
improving living in scotland



**RESPONSE TO FALKIRK PROPOSED LOCAL DEVELOPMENT
PLAN 2018**

NOVEMBER 2018

Homes for Scotland (HFS) is the voice of the home building industry in Scotland, representing some 200 companies and organisations which together deliver the majority of the country's new homes.

We are committed to improving the quality of living in Scotland by providing this and future generations of Scots with warm, energy-efficient, sustainable homes in places people want to live.

HFS makes submissions on national and local government policy issues affecting the industry. Its views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from our member companies.

Introduction

1. Homes for Scotland is grateful for the opportunity to comment on the emerging Falkirk Local Development Plan 2.
2. These submissions on Falkirk Council's Proposed Local Development Plan have been reviewed and agreed by Homes for Scotland's East Central Scotland Area Committee.

Executive Summary

3. *Homes for Scotland welcomes the opportunity to comment on the Proposed LDP. Whilst the overall vision of the Plan is appropriate and welcomed we consider that the substance of the document does not support the delivery of this ambition. In particular the setting of the Housing Supply Target at less than half of the pre-recession rate of housing delivery severely lacks ambition at a time when the home building sector is recovering.*
4. *We consider that the Housing Supply Target should be set for the 2012-30 period to align it with the Housing Needs and Demand Assessment (HNDA) and total 10,800. This would better reflect market signals, capacity within the home building sector and be more closely aligned with the Councils ambitious plans for business growth and affordable housing development.*
5. *To this Housing Supply Target a generosity margin of 18% should be added from 2017 to reflect under delivery in the current plan period giving a Housing Land Requirement of 9,592. Comparing this to the supply set out in the 2017/18 Housing Land Audit in addition to new allocations and windfalls results in a shortfall of approximately 3,000 homes over the plan period.*
6. *It is disappointing that 92% of the housing land supply (excluding windfalls) is comprised of residual allocations from previous plans, with the allocation of new land for just 491 homes despite a current shortfall in five-year effective housing land. The quality of the housing supply also needs to be reviewed. The plan is now overwhelmingly reliant on sites in weaker market areas as the supply of housing land in more marketable areas has been built-out and not replaced.*
7. *Falkirk is strategically located at the heart of Scotland's strategic transport network with manufacturing and logistics centres of national importance as well as other major employers located within the authority. The Proposed LDP sets out ambitious plans for business growth. These ambitious economic aspirations must be matched by a similarly ambitious approach to housing otherwise it will be harder to both retain and attract businesses.*
8. *We believe these issues can be remedied and Homes for Scotland would welcome the opportunity to work with Falkirk on the substance of the plan to better align it with the ambitions set out in the Vision. Increased home building brings important social*

and economic benefits. We consider the changes proposed within this representation would help to realise these.

The Vision

9. Homes for Scotland supports the overall vision to deliver thriving communities, a growing economy and a sustainable place to live work and invest. We consider these are appropriate ambitions which can be delivered. We also acknowledge and welcome the objectives identified to deliver thriving communities including enabling continued population and household growth, delivering sustainable attractive communities and providing infrastructure to meet the needs of the population.
10. Whilst this is a positive start, we are concerned that the substance of the plan does not match these ambitions. In this regard paragraph 2.03 on housing reads particularly negatively. With the housing market recovering the plan provides an opportunity to build on this by unlocking new sites for development which will also assist with developing a strong, sustainable and growing economy. We welcome the recognition that more needs to be done in relation to infrastructure provision and would emphasize that the plan provides an ideal opportunity to address those infrastructure issues that are hindering development. Homes for Scotland would welcome the opportunity to work with the Council on this issue.

Housing Need and Demand Assessment and the Housing Supply Target

11. Setting an appropriate housing supply target (HST) is fundamental to plan making. If a target is too low and need and fails to meet the needs of a growing population this forces households to look elsewhere if they are able and prolongs unsatisfactory housing arrangements for others. Households which are unable to realise their housing aspirations can be stuck in limbo, less able to participate fully in the labour market as they are unable to move for work and in the worst cases it can have a negative impact on health and wellbeing.
12. HST's which are too low have substantial negative economic consequences. The HST informs the housing land requirement (HLR) which in turn determines how much land should be allocated for housing. If insufficient land is allocated or is allocated in the wrong places to meet demand this stifles construction activity resulting in fewer jobs being created and less fiscal benefits from LBTT, Section 75 contributions and Council Tax.
13. The HST should also take into account the economic aspirations of the Council. Planned job creation and allocation of business space needs to be matched by a strategy to ensure that attractive homes are available to workers.
14. We consider that by setting a Housing Supply Target at 15% below recent new build completions levels and at just 45% of the pre-recession peak between 2002-06 of 995 dwellings per annum demonstrates a disappointing lack of ambition. This is especially so at a time when house prices are increasing and given that other Authorities have now matched or exceeded pre-recession output levels and Scotland is delivering in the region of 70% of pre-recession housing completions. In this context the housing supply target not only lacks ambition but will significantly undermine the recovery in new home building. As a consequence of having such a low target, the land made available for homebuilding is exceptionally limited and perpetuates the issue of stagnation in housing completions.

The Housing Need and Demand Assessment (HNDA)

15. In our previous representations to the Main Issues Report (MIR) we noted that the three scenarios set out in the HNDA were very similar and somewhat pessimistic. The lack of any consideration of a higher growth scenario is disappointing and depresses the level of housing need and demand identified in the HNDA. Recent [Registers of Scotland Data](#) recorded a 7.1% increase in house prices between August 2017 and 2018 in Falkirk, above the Scottish Average of 4.1% suggesting that stronger growth and consequently more pressure on the housing market may be materialising than forecast.
16. Homes for Scotland has concerns that the HNDA remains a closed process despite its impact on policy making. While it is described as “factual in scope and policy neutral” in the HNDA Manager’s Guide (para. 8.1), it nevertheless makes important assumptions and significantly influences the HST. In particular, the HNDA must make judgements about the current state of housing conditions at the time and what adjustments are required to address current issues. While we welcome the decision of Officers to make adjustments for concealed *and* overcrowded households we are concerned that the NRS projections continue to project temporary recession trends forward. The NRS acknowledges this, in a passage repeated in the HNDA (below) but crucially the HNDA makes no adjustment for this.

“The main differences are that the 2010-based projections showed large increases in the number of young adults living in one-adult households (with or without children), but this is no longer the case. A related change is that the current projections show more households containing three or more adults, or two or more adults with children, headed by someone aged 45 to 74. This is linked to long-term trends and the economic downturn, amongst other factors. Since the start of the downturn, increases in unemployment, reductions in new house building and a constrained mortgage market have made it more difficult for young adults to afford to live on their own or as a couple. Therefore, more young adults are living with their parents or with other adults. This has led to a slower rate of growth in overall household numbers.”
(Para. 2.2.18)

17. Whether such trends should be accepted as the new normal and therefore projected forward is a policy issue which needs to be actively considered not passively accepted. Homes for Scotland supports increasing choice in the housing market and believes that this reaps substantial social and economic benefits. HNDA outputs based upon these trends, which largely reflect economic necessity rather than free choice, could prevent the delivery of housing which could allow younger couples or individuals to buy or rent a place of their own.
18. This issue is of course not unique to Falkirk. Nevertheless, these issues are pertinent to planning policy and are worthy of further scrutiny during the examination of the Proposed Local Development Plan.

Interpreting the HNDA

19. The HST is set for the period 2020 – 2030 in the proposed plan. However, the HNDA base date is 2012. The existing unmet need is spread over a 10 year period from 2012/13 – 2021/22 in the HNDA tool (shown [Appendix 3.2, Scenario 2 of the HNDA](#)). By starting the HST in 2020, 8 years of this unmet need (616 households) will be unaccounted for and it would not be possible to assess whether additional need and

demand arising between 2012-20 has been met. It is therefore essential that the HST covers the period from 2012 to ensure housing need does not go unmet and so that it complies with the SPP which makes clear that the HNDA and LDP should be closely aligned (para. 114).

20. There are clear precedents for this in recent decisions on the Clydeplan SDP and Stirling LDP. The housing supply target should therefore run from 2012 – 2030. Assuming the plan is adopted in 2020 this would satisfy the requirement to plan for 10 years from the date of adoption in the SPP (para. 120).
21. Accordingly, the HST should therefore be informed by the HNDA data for the years 2012 – 2030 and should be aligned with HNDA predictions for this period (shown [Appendix 3.2, Scenario 2 of the HNDA](#)). However, the interpretation of the HNDA data set out in the Technical Report 3 (Housing and Settlement Growth Options), which explains the proposed HST, instead looks at the HNDA data (combined with extrapolations for the period beyond 2033) for 2020-2040 and divides the need arising over this period in two to give a need over the 2020-30 period which equates to an annualised figure of 418 dwellings (Technical Report 3, para. 4.4).

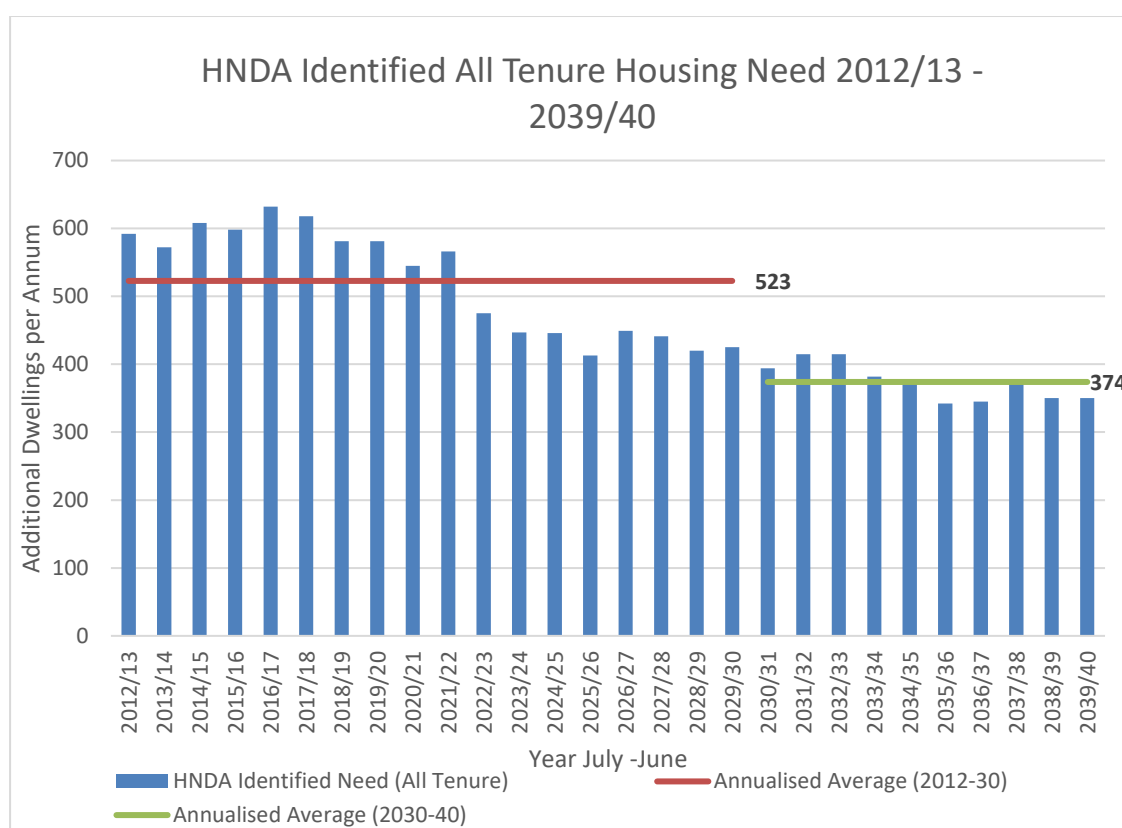


Figure 1: HNDA Appendix 3.2 Scenario 2 Output, with Housing Technical Report 3 Data for 2033/4 onwards

22. The approach taken in the Technical Report 3 provides an inaccurate assessment of housing need arising in the period to 2030 as Figure 1 shows. The HNDA anticipates that housing need in the period 2012-2030 will total 9,407 dwellings or equivalent to an average of 523 dwellings per annum. Data in the Housing Technical Report 3 suggests need for a further 3,739 dwellings between 2030 and 2040 or 374 per annum (see Figure 1 below).

Calculating the Housing Supply Target

23. We note that the Housing Supply Target has been further reduced from 480 dwellings per annum in the Main Issues Report (MIR) to 450 dwellings per annum in the proposed plan following a vote by Councillors. It appears this was done to allow the deletion of some allocated housing sites. Some former housing sites were also re-allocated for employment uses, but the impact of this potentially increased quantity of employment space on housing need does not appear to have been considered.

Empty Properties and Demolitions

24. The MIR added 62 dwellings per annum to the HNDA annual average for the 2020-40 period to account for demolitions, continuation with the Council's buy-back policy and changes to the empty homes initiative. This mark-up has been adjusted to 32 in Technical report 3. The additions relate to an allowance of 125 for demolitions over the 2020 – 30 period (set out in Appendix 1).
25. Appendix 1 of Technical Report 3 deducts anticipated homes brought back into use through the Empty Homes initiative from the HNDA estimation of housing need, this has the effect of suppressing the HST. It is noted that in the four years to 2016, 210 properties have been brought back into use, following a new council initiative. This represents an average of just over 50 dwellings per annum at the very beginning of the policy when the 'lowest hanging fruit' could be picked. The expectation that this will increase to 100 dwellings per annum in the period to 2021, is unevidenced and we understand not being delivered.
26. The HNDA identifies 1,694 empty homes. However, incentives such as the 200% Council Tax charge do not apply to all such homes. [Recent evidence](#) suggest that the 200% Council Tax charge was applied to 381 dwellings in 2017/18, suggesting the impact of this incentive in bringing dwellings back into use is more limited.
27. It is also important to note that these are not quoted as net figures. There is a degree of churn in vacant homes and so as some properties are brought into use others become vacant. As such while the Council may have a degree of confidence about returning some properties back to use in the short term it is harder to predict the net impact of this as others will become vacant due to a variety of factors and will need time and money spent on them to rehabilitate them to a condition which is fit for use.
28. Whilst we agree that bringing empty homes back into use is a worthwhile project, we do not consider that the projections of what may be achievable should be used to suppress the HST. There is no evidence to demonstrate that a long-term net reduction in empty properties can be achieved. Furthermore, if the HST is set based upon these assumptions and they are not achieved there will be no mechanism in the plan to account for this unmet need. Accordingly, we disagree with the Empty Homes Initiative targets being factored into the HST.

Recent Market and Demographic Signals

29. The starting point for the HST is an need for of 9,407 dwellings between 2012 and 2030 set out in the HNDA. To this an allowance of at least 125 dwellings should be added to take account of demolitions, giving a figure of 9,534 which equates to an annual average of 530. This is very similar to the average annual level of new build

completions over the last 4 financial years (2014/15 - 2017/18, Scottish Government Figures), which was 527dpa. However, this is still only 53% of peak pre-recession completions.

30. Scottish Planning Policy states that whilst being aligned with the HNDA, the HST is

“a policy view of the number of homes the authority has agreed will be delivered in each housing market area over the periods of the development plan and local housing strategy, taking into account wider economic, social and environmental factors, issues of capacity, resource and deliverability, and other important requirements such as the aims of National Parks.”

31. The HNDA Manager’s Guide (2018) provides some further interpretation of this, stating that

“In setting and agreeing the HST, authorities should give full consideration to those factors which may have a material impact on the pace and scale of housing delivery such as:

- *economic factors which may impact on demand and supply*
- *capacity within the construction sector*
- *the potential inter-dependency between delivery of market and affordable housing at the local level*
- *availability of resources*
- *likely pace and scale of delivery based on completion rates*
- *recent development level planned demolitions*
- *planned new and replacement housing or housing brought back into effective use.”*

32. The housing market has strengthened in recent years and building levels have increased. The last four years (2014/15 - 2017/18) show average completions of 527 new build dwellings per annum up from 402 per annum between 2010/11 – 2013/14. However, completions have exceeded 600dpa in 2014/15 and 2016/17 (according to Scottish Government Completions) and recent house price increases and speculative planning applications demonstrate an improving market.

33. Similarly, the latest National Records of Scotland (NRS) projections indicate a more rapid rate of household growth in Falkirk than the 2012 projections on which the HNDA is based (Figure 2). Whilst we agree that the HNDA cannot be continually updated, this changing demographic picture is consistent with the market signals which show increased housing development and increased competition for housing land. It’s also notable that a recent appeal found a significant shortfall in Falkirk’s effective housing land supply (Appeal ref. PPA-240-2054), suggesting that a lack of available land is dampening the rate at which new homes are delivered. There is evidence that reduced completions in 2017/18 are related to diminishing land supply

in more marketable areas. This is discussed under the Housing Land Requirement Section.

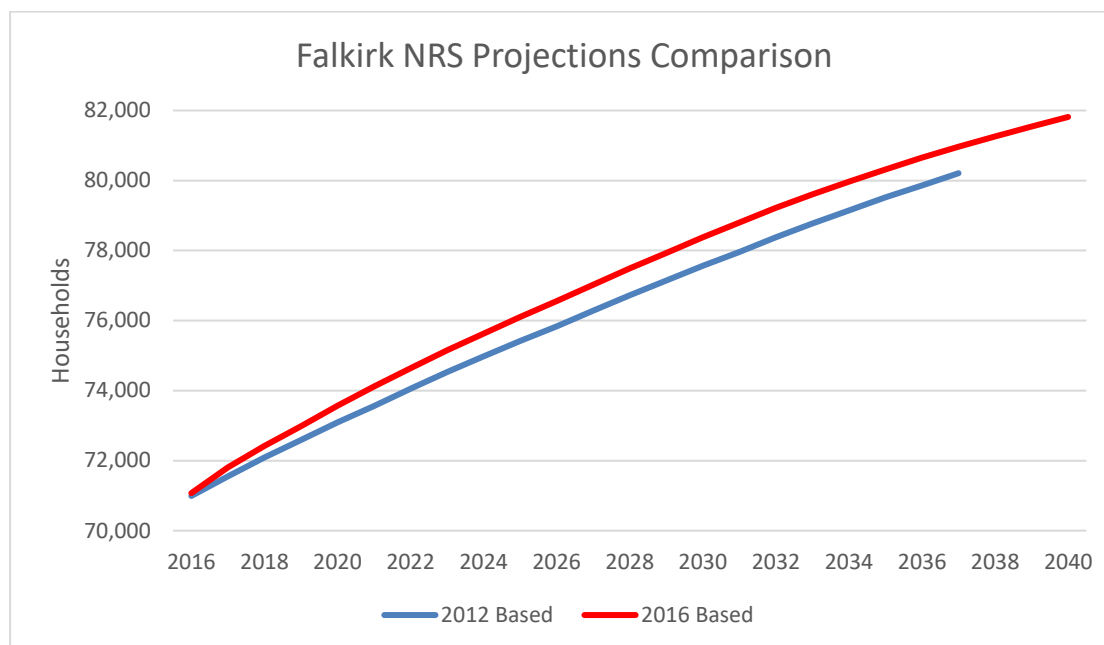


Figure 2 National Records of Scotland Household Projections, Falkirk projections shown from 2016 for 2012 and 2016 based projections

Inter-dependency Between the Delivery of Market and Affordable Housing

34. The Proposed LDP (para. 4.33) sets out a need for 2,050 new build affordable houses between 2020 and 2030, or 205 per annum. It appears from Appendix 1 of the Technical Paper 3 that it is anticipated the need will be for subsidised housing (i.e. social or below market rents). Since Scottish government completions records began in 1996, delivery of social sector new builds (i.e. subsidised affordable housing) has only exceeded 200 per annum once, with 205 in 2014/15. Delivery over the past 5 calendar years (2013-2017) averaged 92 dwellings per annum, albeit with some significant variations (Figure 3).
35. In this context the delivery of 205 subsidised affordable dwellings per annum appears to be an over-inflated estimate even at present with substantial government investment in subsidised affordable housing. It looks even less achievable in the longer term with funding uncertainty after 2021. Furthermore, the delivery of subsidised affordable housing is heavily reliant on private sector development coming forward, making serviced land available and/or contributing to infrastructure improvements to unlock sites. Such opportunities will be severely limited given the very low housing supply target and consequently limited availability of effective land.
36. The supporting text to Policy HC03 (Affordable Housing) however, uses a different definition of Affordable Housing to the need figures set out in Appendix 1 of the Housing Technical Report. It states that “Affordable housing is defined broadly as housing of a reasonable quality that is affordable to people on modest incomes” (para. 4.33), this is the same definition as in the SPP (para. 126), which does not

specify such housing must be publicly subsidised. Accordingly, affordable (unsubsidised) private sector new build housing could help to meet this need.

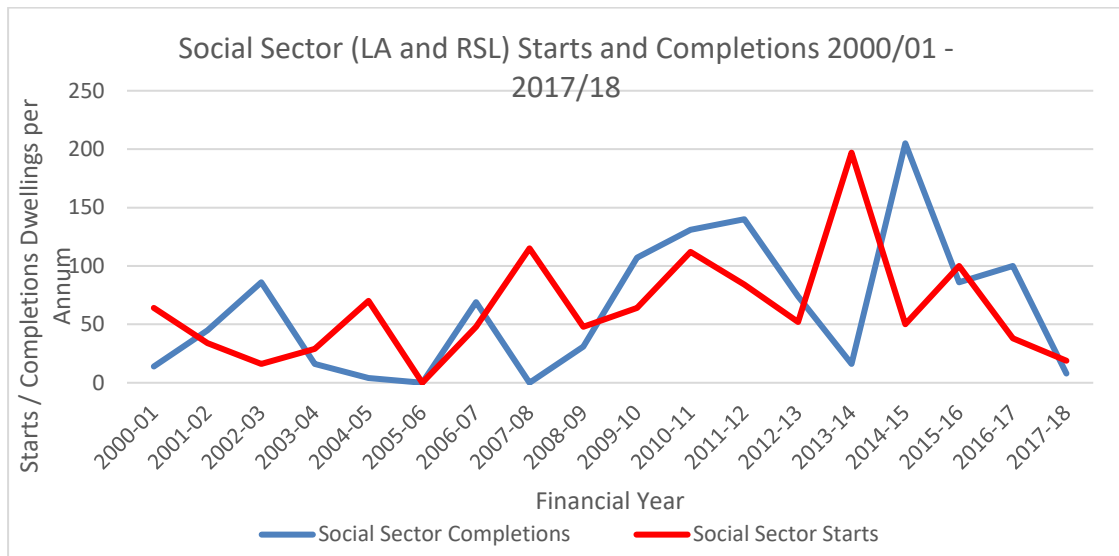


Figure 3 Social Sector Starts and Completions, from Scottish Government Data

37. However, if unsubsidised affordable housing is to be relied upon, this has important implications for the spatial strategy. If the Council is to rely on the private sector to deliver a significant proportion of the affordable housing through mixture of affordable low-cost homes for sale (unsubsidised) and re-providing of homes 'bought back' by the Council, it will be essential that sites attractive to home builders are made available. The current housing land supply is inadequate in this regard.
38. Furthermore, the relative affordability of private housing in Falkirk will potentially have improved since the HNDA with increased mortgage lending, higher loan-to-value ratios, historically low interest rates and rising wages. Accordingly, the housing need of a greater proportion of households may now be able to be accommodated in the for-sale sector. This would be worth further investigation.
39. There is inter-dependency between the private and subsidised affordable sectors. Private sector development provides opportunities for new subsidised affordable housing through land assembly, obtaining planning permissions, making serviced land available and providing efficiencies in construction where the developer can undertake this with subsidy. The private sector is crucial in making land available for development.
40. It is understood that a number of Councils across Scotland are struggling to spend grant funding on subsidised affordable housing because insufficient shovel-ready sites are available. The programming in many Strategic Housing Investment Plans is therefore substantially back-loaded, as is the case in Falkirk. Therefore, if Falkirk is to deliver and sustain a 122% increase in affordable housing completions (subsidised and/or unsubsidised), the role of the private sector in making land available for subsidised affordable housing and building lower cost homes for-sale needs to be planned for.

41. The proposed LDP intends that 1 affordable home will be built for every 1.2 private homes. For the reasons set out above, it is highly unlikely this will be sustainable. The recent average in Scotland is just over 3:1. For the 2,050 homes to be delivered a significant increase in private sector development will be required to provide the required shovel-ready sites. This means a setting a higher housing supply target and allocating more large sites in marketable areas.

Implications for the HST

42. In our MIR response we suggested that the HST should equivalent to at least 600 dwellings per annum over the plan period should be set, given that completions have been up to and slightly over 600 dwellings in recent years suggesting there is a market to sustain this level of development. We would maintain that this is an appropriate rate of housing delivery to plan for. It equates to 10,800 (i.e. 600 x 18) and represents a modest uplift of c. 1,400 dwellings on the HNDA output (equivalent to 77dpa). This is consistent with the SPP and HNDA Manager's Guide which make clear that the HNDA output is the starting point and that further adjustments can be made for economic, social and other reasons.

43. In line with the HNDA Manager's Guide and SPP, the HST proposed by Homes for Scotland takes account of:

- economic factors such as increased house prices and the ambitious plans for new business investment in Falkirk and allocation of sites for business uses in the Proposed LDP;
- Falkirk's ambitious affordable housing delivery targets and relevance of the interdependency with the private sector in delivering these;
- Capacity in the construction sector and recent completions rates, notwithstanding the serious impact lack of available land has had on delivery rates.

44. Recent higher 2016-based household projections should also be noted. This would give a HST of 10,800 over the 2012-2030 Plan period. This would remain a modest target, only c. 60% of peak pre-recession completions. Setting a HST much below this and the resultant limited allocation of sites would serve to halt and potentially reverse the gathering recovery in the housing market costing jobs, limiting options for households and preventing people from realising their housing aspirations. It would stymie affordable housing delivery due to a lack of shovel-ready sites while increasing affordability pressures by preventing increased supply coming forward which would help to check inflationary pressure in the housing market.

45. We consider that a HST of 10,800 for 2012-2030 strikes the right balance between ambition and deliverability.

The Housing Land Requirement

Level of Generosity

46. Scottish Planning Policy states that

“Within the overall housing supply target, plans should indicate the number of new homes to be built over the plan period. This figure should be increased by a margin

of 10 to 20% to establish the housing land requirement, in order to ensure that a generous supply of land for housing is provided. The exact extent of the margin will depend on local circumstances, but a robust explanation for it should be provided in the plan.” (para. 116)

47. The proposed level of generosity is 14%. The adopted Local Development Plan applies a generosity of 17%. As stated above a recent appeal decision (Appeal ref. PPA-240-2054) and the latest Housing Land Audit find that the current effective housing land supply is below 5 years. The shortfall in the current housing land supply, suggests that there is an issue with the effectiveness of the allocated sites. Recent completions are below the housing supply target (Table 1, next page). Furthermore, the proposed plan is overwhelmingly reliant on the extant housing land supply with just 491 new dwellings allocated. In this context there is no justification for a reduced generosity margin.
48. It is also important to consider that, aside from the minimal new allocations, the housing land supply is essentially the residual allocations from previous plans. The substantial majority of previous allocations in stronger market areas such as Polmont, Larbet and Stenhousemuir have either been completed or are currently under construction. In the five years between 2012/13 and 2016/17 new homes in Polmont, Larbet and Stenhousemuir accounted for 68% of completions. However, over the next 10 years, the Proposed LDP is overwhelmingly reliant on sites outside of these areas (most of which have been allocated for some time) to deliver new homes, as Figure 4 below shows.

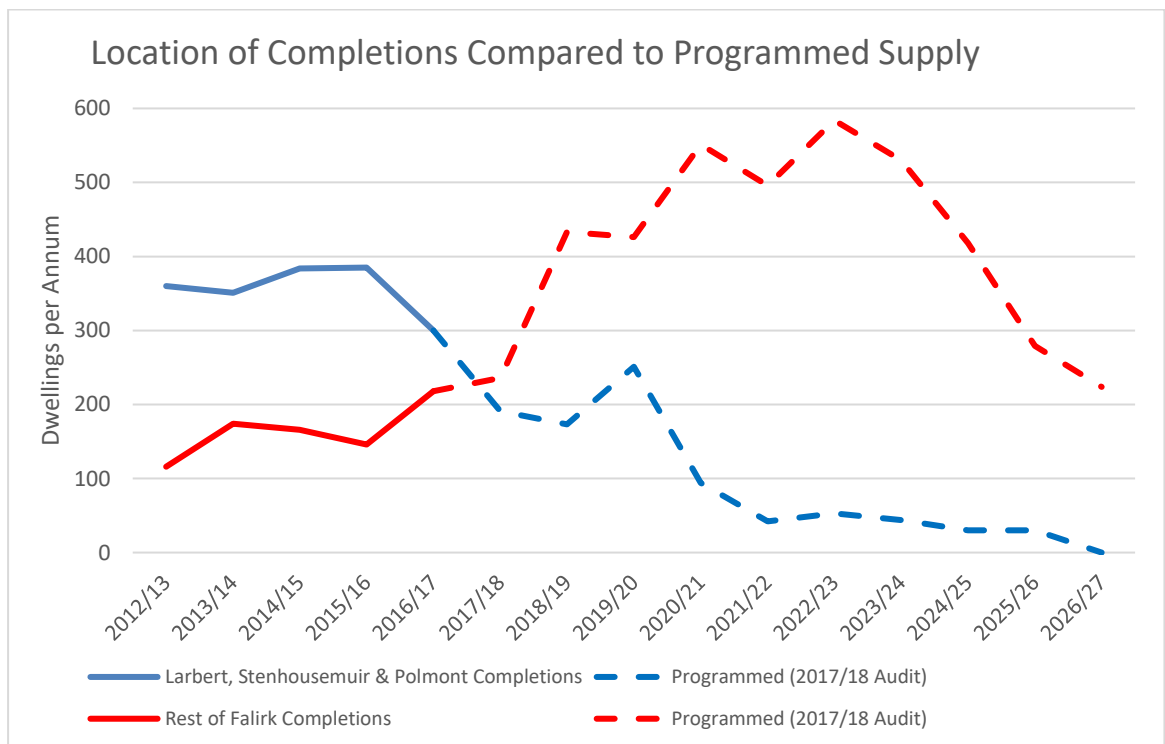


Figure 4 Completions and programming, data from 2017/18 Housing Land Audit. Completions data available up to 2016/17 by half year.

49. Whilst we would agree with the need to pursue development in areas where delivery has been slower, this will not be achieved by allowing the pipeline of new sites in the most marketable areas to dry up, as Figure 4 shows would be the case. The housing supply in the Proposed LDP is therefore heavily reliant on areas which have not delivered a substantial amount of new homes in recent years. More so than is the case with the currently adopted Plan. This reliance on less marketable areas further supports the case for a higher level of generosity.

50. Having regard to an alternative generosity figure, the SSP (para. 116) states that

“The exact extent of the margin will depend on local circumstances, but a robust explanation for it should be provided in the plan.”

51. In dealing with this issue during the Stirling LDP Examination, Reporter Lynch concluded in the Examination Report (Issue 3), as follows:

“It may appear that the Council has approached setting the level in a manner contrary to Scottish Planning Policy, as paragraph 6.4 of the Housing Background Paper clearly states that a range of suitable land was assessed and then the generosity level calculated based on that supply.” (paragraph 64).

“The range as set out at paragraph 116 of Scottish Planning Policy is 10-20%, and I am content that a margin of 16% is reasonable over the plan period, based on a historical Housing Supply Target and the local circumstances outlined by the council. I have concluded that 16% is reasonable, as I find that there is an unavoidable reliance on large strategic sites in the core area in conjunction with other local circumstances such as the green belt, Core Area and historic environments amongst others. In addition, I have concluded that 16% would provide for the shortfall experienced in the five-year period from 2010 to 2015, which averaged a shortfall of 108 homes per annum. On that basis, I have calculated that a 16% margin should suffice for this plan period. Therefore, I conclude that a greater margin than that suggested by the council is required to ensure a range of deliverable sites to meet the housing land requirement in the plan period” (paragraph 75, our emphasis)

52. Applying the same approach to the Proposed LDP for 2014-17, when compared against the average housing supply target of 675 homes per annum identifies the underperformance of allocated sites (Table 1, below).

Table 1 Housing Completions over the Current Adopted Plan Period

Year July -June	2014/15	2015/16	2016/17	Average
Completions (Falkirk)	578	540	543	554
Completions (Scottish Government)	600	520	539	553
Annualised Target	675	675	675	675
Percentage (Falkirk)	86%	80%	80%	82%
Percentage (Scottish Government)	89%	77%	80%	82%

53. This analysis shows that on average 82% of the annual housing supply target was met over the period equating to an underperformance of 18%, which would represent a suitable generosity allowance. However, it is important to note that Scottish

Government Completions figures for the period since June 2017, show a decline in completions in part due to the denuded availability of sites in the most marketable areas (see Figure 4). 18% should therefore represent the minimum appropriate generosity allowance and 20% may be appropriate given the increasing reliance on residual allocations in areas where the market is weaker.

54. The LDP strategy continues to place a high reliance on the existing housing land supply which contains many sites of questionable effectiveness. The modest additional allocations originally in the pre-committee version of the plan were reduced at the 27 August Council Meeting and now the allocation of just 491 new dwellings is proposed. The strong reliance of sites which have been allocated for a number of years despite strong demand in more marketable areas means that the decision to adopt only a moderate approach to generosity is inconsistent with local circumstances and not robustly justified. The generosity level applied should be at least 18%.

Timescales for the Application of the Housing Land Requirement

55. We set out in the previous section that the HST should be apply from 2012-2030. Given that Falkirk is not within a Strategic Planning Authority, the approach of the Reporter Lynch at Stirling is once again instructive on how the setting of the HLR could be approached. Reporter Lynch stated the following:

“In response to those representations, I am recommending a new table be included in the plan, in order to provide clarity. A new Table 3 headed “Housing Land Requirement” should be inserted after paragraph 6.10. This table will clearly set out how the Housing Land Requirement is calculated for this plan and what the generous margin is for this plan. It will also logically follow Table 2 Housing Supply Target, setting out in sequence how the housing land calculation for the plan has been arrived at. The table should read as follows”

		Homes (All Tenure)
A	HST	7,072
B	Minus Completions (2010-2015)	-1,540
C	HST Minus Completions (2010-2015) (A-B)	5,532
D	+ 16% generosity margin (16% of C)	885
E	Housing Land Requirement 2015-2027 (C+D)	6,417

Source: Examination Report (Issue 3), para. 78. Please note letters have been added to explain the methodology as has row C to aid interpretation, however, the figures used are unchanged.

56. In this instance we have set out our calculations on the more conservative basis of Reporter Lynch as it represents the most recent approach to a non-SPD Local Authority. We consider that there would be a good case for applying the requirement from 2012 as has been done in the recent Strategic Development Plans. However, in this instance we consider a compromise approach on the setting of the requirement could be appropriate if it allows a more meaningful discussion to be had on setting a more appropriate housing supply target and allocation of effective housing land.

Table 2 Calculation of the Housing Land Requirement

		Homes (All Tenure)
A	HST	10,800
B	less completions (2012/13-2016/17)	2,671
C	HST less completions (2012/13 - 2016/17) (A-B)	8,129
D	plus 18% generosity margin (18% of C)	1,463
E	Housing Land Requirement 2017-2030 (C+D)	9,592

57. Using Reporter Lynch’s methodology we consider the HLR should be 9,592 for the 2017-30 period, as set out in the Table 2 below. However, it should be noted that there is some discrepancy between Scottish Government and Falkirk Completions figures. As stated below Falkirk completions for the 2012/13 – 2016/17 (July-June) period amount to 2,671, compared to 2,573 for Scottish Government figures for the same period. In the broader context this discrepancy is relatively minor, though would benefit from explanation.
58. Even if the HST was based purely upon the HNDA output and anticipated demolitions the HLR figure would be over 8,000. However, there are important policy and economic reasons which justify the modest upward adjustment we have made, as set out above and such we consider that 9,592 is the correct HLR for the 2017–2030 period.

Housing Land Supply

59. The Proposed LDP states that the housing supply amounts to 5,124 homes for the period 2020-30. As we have established this plan period is incorrect and does not align with the HNDA. The Stirling LDP Examination established this principle clearly. Accordingly, an adjustment is required to the land supply position set out in Table 3.2 of the Proposed LDP to arrive at the housing supply position for the period 2017-2030. We consider that this period is most appropriate at this juncture as full completions information is available to June 2017 and the 2017/18 Housing Land Audit (HLA) has been agreed with Falkirk (and published) with programming from July 2017 onwards.
60. Carrying out this exercise is problematic because the housing supply position set out in Technical Report 3 is not consistent with either the 2016/17 HLA or the 2017/18 HLA. It is based upon the 2016/17 HLA, however, substantial adjustments have been made. Some are welcomed, such as the deletion of constrained sites but a number of the changes which have been made which are not fully explained.
61. Sites which were “*nearing completion [in] 2017/18*” have been excluded from the revised Local Plan programming. This means that Appendix 6 doesn’t represent a complete picture of site programming from 2017 onwards, as some sites expected to complete earlier in the period are excluded. However, it is not possible to rectify this by adding in HLA programming for earlier years as the programming for some sites has moved backwards with programming moved forward for a few others, this would therefore risk missing sites and / or double counting.
62. We consider that instead the agreed 2017/18 HLA should be used to inform the programming of the existing supply. The annual programming in the Audit runs until June 2027. For programming between 2027 and 2030 (the end of the plan period) we

have projected existing completion rates forward until either the site is complete or the plan period ends. New allocations totalling 491 dwellings have also been programmed in full during the plan period. This is set out in Appendix 1. It gives a total programming of 5,887 over the plan period. To take account of this amended programming we consider that Table 3.2 should be amended as set out below in Table 3.

Table 3 HFS Position on the Housing Land Supply Position

Settlement Area	2012-2030			Total Housing
	Completions 2012 to 2017	Effective Supply 2017 to 2030	Additional Housing 2017 to 2030	
Bo'ness		574	100	674
Bonnybridge & Banknock		911	10	921
Braes and Rural South		924	70	994
Denny & Dunipace		1,197	0	1,197
Falkirk		1,116	230	1,346
Grangemouth		14	11	25
Larbert & Stenhousemuir		432	70	502
Rural North		228	0	228
Windfall Allowance				650
Total	2,671	5,396	491	6,537
Housing Supply Target				8,129
Housing Land Requirement				9,592
Shortfall / Surplus				-3,055

63. This identifies a very substantial shortfall in the Proposed LDP's housing land supply, which will require fundamental changes to the spatial strategy to address. We would urge the Council to work with Homes for Scotland and other stakeholders to identify solutions to address this shortfall before the plan is submitted for examination.

64. In addition to the issue of the shortfall the variety of land made available should also be considered. As the Technical Paper sets out the strongest housing markets are in Larbert, Stenhousemuir and Polmont, with 50 dwelling sites generally the minimum scale that larger homebuilders would consider.

"The strongest market demand continues to be in the core central settlement areas of Falkirk, Larbert and Stenhousemuir, Polmont and Lower Braes and there is a continuing need to support a range of site sizes throughout the Council area. The dominance of development on larger sites suggests that it may continue to be difficult for sites of under 50 units to come forward." (para. 4.18)

65. As outlined in the Housing Land Requirement Section above, the housing land supply has become increasingly reliant on sites outwith these more marketable locations. Very few new allocations have been made and the supply is reliant upon

residual allocations from previous plans which have up until now not been developed. The failure of the plan to make additional allocations in Larbet, Stenhousemuir and Polmont, where demand has been strong represents serious flaw in the spatial strategy which will suppress home building activity and result in need going unmet.

66. Whilst we understand there is concern about infrastructure in some locations the current plan offers the ideal opportunity to address these and Homes for Scotland would be keen to work with the Council on finding solutions these issues.
67. We hope that progress will be possible in addressing these issues via a constructive dialogue with the home building industry before the Proposed LDP is submitted for examination. However, at present we consider that the approach to housing supply in the Proposed LDP requires a fundamental rethink because of the significant shortfall and failure to refresh the housing land supply in more marketable locations

Policy HC01 Housing Land

68. We welcome that provision has been included for rectifying any shortfall in five-year effective supply. We'd also like to thank Falkirk Council for their continued consultation with Homes for Scotland in the preparation of the HLA, we appreciate the opportunity for involvement in the HLA process and consider that it is mutually beneficial.
69. Whilst the policy is in principle welcomed, we consider the wording should reflect a greater urgency in the need to rectify the shortfall. A shortfall in five-year housing land supply is likely to arise after a period of under delivery therefore it is symptomatic of a plan failing to achieve its objectives. In this regard we suggest the policy is amended as below (**additions, deletions**):

*"2. The Council will **provide** ~~maintain~~ a **minimum of 5 years'** supply of effective housing land **to ensure that the Housing Supply Target is met in full over the development plan period. If, during the period of the plan, it is demonstrated that a shortfall in the five year supply of effective land emerges then** ~~Where the Housing Land Audit indicates that the effective land supply is less than five years, the Council will consider supporting additional sites for housing~~ **will be made available where** ~~subject to the following criteria:~~ **the proposal would constitute sustainable development, having regard to the relevant criteria in Scottish Planning Policy, and other LDP policies;***

~~The site is not allocated for another purpose in the LDP;~~

~~Infrastructure is available, or can be readily provided, to serve the proposal, but infrastructure capacity will not be taken up such that the implementation of allocated sites will be delayed or impeded;~~

~~Sites outwith the Urban or Village Limits will only be considered where there is no likelihood of the shortfall being met through windfall sites coming forward under Policy H02;~~

~~The proposal is proportionate to the scale of the shortfall; and~~

~~*It can be demonstrated that the proposal will be delivered to a timescale that will address the identified shortfall. The Council may impose specific time limits on any planning permissions granted to ensure compliance.*~~

70. The above changes would make the policy respond better to the urgency of the situation. Whilst we'd agree that the delivery of such sites should not restrict the availability of allocated sites which were actively being developed, if no development was forthcoming on allocated sites this should not be a reason for refusal. In any event infrastructure capacity would be a material consideration at the time and cannot be adequately covered by a sentence in the policy.

Policy HC03 Affordable Housing

71. We are broadly content with the thresholds set for Affordable Housing. However, given the reliance on sites in less marketable locations we would suggest that a pragmatic approach will need to be taken if development is to be realised in these locations. The current Supplementary Guidance (SG12) states that "*Viability Statement[s] will be taken into account as a material consideration in determining the planning application.*" (para. 5.4). We would suggest that this is added into the wording of Policy HC03.
72. The Supplementary Guidance (currently SG12 not SG6 as mentioned in the Plan), should also be re-consulted on upon the adoption of the Plan. The Proposed LDP and SG should also be sensitive to the practicalities of providing affordable housing. For instance in parts of the Authority, such as Bonnybridge, RSL's are not interested in developing new social rented accommodation and in these circumstances there should be other options available.
73. On a wider point we note that the higher 25% threshold applies in Larbert/Stenhousemuir, Rural North and Braes and Rural South. These are areas, where as we have set out above, the supply of larger sites is very limited and delivery is projected to fall as the pipeline of available sites dries up. We would suggest that allocating more sites in these areas would assist in meeting the very ambitious affordable housing ambitions by providing an increased number of available sites for affordable housing.

Policy PE14 Countryside

74. Policy PE14 is a policy for the supply of housing, as it restricts the availability of housing land. Therefore, if a shortfall in the five-year supply of effective land were to occur, we consider it would be out of date, as set out in the SPP (para. 125). On this basis we consider that Part 2 of the Policy should be amended as follows (**additions**, ~~deletions~~):

Development proposals in the countryside for uses not covered by policies for specific uses will only be permitted where:

- *It can be demonstrated that they require a countryside location;*
- *They constitute infill development; or*

- They utilise appropriate existing buildings. Detailed guidance on the application of these criteria will be contained in Supplementary Guidance SG01 Development in the Countryside; **or**;
- **There is a shortfall in the effective housing land supply and Policy HC01 (Part 2) is triggered**

75. This is an approach which is taken by other authorities and considered appropriate.

Policy PE15 Green Belt

76. Similarly, to the policy above we consider that the policy should make provision for development if Policy HC01 (Part 2) is triggered. This is an approach taken by other authorities. We consider Part 3 of the policy should be amended as follows (**additions, deletions**):

*Within the Green Belt, development will not be permitted unless it can be demonstrated that the proposal satisfies the relevant countryside policies, and it can be demonstrated that it will not undermine ~~any of~~ the purposes of the Green Belt as set out in (2) above; **or there is a shortfall in the effective housing land supply and Policy HC01 (Part 2) is triggered***

Policy PE18 Landscape

77. We support the general ambition of this policy. However, we consider that as currently worded it would preclude Officers from making a balanced decision weighing up landscape impacts against other considerations. Accordingly, we consider the policy should be amended as follows:

*Development within Local Landscape Areas **should be designed to minimise any adverse effects on the** ~~will only be supported where it can be demonstrated that the landscape character and scenic interest for which the area is designated will not be adversely affected; and~~*

Development proposals which are likely to have significant landscape and visual effects must be accompanied by a landscape and visual assessment demonstrating that, with appropriate mitigation, a satisfactory landscape fit will be achieved ~~without adverse effects.~~

78. These changes would allow decision-takers to exercise greater judgement, enabling them to assess proposals in the round.

Policy IR02 Developer Contributions

79. We note the proposed policy and consider that the exclusion of flatted developments from making some contributions is a sensible incentive to encourage development of some brownfield areas.

80. We object to the inclusion of Healthcare contributions under Policy IR02 and the associated Table 4.1. The NHS as an organisation is funded through central government and the burden should not be placed on the development industry to cover any funding shortfall that may hinder the provision of primary healthcare facilities. Primary healthcare provision should not be for the council to provide for,

and it certainly should not be fore developer contributions to meet the cost of any necessary facilities. Most GP surgeries act as businesses, and developers should not be expected to supplement other businesses. The positive effect on health and wellbeing that the delivery of more homes brings should be recognised and supported. Reference to healthcare should be removed from Table 4.1.

81. Given that no specific costs are set out in the Proposed LDP we consider that the impact of any obligations upon viability and the deliverability of the Plan will need to be carefully considered at the Supplementary Guidance Stage.

Policy IR03 Education and New Housing Development

82. Whilst we recognise the need to ensure that adequate infrastructure is in place to accommodate new development we consider that the policy is too negative. It is for the Proposed LDP to take a coordinated approach to ensure that Education Capacity is available. The policy should not therefore apply to allocated sites, but this is not made clear in either the Policy or the supporting text. Furthermore, if a site was coming forward due to a shortfall in the effective land supply, it could be assumed that additional capacity would exist elsewhere as planned sites had not delivered.
83. We consider that there should be scope for decision-takers to identify practical solutions which recognise the importance of new build housing. Not developing sufficient homes to meet identified housing need is not an appropriate response to a deficiency in education capacity. We consider the final sentence should be deleted so as not to preclude other pragmatic solutions.

Where there will be insufficient capacity within catchment schools to accommodate children from proposed new housing development, or where Council nursery provision will be adversely affected, developer contributions will be sought in line with Policy IR02 to mitigate these impacts. ~~In circumstances where such mitigation cannot be achieved in a manner which is consistent with the Council's education policies, the proposed development will not be supported.~~

Policy IR13 Low and Zero Carbon Development

84. Whilst the policy intent of reducing carbon emissions is a worthy one, the wording of the policy appears to duplicate what is already in the Building Regulations. Its repetition as a planning policy is therefore unnecessary and adds needlessly to the substantial administrative burden prospective developers already face. Homes for Scotland consider that a fabric first approach is most appropriate to reducing carbon emissions. The correct point to assess this is at the stage where building regulations need to be satisfied and the detailed material specification is known, not during the planning application. We consider the policy should be deleted, as it duplicates another regulatory regime.

IR14 Heat Networks

85. For an overwhelming majority of developments heat networks will not be viable. Therefore, rather than spending money on explaining why this would be the case in an Energy Statement we would suggest that the policy is amended to allow the possibility of scoping this requirement out of a planning application with the advance agreement of Officers.

Conclusion

86. We have fundamental concerns over the approach to the housing supply target and the spatial strategy set out in the proposed LDP. We consider that if adopted in its current form, the Proposed LDP would fail to deliver its stated ambitions of delivering thriving communities and a growing economy.
87. By adopting such a low HST, at just 45% of pre-recession completions and significantly below recent delivery rates the substance of the plan severely lacks ambition. This is not only disappointing, but the implication of this on the availability of housing land supply will halt and potentially reverse the gathering recovery of home building in Falkirk by failing to provide adequate new housing supply. There is already evidence of this in recent completions data.
88. The proposed HST does not account for unmet need identified in the HNDA. Furthermore, it is significantly below the HNDA projections and so would place additional pressure on the housing market limiting choice and competition, meaning current inadequate housing outcomes will endure and potentially increase. The failure to plan to meet Falkirk's growing population will have substantial negative social and economic impacts.
89. We would welcome the opportunity to work with Falkirk Council to amend the Proposed LDP so that it better reflects the need for housing. This would allow it to that it can take advantage of the recovery in home building providing increased job opportunities and fiscal benefits through LBTT, Section 75, Council Tax. Without change we consider that a Hearing at the examination is essential to discuss the proposed approach to housing in detail, as the current approach will have significant adverse impacts which need to be thoroughly considered.

Enc. Appendix 1 on Housing Land Supply Programming

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