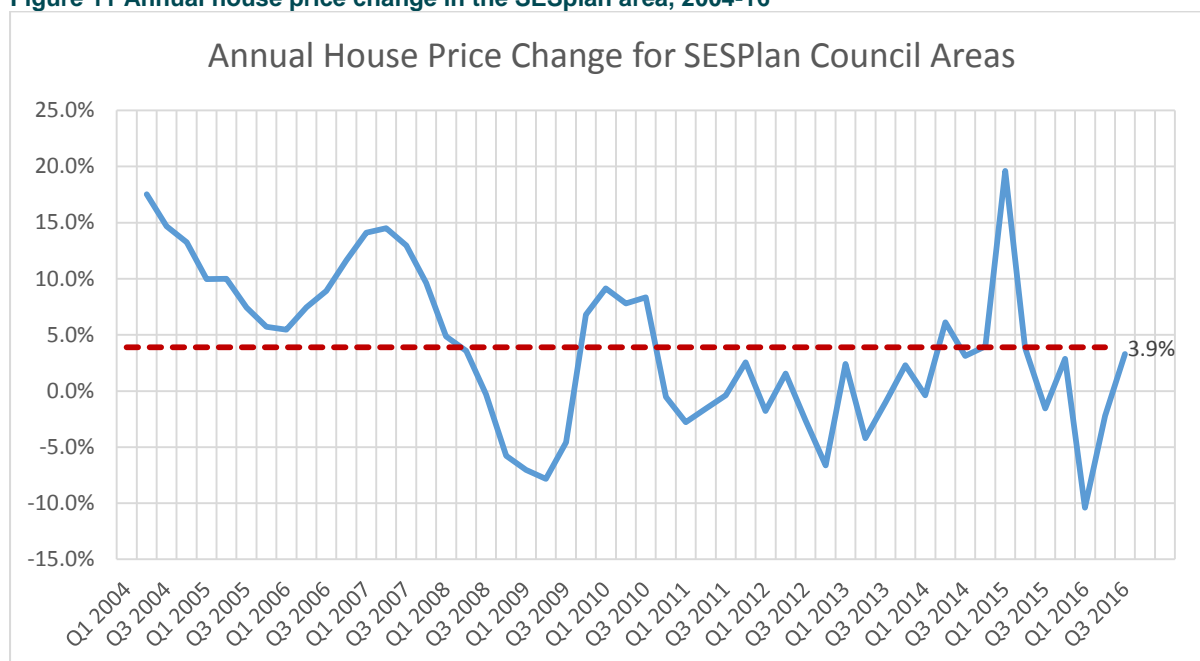
Figure 10 20-year house price growth in the SESplan area and Scotland

Avg Change to Q3 2016	East Lothian	Edinburgh, City of	Fife	Midlothian	West Lothian	Scottish Borders	All Areas
1996 Median Price	£58,000	£59,500	£57,750	£54,500	£48,225	£43,500	£53,579
Q3 2016 Median Price	£184,357	£198,000	£130,000	£160,755	£135,000	£173,448	£163,593
20 Year Change	218%	233%	125%	195%	180%	299%	205%
20 Year Median	6.3%	6.5%	4.4%	5.9%	5.6%	7.6%	6.1%

Source: Barker Report

The average annual house price change in the SESplan area is illustrated below and clearly shows the market extremes over a longer time frame. Actual change since 2012 has been 5.8% growth in the SESplan area, averaging just 1% per year. However, as can be seen in the figure below, house prices can move quickly in response to economic and political conditions and a 4-year window is simply too small to be able to judge longer term trends. The current rate of annual change is now close to the 12-year average of 4%.

Figure 11 Annual house price change in the SESplan area, 2004-16



Source: Registers of Scotland

5 CITY DEAL AND ECONOMIC STRATEGIES

There are a number of regional and local economic strategies in the SESplan area that all intend to boost economic growth. Any analysis of future economic growth needs to therefore consider these strategies.

CITY DEAL^{1 2}

The City Region Deal for Edinburgh and South East Scotland is designed to stimulate growth within the region through investment in infrastructure, with a fund supported by both the UK and Scottish Governments.

When first promoted as a £1 billion fund, the City Deal targeted a potential 5% uplift in economic performance across the city region, unlocking strategic investment opportunities, reducing inequalities and contributing to significant job creation. Since then, the current city deal proposes potential investment of around £2 billion, with further potential to lever up to £5 billion in private and university sector investment.

The City Deal strategy identifies Innovation Hubs, Strategic Growth Zones, Low Carbon Communities, regional transport improvements and a regional housing program as the key investment areas.

While the City Deal has still to be finalised for the Edinburgh City region and projects are yet to be identified, evidence from the west of Scotland shows that the £1.3 billion City Deal for Glasgow & Clyde Valley (where funding is agreed and projects have been allocated) will produce an overall increase in the economy of around 29,000 jobs and lever £3.3 billion in private investment, with a targeted 4% of uplift in economic growth³.

EDINBURGH

As part of the accelerated growth promoted by the City Deal, the City of Edinburgh Council will contribute £100 million. The Council's economic strategy for growth, set out for 2012 to 2017, aimed to create or safeguard 20,000 new jobs, bring in £1.3 billion of new development and supporting 18,000 people into work or learning. To mid-2015, over 12,000 jobs have been created, which is below target, however, £920 million in investment has been brought in, which is above target, and over 13,000 people have been supported into work or learning, which is also ahead of target.

FIFE⁴

Fife Council has set out an economic growth plan through to 2023. As part of this plan, the Council has recognised the relationship of the region to the major economic centres, such as Edinburgh. There is also a desire to achieve job and productivity growth in higher value sectors, including technology sectors. The strategic outcomes included increasing the skill levels of the workforce, increasing business competitiveness and infrastructure and encouraging business growth to share in the potential £3.7 billion increase in GVA over the next 5-7 years if the digital economy in Scotland is fully harnessed.

¹http://www.edinburgh.gov.uk/news/article/2102/ambitious_plans_for_city_region_deal_agreed_by_the_city_of_edinburgh_council

² <http://www.acceleratinggrowth.org.uk/about-us/>

³ <http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=18136&p=0>

⁴ http://www.fifetourismpartnership.org/site/assets/files/2906/fife_economic_strategy_2013_-_2023.pdf

EAST LOTHIAN⁵

The East Lothian Economic Development Strategy to 2022 makes the case for building on the current business base in East Lothian to increase local opportunities and competitiveness. The headline targets in the action plan include creating an additional 7,500 jobs in the area in order to create the same job density as in the Scottish Borders and Fife. There is also the aim of supporting inward investment to create an additional 350 businesses. This target would help to support the projected population growth of 12% by 2022, which is one of the highest in the country.

SCOTTISH BORDERS

The Scottish Borders Economic Strategy 2023 focuses on higher value activity and the resulting productivity gains to business and the economy, while taking advantage of its location at the hub of economic activity in the Carlisle-Edinburgh-Newcastle triangle of city regions. The priorities of the Council include:

- Setting up a business loan fund to provide financial support for business.
- Reforming procurement to facilitate local suppliers.
- Working with partners including the South of Scotland Alliance, and the Scottish Government to ensure next-generation broadband and mobile phone coverage.
- Using the European Fisheries Fund, Coastal Communities Fund, and European Regional and Rural Development Funds to the best advantage of communities.
- Developing plans to revitalise high streets
- Supporting communities through a focussed programme of regeneration and rural development, with an emphasis on working with the Scottish Government
- Continuing support for the creative arts industries.
- Strengthening the targeted marketing strategy to attract businesses and building on the opportunities provided by the Borders Railway.
- Working with businesses to identify and resolve barriers to growth and development.

The four key strategic aims are creating the conditions for business to compete, building on their assets and location, developing a workforce for the future and providing leadership to support economic development.

MIDLOTHIAN

Business growth in Midlothian is seen as integral to the objective of supporting economic activity and employment. While Midlothian is predominantly a small to medium-sized business location, it is physically well located to take advantage of strategic transport connections to Edinburgh and northwards via the Forth crossings and the M9, westwards via the A720 and M8, and southwards through the Scottish Borders to North East England via the A1, A7 and A68.

Other goals for the Council to drive the region forward include the adoption of the Midlothian Local Development Plan (MDLP); maximise the economic impact of the Borders Rail Line; focusing on town centre(s) regeneration; maintaining drive to expand the Easter Bush area for science-based employment/research uses and being actively involved in securing City Deal status for the City Region.

The MLDP seeks to deliver economic benefits by providing land and supporting the redevelopment of existing sites and property to meet the diverse needs of different business sectors; supporting measures and initiatives that increase economic activity; giving due weight to the net economic benefit of the proposed development; and ensuring the necessary capacity in the physical and transport infrastructure network is available to enable development.

⁵ http://www.eastlothian.gov.uk/downloads/file/5873/east_lothian_economic_development_strategy

WEST LOTHIAN

West Lothian Council in its economic strategy for growth from 2010 to 2020 identifies Enterprise & Business Development, People and Skills, Inclusion and Business Infrastructure, Regeneration and Visitor Assets as their key focuses.

In 2012, an economic recovery plan for West Lothian was announced which brought together a mixture of resources over 5 years of around £29 million, with the aim to provide support and advice for the 1,700 individuals employed at the site of the former Hall's Food Factory and the most affected communities of Broxburn, Uphall and Winchburgh. It also provided £5.53 million in support for the workforce affected, including £4.7 million to meet training and other needs and £23.6 million in support for economic recovery and growth in the affected communities. This includes £4 million support to growing companies identified by Business Gateway and Scottish Enterprise.

The Strategic Development Plan for Lothians, the Borders and south Fife identifies West Lothian as the location for an additional 1,750 new homes, over and above the 22,300 already in the approved plans.

Other developments occurring in the area include:

- Winchburgh Core Development Area, one of the largest mixed use developments in the country, with over 3,400 houses planned to be delivered.
- the re-opened electrified rail link to Edinburgh and Glasgow complete with new stations at Armadale and Blackridge, which has helped to drive investment in the west of West Lothian.
- the Southdale development in Armadale, which already has 300 homes occupied along with a new supermarket and a new primary school. When complete, the development will comprise 1,000 houses and 50 hectares of employment land.
- Heartlands. Comprising 2,000 new houses and 100 acres of employment land, this is one of the largest land rehabilitation projects in the UK, transforming the former Polkemmet Colliery site into a whole new community.

6 CONCLUSIONS

Although the past is not a definitive indicator of the future, any assessment of economic growth scenarios over the longer term needs to take account of past economic cycles.

When trends in the key variables are considered over the longer term, this lends substantial support to the Wealth Distribution (middling) economic scenario of the HNDA, as it fits well with actual 12-year household change in the SESplan area; 20-year income growth; a narrowing of income distributions in recent years; and house price growth over the last 12 and 20 years.

There is also some support for the Strong Economic Growth scenario given household growth and widening income inequality over the last 12 years. However, the changes in income levels and house prices are not supportive of this scenario.

Support for the Steady Recovery scenario only exists over the last four years as the economy slowly emerges from a deep recession. As such, this should not be looked at as a typical period in a long-term cycle, but rather a period of low to middling growth in the context of the period up to the 2030s.

Analysis also has to be mindful of the City Deal and other local economic strategies that intend to boost the rate of economic growth significantly within the region. As such, it would seem logical to base expectations on a Wealth Distribution plus type scenario.

However, the current planned delivery targets are around 20% down on the Wealth Distribution scenario. Failure to tie house building levels to this economic scenario has a number of serious implications for the city region.

- **A lack of affordability for housing (for sale and rent).** Edinburgh is already the least affordable city to live in Scotland, with average house prices 6.12 times average earnings (Halifax Affordability Index) and have risen by close to 6% in the last year. Rents in the city are up close to 8%. This shows a market in a clear state of excess demand. A supply that does not at least keep up with the middling economic scenario would likely worsen these affordability pressures further. This is especially a concern given the substantial shortfall planned for affordable housing in the SESplan delivery targets against the HNDA estimates. Although there are funding restrictions, experience shows that affordable housing need not necessarily be expensive for the public purse, e.g. National Housing Trust, and affordable tenures that can largely be delivered by the private market, e.g. Shared Ownership and Discounted Housing for Sale.
- **A detrimental effect on the economy.** Housing construction by itself is an important economic driver. NLP calculated that in 2014, the 15,500 homes built in Scotland produced £3.2 billion in direct, indirect and induced Gross Value Added (GVA), which would increase by a further £1.9 billion if the country achieved pre-recession levels of 25,000 units a year⁶. Less housing means less economic output, less employment and less tax revenue for central and local government.
- **A less attractive place for employment.** A lack of housing across tenures would make the city region less attractive to existing potential and employers in the region, meaning that much of the impact of the City Deal and other economic strategies will be lost.
- **A housing market that has insufficient ability for people to trade up and down.** The lack of provision of a range of tenures, impacts on people's ability to move home, often meaning that people can be in houses that no longer suit their needs or occupying it inefficiently, e.g. in houses that are too large for them. There is a clear lack of family housing in Edinburgh itself, where the average price for such a property is now around £360,000, and across the region there has been a lack of housing for downsizers.

⁶ <http://nlpplanning.com/uploads/ffiles/2015/11/472078.pdf>

APPENDIX 2

Homes for Scotland SESplan2 Proposed Plan Representations November 2016

This Appendix provides detail from Geddes Consulting of the following calculations:

1. Housing Supply Targets based on – HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh for the periods 2012-30 and 2030-38
2. Housing Supply Targets based on – HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh for the periods 2012-30 and 2030-38
3. Housing Land Requirement recalculation based on – HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh and 20% Generosity Allowance for the periods 2012-30 and 2030-38
4. Housing Land Requirement recalculation based on – HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh and 20% Generosity Allowance for the periods 2012-30 and 2030-38

1. HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	1,971	35,484	1,208	21,741	3,179	57,225
East Lothian	499	8,979	259	4,658	758	13,637
Fife	562	10,121	408	7,339	970	17,460
Midlothian	431	7,753	177	3,181	607	10,934
Scottish Borders	217	3,911	145	2,617	363	6,528
West Lothian	489	8,804	315	5,670	804	14,474
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,022	13,106	1,645	10,664	2971	23,769
East Lothian	272	2,991	188	2,168	645	5,160
Fife	255	2,676	300	2,918	699	5,595
Midlothian	179	2,074	116	1,450	440	3,524

Scottish Borders	29	533	37	542	134	1,075
West Lothian	236	2,557	196	2,109	583	4,666
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

2. HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,198	39,555	1,346	24,235	3,544	63,790
East Lothian	436	7,856	221	3,970	657	11,826
Fife	527	9,487	386	6,950	913	16,438
Midlothian	383	6,894	147	2,655	531	9,549
Scottish Borders	184	3,310	125	2,249	309	5,558
West Lothian	442	7,949	286	5,147	728	13,096
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	1,826	14,609	1,486	11,887	3,312	26,497
East Lothian	322	2,577	229	1,831	551	4,407
Fife	305	2,442	341	2,728	646	5,170
Midlothian	220	1,757	149	1,192	369	2,949
Scottish Borders	39	311	45	362	84	673
West Lothian	280	2,241	232	1,852	512	4,094
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

3. HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,366	42,581	1,449	26,089	3,815	68,670
East Lothian	599	10,775	311	5,590	909	16,365
Fife	675	12,145	489	8,807	1,164	20,952
Midlothian	517	9,304	212	3,817	729	13,121
Scottish Borders	261	4,693	174	3,140	435	7,833
West Lothian	587	10,565	378	6,804	965	17,369
SESplan	5,003	90,062	3,014	54,247	8,017	144,310

2030 to 2038	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	1,966	15,727	1,600	12,797	3,565	28,523
East Lothian	449	3,590	325	2,602	774	6,191
Fife	401	3,211	438	3,502	839	6,713
Midlothian	311	2,488	218	1,740	529	4,229
Scottish Borders	80	640	81	651	161	1,290
West Lothian	384	3,068	316	2,531	700	5,599
SESplan	3,591	28,724	2,978	23,822	6,568	52,547

4. HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,637	47,466	1,616	29,082	4,253	76,548
East Lothian	524	9,427	265	4,764	788	14,191
Fife	632	11,385	463	8,340	1,096	19,725
Midlothian	460	8,273	177	3,186	637	11,459
Scottish Borders	221	3,972	150	2,699	371	6,670
West Lothian	530	9,539	343	6,176	873	15,715
SESplan	5,003	90,062	3,014	54,247	8,017	144,310

2030 to 2038	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,191	17,531	1,783	14,265	3,974	31,796
East Lothian	386	3,092	275	2,197	661	5,289
Fife	366	2,931	409	3,273	775	6,204
Midlothian	263	2,108	179	1,431	442	3,539
Scottish Borders	47	373	54	434	101	807
West Lothian	336	2,690	278	2,223	614	4,912
SESplan	3,591	28,724	2,978	23,822	6,568	52,547

SESplan Proposed Strategic Development Plan Review of the Housing Background Paper

Introduction

According to paragraph 5.2, Table 5.1 Housing Supply Targets 2018-2030 sets out the number of homes to be built in the SESplan Housing Market Area.

The SDPA states that Table 5.1 has been divided between member authorities in a way that reflects housing need and demand as well as environmental and infrastructure capacity.

Table 5.2 Housing Land Requirements 2018-2030 identifies the housing land requirement for each member authority adopting a 10% generosity margin.

The evidence for the defined housing supply targets and subsequent housing land requirements is set out in the Housing Background Paper (October 2016).

The Housing Background Paper identifies that the housing supply targets *...are robust, supported by evidence and have been set using a methodology designed to be compliant with Scottish Planning Policy and related guidance.*

The methodology adopted by the SDPA is flawed for the following reasons:

- Derives the housing supply targets over a different period to that set out in the HNDA;
- Seeks to adjust the HNDA Wealth Distribution estimate without rationale;
- Distributes the HNDA Wealth Distribution estimate from Edinburgh to other member authorities contrary to its own evidence; and
- Adopts a generosity allowance that does not reflect the economic growth ambitions for the Edinburgh and SESplan region.

It is noted that the SDPA has adopted the Wealth Distribution (2012 Based) estimates from the HNDA (paragraph 5.29). This is supported.

Full working of outcomes for the housing supply targets and housing land requirements are provided in Annex 1.

SDPA Plan Periods

The SDPA states that the housing supply targets set by the SDP are required *...to be set 12 years from the year of plan adoption* (paragraph 4.3). The SDPA acknowledges the HNDA provides data from 2012 onwards (paragraph 4.4). However, the SDPA then states that the Housing Supply Targets will apply from 1st April 2018 and the SDPA's rationale for adopting this approach is that *...Housing Supply Targets do not cover the same period as the HNDA, as they are not required to.*

The SDPA has mislead itself in concluding that the housing supply targets should not begin in 2012.

SPP (paragraph 113) confirms that *...the HNDA, development plan, and local housing strategy processes should be closely aligned.* SPP (paragraph 115) is clear that the housing supply target should be *...based on evidence from the HNDA.*

The estimates of growth adopted by the SDPA are 2012 based. Attempting to alter the start date of these projections to a point 6 year later because ...*they are not required to...* will not align the SDP and the HNDA.

The information provided in the HDNA provides the basis for the SDPA's decisions on the setting of the housing supply targets in the SDP. As such, the SDP represents the part of the process of establishing the scale of the housing provision that requires to be met in the SESplan area and the vehicle for allocating sufficient sites to meet the identified housing land requirement in full.

The HNDA estimates housing need and demand over the periods from 2012 to 2033 (21 year period) and 2033 to 2039 (6 year period). This is defined on an annual basis. This set out in Supporting Document 4 *Final Analysis of Housing Need and Demand at Sub-Housing Market Area Level* of the HNDA (March 2015).

For the Proposed SDP, the housing supply target is required to begin in 2012.

If the SDP is approved in 2018, 12 years post adoption is 2029 (2029/30). Therefore, the HNDA period to consider is 2012/13 to 2029/30.

For the period up to year 20, the HNDA period to consider is 2030 to 2038.

Accordingly, the following tables identifying the correct period should be adopted in the SDP:

HNDA Wealth Distribution (2012 Based)

2012 to 2030	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,433	43,797	1,491	26,834	3,924	70,631
East Lothian	376	6,766	183	3,302	559	10,068
Fife	466	8,393	349	6,280	815	14,673
Midlothian	334	6,005	117	2,110	451	8,115
Scottish Borders	172	3,101	118	2,121	290	5,222
West Lothian	388	6,990	253	4,559	642	11,549
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,022	16,176	1,645	13,162	3,667	29,338
East Lothian	272	2,174	188	1,503	460	3,677
Fife	255	2,038	300	2,399	555	4,437
Midlothian	179	1,428	116	925	294	2,353
Scottish Borders	29	234	37	299	67	533
West Lothian	236	1,887	196	1,564	431	3,451
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

SDPA Adjustments to the Wealth Distribution (2012 Based) Estimate

The SDPA confirmed that for the purposes of setting ambitious Housing Supply Targets and in order that the Market Housing Supply Target fully reflect the HNDA market estimate of demand, the Wealth Distribution HNDA estimate should be adopted to inform the Housing Supply Targets.

The SDPA has sought to adjust the housing need and demand identified in the Wealth Distribution (2012 Based) estimate.

The Housing Background Paper identifies that the SDPA has sought to adjust the affordable housing element of the based on the past delivery of affordable housing (paragraph 6.1) and availability of resources (paragraph 6.3).

The SDPA has not provided any evidence to support the assertion that each authority reviewed the funding factors in setting affordable housing targets.

We consider inappropriate to adjust the affordable housing need set by the Wealth Distribution estimate. The reason for this is that the housing supply target should be met on an all tenure basis, not artificially constrained by tenure.

The HNDA produced 8 estimates of housing need and demand. These are set out in the HNDA's Supporting Document 4. Any estimate of housing need and demand could have been adopted by the SDPA for the purposes of defining housing supply targets. However, the SDPA chose the Wealth Distribution (2012 Based) estimate as for the purposes of setting ambitious housing supply target. It should be noted that it is not the greatest housing need and demand generated.

Artificially reducing the estimates of need and demand further ultimately risks the success of the proposed development strategy as well as Scottish Government objective to deliver 50,000 affordable homes by 2020.

This position of an all tenure housing supply target is discussed at length in the Glasgow & the Clyde Valley Strategic Development Plan Examination Report. In approving the SDP, the Reporters made significant modifications on matters relating to the need for an all tenure housing requirement as well as recognising the importance of private sector housing in meeting affordable needs along with other providers such as the Council and housing associations. The Reporters also highlighted the need to maintain an all tenure five year effective land supply at all times.

Regarding Issue 22 All Tenure Housing Requirement, the Reporter concluded that *...the failure to identify an all-tenure housing requirement for each local authority area and for both periods 2008 to 2020, and 2020 to 2025, would risk the successful delivery of the plan's strategy* (paragraph 13). Further the Reporter concluded that *...the identification ...of an all-tenure housing requirement ...will ...be important to recognise 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* (paragraph 17).

Regarding Issue 23 Definitions of Intermediate Housing and Affordable Housing, the Reporter concluded that *...it is appropriate that the strategic development plan sets out an all-tenure housing requirement for each local authority... and ...by doing so, it will recognise that new housing provided in any sector can contribute to meeting that requirement, and that no unnecessary or artificial restrictions are imposed simply because of the definitions adopted for the purposes of the housing need and demand assessment* (paragraph 2).

Regarding Issue 27 Strategy Support Measure 10: Housing and Local Flexibility, the Reporter concluded that *... it is... appropriate that the strategic development plan confirms the flexibility which is open to local authorities ... both in identifying the land to be allocated in their local development plans, but also when it is necessary to grant additional planning permissions to remedy any emerging shortfall in the five years' effective housing land supply* (paragraph 3).

Accordingly, a modification was made to paragraph 4.88 of the SDP to state that *... it is also recognised that new housing provided in any tenure [our emphasis] will contribute to meeting the overall housing requirement [our emphasis] which has been identified across Glasgow and the Clyde Valley. Assumptions regarding the likely tenure of the provider should not impose artificial or unnecessary restrictions on new housing provision.*

The Reporters' recommended modification, accepted by Scottish Ministers, was to identify an all tenure housing requirement and that this overall housing requirement can be met by any housing tenure.

For similar reasons, the SDPA should identify an all tenure housing supply target to allow the LDPs to make land available to meet the housing land requirement in full, regardless of the tenure of housing provided.

If the housing strategy of the approved SESplan SDP is compared with the Proposed SDP, adopting an all tenure housing supply target of 6,681 homes per annum from 2012 to 2030, is less than the all tenure housing supply target of 7,170 homes per annum of the approved SDP.

The continuation of the all tenure approach ensures housing need and demand is met in full and Scottish Government's objective of sustainable economic growth continues. It is also comparable across Scotland with other assessments of housing land targets.

Both Table 6.1 and 7.1 confirm that a higher annual housing supply target should be adopted.

Distribution of Edinburgh's Need and Demand

It is noted that SDPA is promoting a distribution strategy of the housing need and demand from Edinburgh to its neighbouring authorities. The SDPA has identified that the Edinburgh housing supply target would be 82% of the HNDA market demand, reflecting the findings of the HNDA Supporting Document 1 – *Final Housing Market Area Assessment*. This identified that 81% of purchasers originating from Edinburgh then bought with the city and then the remaining 19% moved and bought houses elsewhere in other SESplan member authorities.

The SDPA then does not explain how the private housing supply target have increased. The reasons set out (paragraph 7.19) do not account for the reduction in affordable housing need identified earlier (paragraph 5.4) nor the distribution from Edinburgh.

This lack of transparency provides no evidence to support the significant reduction in affordable housing need and how it affects the increase the private housing demand.

We wish to reiterate that the adoption of an all tenure housing supply target is the only means to secure sustainable economic growth and address the absolute scale of housing need and demand.

Supporting Document 1 can be used to distribute housing need and demand from Edinburgh. It confirms *...that the relationship between Edinburgh and the adjoining sub-market areas is stronger than that between the City and more distant sub-market areas...* and that *...it does offer understanding of how the housing market operates within the area and can be used to inform the definition of housing requirements in line with SPP.*

Therefore, this analysis can be used to help facilitate a realistic and achievable distribution of homes from Edinburgh to the five neighbouring authority areas.

The available evidence confirms that from *...those that move from the City to surrounding areas, the majority move to East Lothian, followed by Midlothian, West Lothian, then Fife and the Scottish Borders.*

The 19% distribution is referred to in Table 26 *Distribution of Net Purchaser Migration from City of Edinburgh to SESplan Local Authorities*. Applying this distribution to the Wealth Distribution (2012 Based) estimates, the following housing supply targets can be identified:

HNDA Wealth Distribution (2012 Based) with 19% Distribution from Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	1,971	35,484	1,208	21,741	3,179	57,225
East Lothian	499	8,979	259	4,658	758	13,637
Fife	562	10,121	408	7,339	970	17,460
Midlothian	431	7,753	177	3,181	607	10,934
Scottish Borders	217	3,911	145	2,617	363	6,528
West Lothian	489	8,804	315	5,670	804	14,474
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,022	13,106	1,645	10,664	2971	23,769
East Lothian	272	2,991	188	2,168	645	5,160
Fife	255	2,676	300	2,918	699	5,595
Midlothian	179	2,074	116	1,450	440	3,524
Scottish Borders	29	533	37	542	134	1,075
West Lothian	236	2,557	196	2,109	583	4,666
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

However, further examination of Table 26 identifies that the distribution of net purchaser migration from Edinburgh to neighbouring local authorities is 9.7%. On the basis, applying this distribution to the Wealth Distribution (2012 Based) estimates, the following housing supply targets can be identified:

HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution from Edinburgh

2012 to 2030	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	2,198	39,555	1,346	24,235	3,544	63,790
East Lothian	436	7,856	221	3,970	657	11,826
Fife	527	9,487	386	6,950	913	16,438
Midlothian	383	6,894	147	2,655	531	9,549
Scottish Borders	184	3,310	125	2,249	309	5,558
West Lothian	442	7,949	286	5,147	728	13,096
SESplan	4,170	75,052	2,511	45,206	6,681	120,258

2030 to 2038	Affordable		Private		All Tenure	
Authority	Annual	Period	Annual	Period	Annual	Period
Edinburgh	1,826	14,609	1,486	11,887	3,312	26,497
East Lothian	322	2,577	229	1,831	551	4,407
Fife	305	2,442	341	2,728	646	5,170
Midlothian	220	1,757	149	1,192	369	2,949
Scottish Borders	39	311	45	362	84	673
West Lothian	280	2,241	232	1,852	512	4,094
SESplan	2,992	23,937	2,482	19,852	5,474	43,789

Accordingly, based on the only available evidence, the SDPA should adopt either the housing supply targets set out in the *HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh* or *HNDA Wealth*

Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh and replace Table 5.1 Housing Supply Targets 2018-2030.

Generosity

The Housing Background Paper applies the minimum 10% generosity allowance. SDPA states that the HNDA Wealth Distribution (2012 Based) estimate is in fact an over-estimate of housing need and demand and therefore, there is inherent generosity in the Housing Supply Target (paragraph 10.5).

Given that there are 8 identified possible outcomes from the HNDA as set out in Supporting Document 4, the selection of a particular scenario does not necessarily add generosity.

Scottish Planning Policy (paragraph 116) requires the Housing Supply Target to be increased by margin of 10 to 20%. Generosity is factor of the housing land supply.

The most up to date housing land audits for member authorities have a constrained housing land supply, assumed to deliver high numbers of housing completions later in the plan period. Such an optimistic approach is only appropriate if more flexibility in supply is provided.

The delivery of the established housing land supply is highly optimistic, and this needs to be reflected by the application of a generosity at 20%.

The Housing Land Requirement (20% generosity allowance) for the HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh would be as follows:

HNDA Wealth Distribution (2012 Based) with 19% Distribution from Edinburgh

2012 to 2030	All Tenure	
Authority	Annual	Period
Edinburgh	3,815	68,670
East Lothian	909	16,365
Fife	1,164	20,952
Midlothian	729	13,121
Scottish Borders	435	7,833
West Lothian	965	17,369
SESplan	8,017	144,310

2030 to 2038	All Tenure	
Authority	Annual	Period
Edinburgh	3,565	28,523
East Lothian	774	6,191
Fife	839	6,713
Midlothian	529	4,229
Scottish Borders	161	1,290
West Lothian	700	5,599
SESplan	6,568	52,547

The Housing Land Requirement (20% generosity allowance) for the HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh for Edinburgh would be as follows:

HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution from Edinburgh

2012 to 2030	All Tenure	
Authority	Annual	Period
Edinburgh	4,253	76,548
East Lothian	788	14,191
Fife	1,096	19,725
Midlothian	637	11,459
Scottish Borders	371	6,670
West Lothian	873	15,715
SEsplan	8,017	144,310

2030 to 2038	All Tenure	
Authority	Annual	Period
Edinburgh	3,974	31,796
East Lothian	661	5,289
Fife	775	6,204
Midlothian	442	3,539
Scottish Borders	101	807
West Lothian	614	4,912
SEsplan	6,568	52,547

Accordingly, the SDPA should adopt either the housing land requirements set out in the *HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh* or *HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh* and replace Table 5.2 Housing Land Requirements 2018-2030. Table 5.3 Indicative Scale of Housing Required 2030-2038 should be replaced with the equivalent above.

Maintaining a five year effective housing land supply

The future level of housebuilding is required to be defined on an all-tenure basis, as highlighted by Scottish Ministers in its decisions on housing requirements for all strategic development plans.

Specific reference is made to the Glasgow & Clyde Valley Strategic Development Plan Examination, where the DPEA Reporter modified the Strategic Development Plan, concluding that *...it is appropriate that the strategic development plan sets out an all-tenure housing requirement for each local authority... and ...by doing so, it will recognise that new housing provided in any sector can contribute to meeting that requirement, and that no unnecessary or artificial restrictions are imposed simply because of the definitions adopted for the purposes of the housing need and demand assessment (Issue 23, paragraph 2).*

This modification by the DPEA Reporter was upheld by Scottish Ministers. The requirement to meet the housing target in full is required by SPP (paragraphs 118, 119 and 120).

The methodology set out in paragraph 5.11 of the Proposed SDP will not enable the Scottish Ministers' aim of meeting the housing supply target and housing land requirement in full over the plan period. This is because it does not take account of the performance of the development strategy in the plan period to date, and does not deal with the situation where a surplus, or shortfall, emerges in the plan period.

When presented at Planning Appeals, the calculation set out in paragraph 5.11 has been rejected consistently by DPEA Reporters as an inappropriate methodology to determine whether the five year effective housing land supply is maintained.

The Inner House of the Court of Session in the case of *Hallam Land Management Limited v Scottish Ministers CSIH 110A* (December 2014) deliberated over the calculation of the five year effective housing land supply.

Its Opinion concluded that *...we consider that the figures summarised in paragraph [31] above demonstrate that in West Lothian, even without allowing for the Edinburgh overspill, there was a demonstrable shortage in the five years' supply* (paragraph 34).

The methodology used to calculate the five year effective housing land supply is referenced in earlier in the Opinion (paragraphs 31 and 32) with specific reference to Planning Appeal PPA-210-2031 *Land adjacent to Beveridge Row, Belhaven, Dunbar, East Lothian* (October 2013), as well as four another Appeals in East Lothian and Edinburgh. All Appeals set out in the Opinion adopted the same methodology for calculating the five year effective housing land supply. The Opinion concluded that *...we agree with those views* (paragraph 34).

This methodology is clearly set out in the Notice of Intention for Planning Appeal PPA-210-2031 (paragraph 21) and referred to by the DPEA Reporter as the *...agreed five year land supply formula*.

Based on established case law in Scotland, the following calculation has been the agreed methodology for determining whether a five year effective housing land supply is maintained.

Step	Description	Method
A	Housing Supply Target for relevant plan period from Development Plan	
B	Housing Completions to date from Housing Land Audit	
C	Remaining Housing Supply Target for plan period	A - B
D	Annual Average Housing Supply Target over remaining plan period, where Y = number of years in plan period remaining	C / Y
E	Five Year Housing Supply Target	D x 5
F	Five Year Effective Housing Land Supply from Housing Land Audit	
	Shortfall/Surplus in Five Year Effective Housing Land Supply	E - F
	Number of Years Supply	(F / E) x 5
	Percentage of Five Year Housing Supply Target Met	(F / E) x 100

When presented at Planning Appeals, DPEA Reporters have accepted this methodology as the only appropriate methodology to determine whether a five year effective housing land supply is maintained across Scotland.

It is important to note that this calculation does not include any assumptions or allowances such as windfall, urban capacity or small sites. These are matters for assessing sources of the housing land supply for a development plan strategy not calculating the five year effective housing land supply.

In formulating this calculation, it is important to distinguish between HST and HLR. These terms are defined in the Glossary to the Draft PDA.

HST is adopted for the calculation of the five year effective housing land supply because this is the actual number of homes required to be met in full (SPP, paragraph 118).

HLR only applies in the determination of the housing target for the development plan strategy by including a generosity allowance. The purpose of the HLR is to ensure that a generous supply of housing land is provided in local development plans in accord with SPP (paragraph 116).

The following is a typical example of calculating whether a five year effective housing land supply is maintained and is taken from Planning Appeal PPA-230-2152 *Land 350 metres north and west of 328 Lasswade Road, Edinburgh* (November 2015).

Step	Description	Method	Outcome
A	Housing Supply Target for plan period from Development Plan		22,300
B	Housing Completions to date from Housing Land Audit		7,721
C	Remaining Housing Supply Target for plan period	A - B	14,579
D	Annual Average Housing Supply Target over remaining plan period, where Y = number of years in plan period remaining	C / Y	2,916
E	Five Year Housing Supply Target	D x 5	14,579
F	Five Year Effective Housing Land Supply from Housing Land Audit		10,048
	Shortfall/Surplus in Five Year Effective Housing Land Supply	E - F	4,531
	Number of Years Supply	(F / E) x 5	3.4
	Percentage of Five Year Housing Supply Target Met	(F / E) x 100	69%

This methodology was also accepted by the DPEA Reporter for Planning Appeal PPA-230-2129 *Land 213 metres south-west of 22 The Wisp, Edinburgh* (November 2015) and upheld by Scottish Ministers through the Recall Direction. The outcome was identical. This demonstrates that agreement on the methodology to the calculation provides consistency of approach – it is simple calculation and should not be seen as a *focus on numbers* as stated in paragraph 12 of the Draft PDA.

We recommend that paragraph 5.11 and paragraph 5.12 bullet point 2 should be replaced with the calculations explained above.

These calculations are the only accepted methodology by DPEA Reporters and upheld by Scottish Ministers when presented at Planning Appeals. All other methodologies, including that set out in paragraph 5.11 have been rejected.

Conclusion

The proposed development strategy set out in the Proposed SDP should adopt either the housing land requirements set out in the *HNDA Wealth Distribution (2012 Based) with 19% Distribution for Edinburgh* or *HNDA Wealth Distribution (2012 Based) with 9.7% Net Distribution for Edinburgh* and replace Table 5.2 Housing Land Requirements 2018-2030.

The Proposed SDP should adopt a 20% generosity allowance, reflecting the constraints in delivering completions from the established land supply.

Table 5.3 Indicative Scale of Housing Required 2030-2038 should be replaced with the equivalent.

The delivery of the proposed development strategy should be on an all-tenure basis recognising that new housing provided in any tenure will contribute to meeting the overall housing land requirement which has been identified across SESplan. Assumptions regarding the likely tenure of the provider should not impose artificial or unnecessary restrictions on new housing provision.

Annex 1 Calculating the Housing Supply Targets

City of Edinburgh

Wealth Distribution 2 (2012 Based)

Year	Social Ren	BMR	Social	PRS	OO	Private	Total
2012	2,035	439	2,474	468	877	1,345	3,819
2013	1,809	352	2,161	387	692	1,079	3,240
2014	2,225	546	2,771	529	1,007	1,536	4,307
2015	2,287	571	2,858	553	1,053	1,606	4,464
2016	2,325	624	2,949	550	1,064	1,614	4,563
2017	2,288	557	2,845	557	976	1,533	4,378
2018	2,245	574	2,819	524	929	1,453	4,272
2019	2,249	610	2,859	525	898	1,423	4,282
2020	2,279	623	2,902	571	883	1,454	4,356
2021	2,294	665	2,959	560	875	1,435	4,394
2022	1,394	627	2,021	593	872	1,465	3,486
2023	1,330	648	1,978	562	869	1,431	3,409
2024	1,368	631	1,999	596	912	1,508	3,507
2025	1,363	682	2,045	610	933	1,543	3,588
2026	1,372	650	2,022	650	939	1,589	3,611
2027	1,403	664	2,067	646	978	1,624	3,691
2028	1,340	688	2,028	634	960	1,594	3,622
2029	1,348	692	2,040	637	965	1,602	3,642
2012-30	32,954	10,843	43,797	10,152	16,682	26,834	70,631
2030	1,336	686	2,022	632	957	1,589	3,611
2031	1,363	719	2,082	681	1,022	1,703	3,785
2032	1,317	695	2,012	658	987	1,645	3,657
2033	1317	695	2,012	658	987	1,645	3,657
2034	1317	695	2,012	658	987	1,645	3,657
2035	1317	695	2,012	658	987	1,645	3,657
2036	1317	695	2,012	658	987	1,645	3,657
2037	1317	695	2,012	658	987	1,645	3,657
2030-38	10,601	5,575	16,176	5,261	7,901	13,162	29,338
2038	1317	695	2,012	658	987	1,645	3657

East Lothian

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	280	31	311	68	62	91	402
2013	299	38	337	35	74	109	446
2014	380	71	451	58	132	190	641
2015	388	70	458	59	134	193	651
2016	391	75	466	58	136	194	660
2017	411	83	494	63	149	212	706
2018	407	86	493	57	145	202	695
2019	403	84	487	52	141	193	680
2020	406	84	490	52	139	191	681
2021	401	86	487	47	136	183	670
2022	221	92	313	49	148	197	510
2023	205	88	293	50	141	191	484
2024	201	87	288	53	143	196	484
2025	195	84	279	52	140	192	471
2026	197	86	283	52	142	194	477
2027	197	86	283	50	143	193	476
2028	185	87	272	49	138	187	459
2029	191	90	281	51	143	194	475
2012-30	5,358	1,408	6,766	916	2,386	3,302	10,068
2030	178	83	261	48	134	182	443
2031	182	87	269	47	140	187	456
2032	182	92	274	47	142	189	463
2033	182	92	274	47	142	189	463
2034	182	92	274	47	142	189	463
2035	182	92	274	47	142	189	463
2036	182	92	274	47	142	189	463
2037	182	92	274	47	142	189	463
2030-38	1,452	722	2,174	377	1,126	1,503	3,677
2038	182	92	274	47	142	189	463

Fife

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	269	2	271	129	7	10	281
2013	356	38	394	48	101	149	543
2014	540	106	646	139	290	429	1,075
2015	547	108	655	143	297	440	1,095
2016	542	106	648	134	288	422	1,070
2017	554	114	668	136	300	436	1,104
2018	524	103	627	123	270	393	1,020
2019	549	117	666	130	296	426	1,092
2020	528	106	634	115	270	385	1,019
2021	525	109	634	111	264	375	1,009
2022	247	105	352	111	259	370	722
2023	229	98	327	106	245	351	678
2024	239	105	344	115	263	378	722
2025	214	99	313	102	240	342	655
2026	214	95	309	104	242	346	655
2027	208	94	302	105	238	343	645
2028	203	97	300	103	238	341	641
2029	205	98	303	102	242	344	647
2012-30	6,693	1,700	8,393	1,930	4,350	6,280	14,673
2030	189	94	283	96	226	322	605
2031	187	92	279	103	228	331	610
2032	165	81	246	88	203	291	537
2033	165	81	246	88	203	291	537
2034	165	81	246	88	203	291	537
2035	165	81	246	88	203	291	537
2036	165	81	246	88	203	291	537
2037	165	81	246	88	203	291	537
2030-38	1,366	672	2,038	727	1,672	2,399	4,437
2038	165	81	246	88	203	291	537

Midlothian

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	217	-19	198	169	-39	-55	143
2013	473	70	543	59	140	199	742
2014	406	50	456	36	93	129	585
2015	405	47	452	34	91	125	577
2016	417	54	471	35	99	134	605
2017	428	60	488	35	105	140	628
2018	415	56	471	32	95	127	598
2019	426	60	486	31	101	132	618
2020	421	61	482	26	98	124	606
2021	412	57	469	25	90	115	584
2022	140	58	198	25	93	118	316
2023	128	54	182	25	88	113	295
2024	136	60	196	26	96	122	318
2025	131	59	190	25	93	118	308
2026	126	55	181	27	90	117	298
2027	124	54	178	26	90	116	294
2028	127	57	184	27	93	120	304
2029	123	57	180	25	91	116	296
2012-30	5,055	950	6,005	503	1,607	2,110	8,115
2030	120	55	175	24	89	113	288
2031	122	57	179	25	91	116	295
2032	120	59	179	25	91	116	295
2033	120	59	179	25	91	116	246
2034	120	59	179	25	91	116	246
2035	120	59	179	25	91	116	246
2036	120	59	179	25	91	116	246
2037	120	59	179	25	91	116	246
2030-38	962	466	1,428	199	726	925	2,108
2038	120	59	179	25	91	116	295

Scottish Borders

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	260	63	323	-33	154	238	562
2013	204	39	243	50	91	141	384
2014	205	40	245	52	93	145	390
2015	205	42	247	49	92	141	388
2016	205	42	247	49	92	141	388
2017	205	42	247	48	92	140	387
2018	212	45	257	49	97	146	403
2019	203	40	243	45	86	131	374
2020	200	39	239	43	83	126	365
2021	192	36	228	38	76	114	341
2022	80	42	122	44	87	131	252
2023	64	35	99	35	73	108	207
2024	55	31	86	34	66	100	186
2025	50	29	79	29	59	88	167
2026	34	19	53	21	41	62	114
2027	35	19	54	22	43	65	119
2028	30	16	46	19	35	54	100
2029	27	16	43	17	33	50	93
2012-30	2,466	635	3,101	611	1,393	2,121	5,220
2030	15	10	25	10	20	30	56
2031	15	8	23	10	19	29	53
2032	19	12	31	14	26	40	72
2033	19	12	31	14	26	40	72
2034	19	12	31	14	26	40	72
2035	19	12	31	14	26	40	72
2036	19	12	31	14	26	40	72
2037	19	12	31	14	26	40	72
2030-38	144	90	234	104	195	299	541
2038	12	8	20	5	18	23	43

West Lothian

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	319	53	372	45	134	217	589
2013	346	63	409	99	160	259	668
2014	385	84	469	117	198	315	784
2015	386	77	463	116	193	309	772
2016	391	87	478	109	193	302	780
2017	397	87	484	106	190	296	780
2018	405	92	497	99	186	285	782
2019	415	93	508	93	184	277	785
2020	397	89	486	77	164	241	727
2021	414	94	508	73	168	241	749
2022	233	97	330	75	170	245	575
2023	214	91	305	73	162	235	540
2024	214	92	306	75	166	241	547
2025	195	84	279	69	152	221	500
2026	191	86	277	67	151	218	495
2027	193	91	284	69	154	223	507
2028	181	83	264	65	147	212	476
2029	187	84	271	69	153	222	493
2012-30	5,463	1,527	6,990	1,496	3,025	4,559	11,549
2030	158	75	233	61	132	193	426
2031	173	83	256	65	148	213	469
2032	157	76	233	60	133	193	426
2033	157	76	233	60	133	193	426
2034	157	76	233	60	133	193	426
2035	157	76	233	60	133	193	426
2036	157	76	233	60	133	193	426
2037	157	76	233	60	133	193	426
2030-38	1,273	614	1,887	486	1,078	1,564	3,451
2038	157	76	233	60	133	193	426

SESplan

Wealth Distribution 2 (2012 Based)

Year	Social Rent	BMR	Social	PRS	OO	Private	Total
2012	3,380	569	3,949	846	1,195	1,846	5,796
2013	3,487	600	4,087	678	1,258	1,936	6,023
2014	4,141	897	5,038	931	1,813	2,744	7,782
2015	4,218	915	5,133	954	1,860	2,814	7,947
2016	4,271	988	5,259	935	1,872	2,807	8,066
2017	4,283	943	5,226	945	1,812	2,757	7,983
2018	4,208	956	5,164	884	1,722	2,606	7,770
2019	4,245	1,004	5,249	876	1,706	2,582	7,831
2020	4,231	1,002	5,233	884	1,637	2,521	7,754
2021	4,238	1,047	5,285	854	1,609	2,463	7,747
2022	2,315	1,021	3,336	897	1,629	2,526	5,861
2023	2,170	1,014	3,184	851	1,578	2,429	5,613
2024	2,213	1,006	3,219	899	1,646	2,545	5,764
2025	2,148	1,037	3,185	887	1,617	2,504	5,689
2026	2,134	991	3,125	921	1,605	2,526	5,650
2027	2,160	1,008	3,168	918	1,646	2,564	5,732
2028	2,066	1,028	3,094	897	1,611	2,508	5,602
2029	2,081	1,037	3,118	901	1,627	2,528	5,646
2012-30	57,989	17,063	75,052	15,608	29,443	45,206	120,256
2030	1,996	1,003	2,999	871	1,558	2,429	5,429
2031	2,042	1,046	3,088	931	1,648	2,579	5,668
2032	1,960	1,015	2,975	892	1,582	2,474	5,450
2033	1,960	1,015	2,975	892	1,582	2,474	5,401
2034	1,960	1,015	2,975	892	1,582	2,474	5,401
2035	1,960	1,015	2,975	892	1,582	2,474	5,401
2036	1,960	1,015	2,975	892	1,582	2,474	5,401
2037	1,960	1,015	2,975	892	1,582	2,474	5,401
2030-38	15,798	8,139	23,937	7,154	12,698	19,852	43,552
2038	1,953	1,011	2,964	883	1,574	2,457	5,421

HNDA Wealth Distribution 2 (2012 Based)

	2012 to 2030			Annual			2030 to 2038			Annual		
	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure
Edinburgh	43,797	26,834	70,631	2,433	1,491	3,924	16,176	13,162	29,338	2,022	1,645	3,667
East Lothian	6,766	3,302	10,068	376	183	559	2,174	1,503	3,677	272	188	460
Fife	8,393	6,280	14,673	466	349	815	2,038	2,399	4,437	255	300	555
Midlothian	6,005	2,110	8,115	334	117	451	1,428	925	2,353	179	116	294
Scottish Borders	3,101	2,121	5,222	172	118	290	234	299	533	29	37	67
West Lothian	6,990	4,559	11,549	388	253	642	1,887	1,564	3,451	236	196	431
SESplan	75,052	45,206	120,258	4,170	2,511	6,681	23,937	19,852	43,789	2,992	2,482	5,474

Housing Supply Targets

	2012 to 2030 (19% Distribution)			Annual			2030 to 2038 (19% Distribution)			Annual		
	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure
Edinburgh	35,484	21,741	57,225	1,971	1,208	3,179	13,106	10,664	23,769	1,638	1,333	2,971
East Lothian	8,979	4,658	13,637	499	259	758	2,991	2,168	5,160	374	271	645
Fife	10,121	7,339	17,460	562	408	970	2,676	2,918	5,595	335	365	699
Midlothian	7,753	3,181	10,934	431	177	607	2,074	1,450	3,524	259	181	440
Scottish Borders	3,911	2,617	6,528	217	145	363	533	542	1,075	67	68	134
West Lothian	8,804	5,670	14,474	489	315	804	2,557	2,109	4,666	320	264	583
SESplan	75,052	45,206	120,258	4,170	2,511	6,681	23,937	19,852	43,789	2,992	2,482	5,474

Housing Supply Targets

	2012 to 2030 (9.7% Distribution)			Annual			2030 to 2038 (9.7% Distribution)			Annual		
	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure
Edinburgh	39,555	24,235	63,790	2,198	1,346	3,544	14,609	11,887	26,497	1,826	1,486	3,312
East Lothian	7,856	3,970	11,826	436	221	657	2,577	1,831	4,407	322	229	551
Fife	9,487	6,950	16,438	527	386	913	2,442	2,728	5,170	305	341	646
Midlothian	6,894	2,655	9,549	383	147	531	1,757	1,192	2,949	220	149	369
Scottish Borders	3,310	2,249	5,558	184	125	309	311	362	673	39	45	84
West Lothian	7,949	5,147	13,096	442	286	728	2,241	1,852	4,094	280	232	512
SESplan	75,052	45,206	120,258	4,170	2,511	6,681	23,937	19,852	43,789	2,992	2,482	5,474

HNDA Wealth Distribution 2 (2012 Based)

Housing Land Requirements (20% Generosity)

2012 to 2030 (19% Distribution)

	Annual			Annual			2030 to 2038 (19% Distribution)			Annual			
	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	
Edinburgh	42,581	26,089	68,670	2,366	1,449	3,815	Edinburgh	15,727	12,797	28,523	1,966	1,600	3,565
East Lothian	10,775	5,590	16,365	599	311	909	East Lothian	3,590	2,602	6,191	449	325	774
Fife	12,145	8,807	20,952	675	489	1,164	Fife	3,211	3,502	6,713	401	438	839
Midlothian	9,304	3,817	13,121	517	212	729	Midlothian	2,488	1,740	4,229	311	218	529
Scottish Borders	4,693	3,140	7,833	261	174	435	Scottish Borders	640	651	1,290	80	81	161
West Lothian	10,565	6,804	17,369	587	378	965	West Lothian	3,068	2,531	5,599	384	316	700
SESplan	90,062	54,247	144,310	5,003	3,014	8,017	SESplan	28,724	23,822	52,547	3,591	2,978	6,568

Housing Land Requirements (20% Generosity)

2012 to 2030 (9.7% Distribution)

	Annual			Annual			2030 to 2038 (9.7% Distribution)			Annual			
	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	Affordable	Private	All Tenure	
Edinburgh	47,466	29,082	76,548	2,637	1,616	4,253	Edinburgh	17,531	14,265	31,796	2,191	1,783	3,974
East Lothian	9,427	4,764	14,191	524	265	788	East Lothian	3,092	2,197	5,289	386	275	661
Fife	11,385	8,340	19,725	632	463	1,096	Fife	2,931	3,273	6,204	366	409	775
Midlothian	8,273	3,186	11,459	460	177	637	Midlothian	2,108	1,431	3,539	263	179	442
Scottish Borders	3,972	2,699	6,670	221	150	371	Scottish Borders	373	434	807	47	54	101
West Lothian	9,539	6,176	15,715	530	343	873	West Lothian	2,690	2,223	4,912	336	278	614
SESplan	90,062	54,247	144,310	5,003	3,014	8,017	SESplan	28,724	23,822	52,547	3,591	2,978	6,568



Homes for Scotland Representation

SESplan Proposed Plan
November 2016

APPENDIX 4: Homes for Scotland Analysis of the SESplan Evidence Base

This Appendix sets out our analysis of the evidence base provided within the Housing Background Paper and Environmental Report specifically on infrastructure capacity and environmental constraints identified as a justification for the Housing Supply Targets set within the Proposed Plan.

Paragraph 7.8 of the Housing Background Paper states that unlimited numbers of homes cannot be delivered without detrimental impacts on environmental assets. We do not believe that this is the correct starting point for an analysis of environmental capacity. No Development Plan will propose unlimited numbers of new homes. The purpose of the Development Plan is to manage development, and guide new development to the most appropriate locations.

Paragraph 7.9 of the Housing Background Paper suggests that the significant cost of new and extended schools is holding up the delivery of the existing housing supply. We agree that education infrastructure is a significant blocker to the delivery of housing, but we do not agree to the conclusion that housing requirements should not be met because of this. Instead, solutions to the delivery of all infrastructure, and in particular education facilities, must be sought in partnership between SESplan and its member authorities, and the Scottish Government to ensure that infrastructure delivery does not hold up the delivery of new development of any kind. Indeed, a key driver for the current Planning Review is infrastructure delivery and its role in supporting the delivery of new homes across Scotland, of all tenures. Paragraph 2.19 of National Planning Framework 3 states that “*in some of our city regions, infrastructure capacity is limiting the delivery of new housing and other development*”. We expect to see more concerted efforts – involving planning authorities, developers, government agencies and infrastructure providers – to remove these constraints”. It goes on to suggest that “strategic thinking, partnership working and innovation will be required to unlock funding for capacity enhancement”.

Paragraph 7.12 of the Housing Background Paper concludes that the affordable HST cannot be delivered over the 12-year period with infrastructure capacity, resource and environmental constraints. This conclusion can be adequately drawn from the evidence provided, and requests to see further evidence if the HST for affordable housing is to remain at the level set in the Plan. We would expect SESplan to support enhanced infrastructure delivery within the City Region, and to strive for alternative and improved affordable housing delivery models over the plan period rather than taking the unambitious conclusion that the target cannot be met. As set out above, we believe that the environmental constraint to delivery of homes is unjustified and incorrect.

Paragraph 7.13 of the Housing Background Paper claims that a review of capacity and constraints information for Edinburgh indicated that no more than 1,220 market homes per annum could be accommodated. We request further evidence and information on this review, including the parameters of the review, and would argue on the basis of home builder experience that this is unlikely to be correct. This review must be published to provide transparency if it is to be of substantial weight in constraining the housing supply within SESplan2.

The SDPA has legal obligations under the Environmental Assessment (Scotland) Act 2005. Section 14(2) of the 2005 Act requires the Authority to produce an Environmental Report which must “*identify, describe and evaluate the likely significant effects on the environment of implementing – (a) the Plan or Programme; and (b) reasonable alternatives to the Plan or Programme, taking into account the objectives in geographical scope of the Plan or Programme*”. Whilst an Environmental Report has been produced to accompany SESplan2 which assesses the spatial strategy and reasonable alternatives to that, the Report does not assess the likely significant effects of implementing a reasonable alternative to the housing supply target upon which proposed SESplan2 is based. This is a major deficiency in the Environmental Report and calls into question the competency of SESplan2.

Paragraph 5.27 of the SESplan Housing Background Paper advises that “*Based on rigorous analysis, the 2015 HNDA Report, set out at the 2012 based wealth distribution and steady recovery alternative futures most closely reflect the future of the SESplan area*” and Paragraph 5.29 concludes that based on analysis, the likely future is expected to be “*somewhere in between the “steady recovery” and “wealth distribution” alternative futures*. One set of HNDA estimates must be used to inform housing supply targets. Therefore, for the purpose of setting ambitious HSTs and in order that the housing market supply target fully reflect the HNDA market estimate of demand, the wealth distribution HNDA alternative future estimates in Table 5.3 have been used to inform housing supply targets”.

Paragraph 7.8 of the Background Paper suggests that a full analysis of the “opportunities, capacity and constraints” which led to the identification of the Housing Supply Target is set out in Section 5 of the Main Issues Report, Spatial Strategy Technical Note and the Interim Environmental Report. The paragraph asserts that “*These set out that there is a (sic) physical and environmental capacity limits in the region. Unlimited number of homes cannot be allocated and delivered without subsequent detrimental impacts on the region’s environmental assets and ability to adapt to climate change*”. That is a statement of the obvious but nowhere in the Environmental Report is there any analysis of the environmental implications of implementing a different Housing Supply Target to that set out in the Proposed Plan. SESplan 2 appears to use environmental constraints as part of the justification for following a strategy that does not deliver a sufficient number of homes to meet the “Wealth Distribution” scenario. It does not however assess the environmental implications of any alternative reasonable strategy. SESplan 2’s Environmental Report should, at the very least set out the likely significant effects on the environment of delivering a housing supply target that mirrors the Wealth Distribution HNDA estimates.

In a similar vein, SESplan2’s Environmental Report provides no analysis of the likely significant effects on the environment of implementing a generosity allowance of greater than 10%. This is an obvious failing of the Environmental Report and, again, calls into question the procedural competence of proposed SESplan2.

The same comments apply in relation to the number of homes which SESplan 2 proposes to allocate to City of Edinburgh Council’s area. Paragraphs 7.11 and 7.13 of the Housing Background Paper suggest that the issue of environmental capacity has been examined to determine the level of housing that can be accommodated within Edinburgh. The Environmental Report must, in terms of the 2005 Act, “*identify, describe and evaluate the likely significant effects on the environment*” of implementing a reasonable alternative to the strategy it has set out for the number of homes required in the Edinburgh area.

This Appendix and its analysis of the SESplan2 Environmental Report and Housing Background Paper evidence base form part of the Homes for Scotland representation to the SESplan Proposed Plan, and in particular the representation on “Increasing Housing Delivery”.