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North Ayrshire Council Proposed Local Development Plan

Dear Mr McIlvanney

Thank you for providing Homes for Scotland with a copy of North Ayrshire's Housing Supply Technical Paper. We welcome the clarity this provides in explaining North Ayrshire's approach to the setting of the Housing Supply Target and Housing Land Requirement.

As we set out in our representations of June 2018 to the Proposed Local Development Plan (LDP), Homes for Scotland supports the growth agenda which is proposed within the Plan and the alignment of the spatial strategy with housing market conditions and opportunities. We believe that this positive approach to development planning can play a powerful role in enabling increased development and in turn stimulate wider economic activity, guarding against population decline.

We particularly welcome the attention paid to the viability of the proposed allocations. Across Scotland insufficient land is being allocated in the right places to allow the necessary delivery of new homes to take place. In addition to worsening the current housing crisis and perpetuating the unacceptable social and economic outcomes this creates, it also means that LDP's are failing to realise the spatial strategies and deliver the development targets which they set out.

A robust and realistic assessment of whether allocations will lead to housing delivery, having regard to viability, should be fundamental to all plans. This will give greater certainty to all stakeholders that the chosen plan will be delivered. In turn this will help with planning the associated infrastructure delivery and upgrades from an earlier stage with greater confidence that the spatial strategy within the plan will be realised. As such, North Ayrshire's approach to marketability is an example for other Councils to follow and build upon.

The Housing Needs and Demand Assessment (HNDA) for North Ayrshire is unusual in that it anticipates no net household growth in the medium to long term. However, this does not mean that no new houses are required and it clearly is not appropriate to plan for decline. Additionally, the extent to which the data underlying the HNDA process (across Scotland) bakes in recession trends and projects them forward would also benefit from greater scrutiny.

Nevertheless, notwithstanding our concerns over the HNDA process in general, it is evident that the HNDA should be treated as the starting point in the setting of the Housing Supply Target (HST) not the final word. The HNDA Manager's Guide is clear on this

*"...the HNDA and the HST the two **are not the same** and are therefore **not expected to match**.*

The HST will take the HNDA as its starting point, but will consider policy and practical considerations to reach a view on the level of housing that can actually be delivered over a defined period." (paras. 9.1 & 9.2, original emphasis in bold)

While it would not be appropriate to set the HST below the HNDA projections as this would result in housing need going unmet, there is scope to increase the HST to take account of policy objectives as the Manager's Guide make clear. This is also set out in para. 115 of the SPP which states that the HST is a "a policy view of the number of homes the authority has agreed will be delivered" taking into account wider economic and social factors, amongst other things.

The HNDA is part of the evidence base of the plan and helps to inform the policy, but it represents essentially a 'policy-off' position, it cannot take full account of the impacts of final LDP policy. The demographic projections of stagnation and longer-term decline set out in the HNDA are not inevitable. A proactive approach to development planning is one way in which North Ayrshire can be a powerful agent in shaping its future, reversing population decline and delivering new economic opportunities to retain existing residents and attract new residents to the area.

The economic benefits of new home building are very significant, amounting to over £3.2bn in 2013 in direct, indirect and induced GVA across Scotland. A figure which will have risen since as housing delivery has gradually increased. Furthermore, the industry provides substantial fiscal benefits including Land and Buildings Transaction Tax on both the sale of land and completed properties as well as through Council Tax. Increasing the HST and making allocations which are aligned with market conditions will increase development activity bringing new jobs to the area and helping to strengthen the Council's finances.

It should also be stressed that the demographic picture that the HNDA paints is far from static with an ageing population and in and out migration ongoing. It also identifies substantial problems with the quality of the existing housing in both the public and private sector. Therefore, even if no net growth occurs, new housing will still be needed to accommodate the changing needs of the population, attract new residents to the area and offer improved properties for existing residents.

The policy basis for setting the proposed HST is therefore clear. It will increase economic activity, provide new properties to help encourage existing residents to stay in the area, assist with the Council's tax base and help to prevent population decline which will help to ensure that council services and local businesses can continue to operate viably.

Furthermore, the HNDA provides some guidance on the methodology for the setting of the HST, stating that "*The LHS and LDP should consider the need for housing supply targets that extend beyond the duration of the LHS (ie. beyond 2021) by reviewing historic new build completion rates, considering the wider policy context and through discussion with private developers.*" (p. 5). The approach that North Ayrshire has taken in the Technical Paper is consistent with this as it considers past delivery, capacity and marketability following discussions with Homes for Scotland.

Homes for Scotland is grateful for the opportunity to review the Housing Supply Technical Paper and consider it adds helpful clarity in explaining the methodology behind the setting of the HST. It both demonstrates that the methodology is informed by the guidance in the HNDA and that policy reasoning for the HST is justified. It demonstrates that the approach to setting the Housing Supply Target is robust and consistent with Scottish Planning Policy. Our members look forward to continued positive engagement with North Ayrshire as the new LDP moves from the preparation to the delivery stage.

Yours Sincerely



Joe Larner

Senior Planning Advisor