

Shelter Scotland

Response to the call for evidence on the independent review of planning in Scotland

1 December 2015

Introduction

Shelter Scotland welcomes the opportunity to respond to the independent review of the planning system's call for evidence. Given Shelter Scotland's focus on the issues of poor housing and homelessness our comments in the main refer to the role of the planning system in the delivery of affordable housing.¹

Housing has moved up the political agenda. The Commission on Housing and Wellbeing recently highlighted the importance of the home in improving the wellbeing of Scotland's population, and called upon the Scottish Government to make the delivery of housing – particularly affordable housing – a major national priority.² Research commissioned by Shelter Scotland, the Chartered Institute of Housing Scotland and the Scottish Federation of Housing Associations found that at least 12,000 affordable homes need to be built per year to meet current and future need for affordable housing. This represents 64.2 per cent of all newly arising need for housing in Scotland.³

This is beginning to be reflected at a political level, too. The First Minister recently committed to build 50,000 affordable homes over the course of the next parliament if elected in May 2016.⁴ Ensuring that the planning system is adequately geared up to facilitate the delivery of a house building programme of the scale required to meet the needs of thousands of households across Scotland is clearly of central importance.

¹ By this we mean the tenures currently delivered by the Scottish Government's Affordable Housing Supply Programme <http://www.gov.scot/Topics/Built-Environment/Housing/investment/ahsp>

² Commission on Housing and Wellbeing, 'A Blueprint for Scotland's Future', June 2015 <http://housingandwellbeing.org/>

³ Ryan Powell, Richard Dunning, Ed Ferrari, Kim McKee, 'Affordable housing need in Scotland', Shelter Scotland, September 2015 http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/affordable_housing_need_-_final_report_september_2015

⁴ In Nicola Sturgeon's speech to the Scottish National Party conference on 15 10 2015 http://www.snp.org/snp15_nicola_sturgeons_opening_speech

Shelter Scotland's 2014 report 'Planning to meet the need' examined the importance of the planning system in the delivery of affordable housing. The report made a number of recommendations which we refer to in this evidence submission.⁵ We have also enclosed the report for the attention of those carrying out this review. Shelter Scotland facilitated two round table discussions with planning professionals to discuss the report's findings and look at best practice in the field of delivering affordable housing through the planning system. We would be happy to reconvene this group to feed into the independent review process.

In Shelter Scotland's view it is also important to put discussions centering on the planning system in context: while the planning system should be reviewed and refined at appropriate intervals in the context of delivering projects, we should be careful not to ignore external factors which often act as barriers to development. Before the financial crisis of 2008 the planning system we have now was able to deliver a relatively high volume of housing in Scotland – roughly 28,000 units per year at the peak of the market. Since then the market for land and property has changed. Some land is considered hard to develop as a consequence of the high values many sites attracted before the crash. The demand for home ownership has changed, too, due to a combination of stricter lending criteria and escalating house prices.

Ignoring these factors when recommending any fundamental change to the planning system would be a mistake: the planning system should not be made to bend in lieu of addressing fundamental issues in housing, land ownership and wider economic policy.

Development planning

Development plans should remain a lynchpin of the planning system and so should the primacy of the development plan. It enables local authorities to set out their long-term objectives, including those which relate to housing. This is particularly important at a national level, too. The First Minister's recent commitment to deliver 50,000 affordable homes over the course of the next parliament, if re-elected, will need to be facilitated by the planning system. A clear development plan allows local authorities to make ambitions of this scale possible. However, as noted below, the development plan in itself has limitations on delivery of affordable housing, unless accompanied by policy which much

⁵ Shelter Scotland, 'Planning to meet the need: delivering affordable housing through the planning system in Scotland', April 2014

http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/planning_to_meet_the_need_delivering_affordable_housing_through_the_planning_system_in_scotland

more aggressively makes the case for housing at prices below what the market would otherwise provide.

Housing delivery

As outlined in the introduction we should be careful not to ignore wider issues in the housing market which may be holding back development. For example, land which has been purchased at a premium and has fallen in value since its purchase. The planning system should not bend unreasonably to compensate developers for this, for example by reducing affordable housing requirements. Developers need to take responsibility for risk and a system which bends to that is in danger of encouraging higher risk and therefore greater land market volatility. We should, instead, seek to reform the land and property market in such a way that does not lead to sites being held up due to issues relating to land which has been bought at the peak of the market.

There is now firm evidence that we need to build at least 12,000 affordable units per year to meet current and future need for affordable housing. Research shows that 64.2 per cent of the expected net increase in households in Scotland (18,704) over the next five years will require affordable housing.⁶ As a consequence, national house building targets – which should take into account evidence on current and future need – are essential to set out the scale of the Scottish Government’s ambition in relation to affordable housing.

Estimates of housing need at a local level are important, too. Housing need and demand assessments are essential to understand housing need at a local level. Housing markets in Scotland are very diverse and demand for certain tenure types may be high in some areas, but low in others. For example, mid-market rent may be capable of playing an important role in meeting housing need in Edinburgh and Aberdeen, with high population density and relatively high private rents. But in a rural housing markets with relatively low private rents, such as Angus or Argyll and Bute, the difference between the market and social rents may be such that demand for mid-market rented homes is low. We also see merit in the streamlining of the HNDA process and welcome the Scottish Government’s centre for housing market analysis’ HNDA tool.⁷

⁶ Ryan Powell, Richard Dunning, Ed Ferrari, Kim McKee, ‘Affordable housing need in Scotland’, Shelter Scotland, September 2015

http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/affordable_housing_need_final_report_september_2015

⁷ Scottish Government, Centre for Housing Market Analysis, Housing need and demand tool
<http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/chma>

The planning system plays an increasingly important role in the supply of affordable housing in Scotland – around a third of all affordable units granted consent between 2007/08 and 2011/12 involved a contribution from the planning system of some kind, and the overall trend was upward.⁸

There is now a need for a new information source on affordable housing securing planning consent.⁹ This should provide clear information on the proportion of affordable housing for which the planning system has played some role in delivery, including the tenure delivered. Crucially this should also contain information on how Section 75 (s.75) requirements measure up against delivery.

Land value transfer – via s.75 agreements – can also play a role in funding affordable housing. The lower the value at which land for development is acquired, the less the requirement for public subsidy, which in turn enables public money to go further and deliver more units. This is because the bid a developer makes for a plot of land will take into account that part of the site will need to be set aside for affordable housing. An alternative approach – commonly used by the City of Edinburgh Council – involves transferring land for affordable housing at nil value. This approach has merit in areas where land prices for housing are particularly high.

Planning for infrastructure

New infrastructure is key to housing delivery in many parts of Scotland. Infrastructure policies should be considered at the same time as affordable housing policies, as both draw on the value of the development. Ideally, sites which minimise development costs should be selected in the development plan to ensure that affordable housing policies are delivered. There is also a need to set out infrastructure requirements early and in sufficient detail, including how this can be funded. Crucially this must also be set out alongside the affordable housing policy. Development charges could play an important role in funding infrastructure alongside public funding, but these should not be at the expense of affordable housing requirements, which may be one of the few negotiables left in the planning and development process.¹⁰

⁸ Shelter Scotland, 'Planning to meet the need: delivering affordable housing through the planning system in Scotland', April 2014

⁹ Similar to this (now discontinued) statistical publication: Scottish Government, Affordable Housing Securing Planning Consent 2011/12, Affordable Housing Securing Planning Consent 2011/12 <http://www.gov.scot/Publications/2012/09/2844/0>

¹⁰ Sue Brownill, Youngha Cho, Ramin Keivani, Ilir Nase, Lesley Downing, Dave Valler, Nicholas Whitehouse and Penny Bernstock, 'Rethinking planning obligations: balancing housing numbers and

Development management

There is scope for a new model of best practice dissemination among local authorities in relation to the delivery of affordable housing through the planning system. The desire for such a model of information and best practice sharing has been strongly advocated by planning gain officers at policy roundtables organised by Shelter Scotland focusing on the planning system.

Some years ago, Communities Scotland funded Shelter Scotland to prepare a resource pack ("But Why Here") and accompanying training sessions which focused on improved community engagement in the planning system.¹¹ In light of some continuing concerns that the pre-planning PAN process is not yet working as well as it might, there may be merit in considering a refresh.

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affordability', July 2015 <https://www.jrf.org.uk/report/rethinking-planning-obligations-balancing-housing-numbers-and-affordability>

¹¹ Shelter Scotland, 'But Why Here?', 2007

http://scotland.shelter.org.uk/professional_resources/events_and_conferences/event_presentations/but_why_here/but_why_here