



Nathaniel Lichfield
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Planning. Design. Economics.

Development Plans

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This Presentation

Development plans

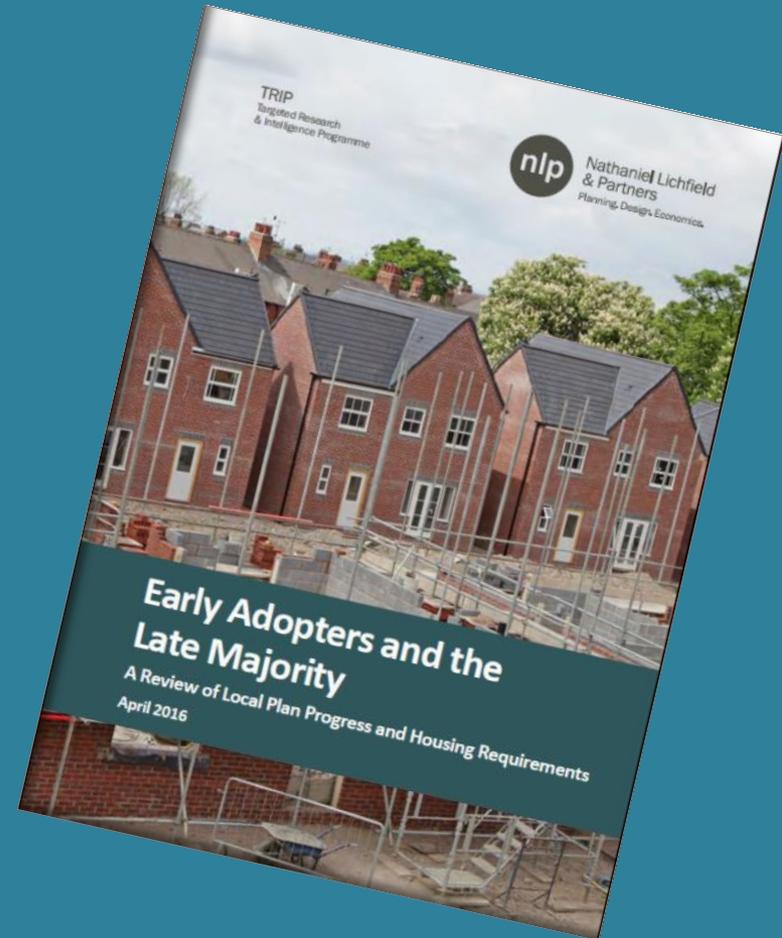
1. Is the plan led system valid given problems with resources and priorities?
2. Are representations about inadequate land supply being listened to locally?



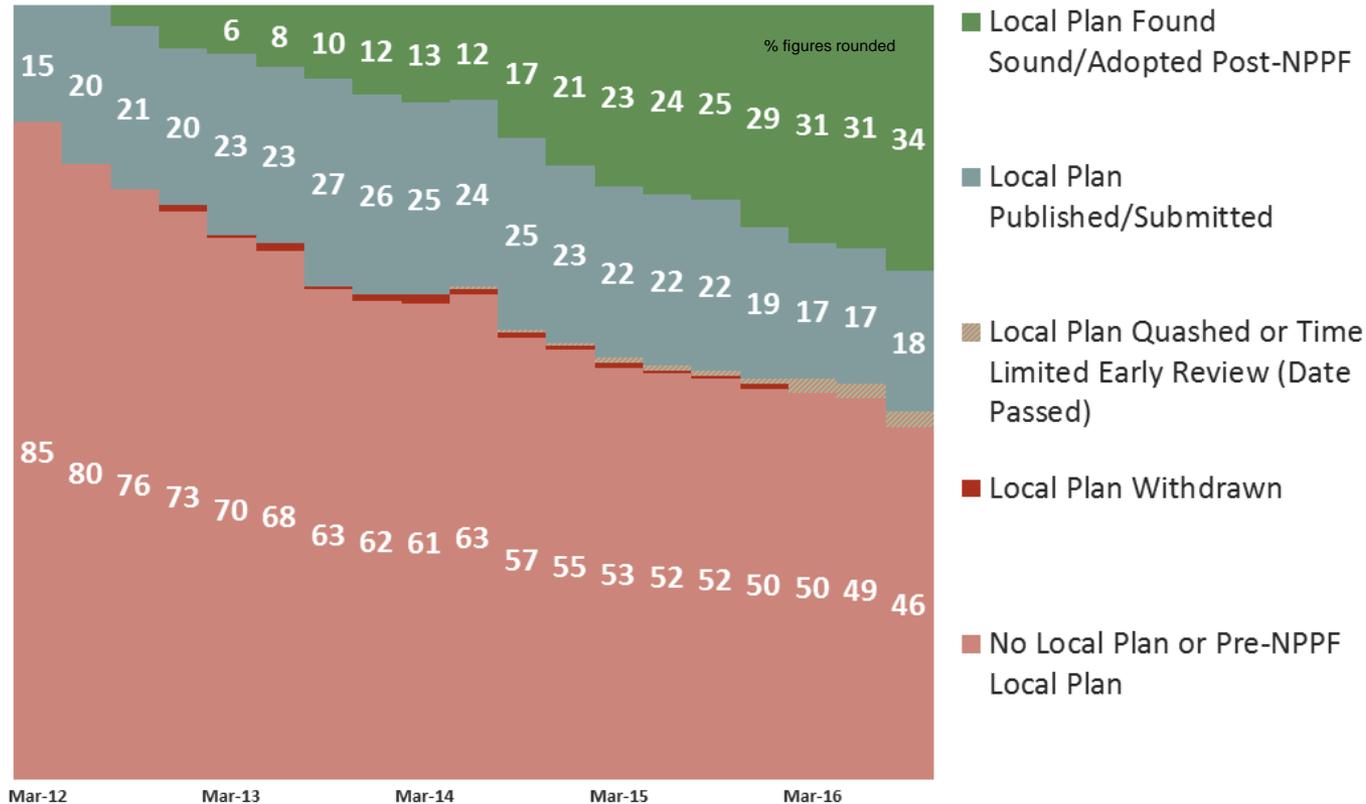
This Presentation – Part 1

Development plans

1. Is the plan led system valid given problems with resources and priorities?
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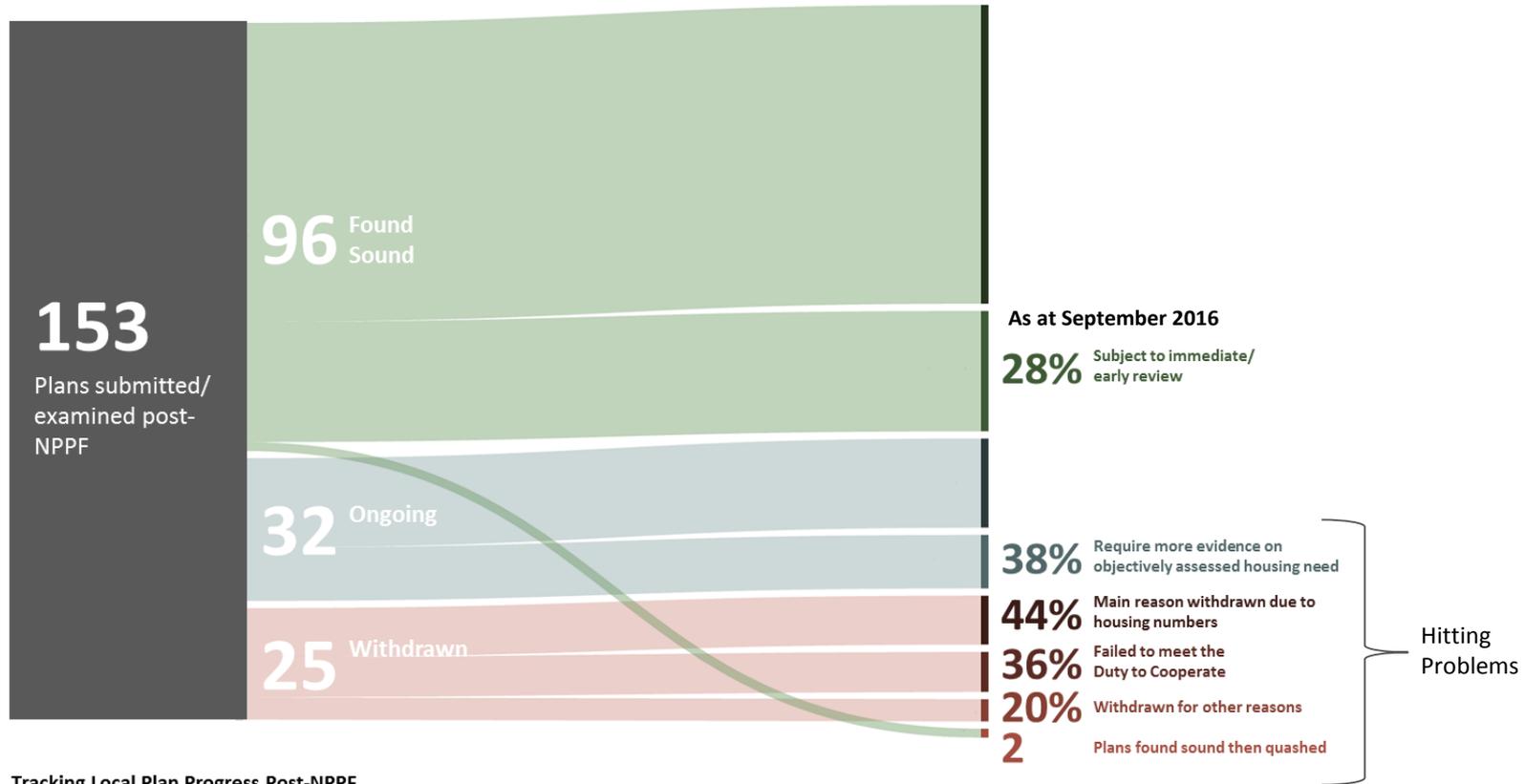
Progress with Local Plans: Still a long way to go



Local Plan Progress by Local Planning Authority (England excluding London) since introduction of NPPF (March 2013 to Sept 2016)



Progress with Local Plans: Of the plans submitted, a quarter have faltered



Tracking Local Plan Progress Post-NPPF

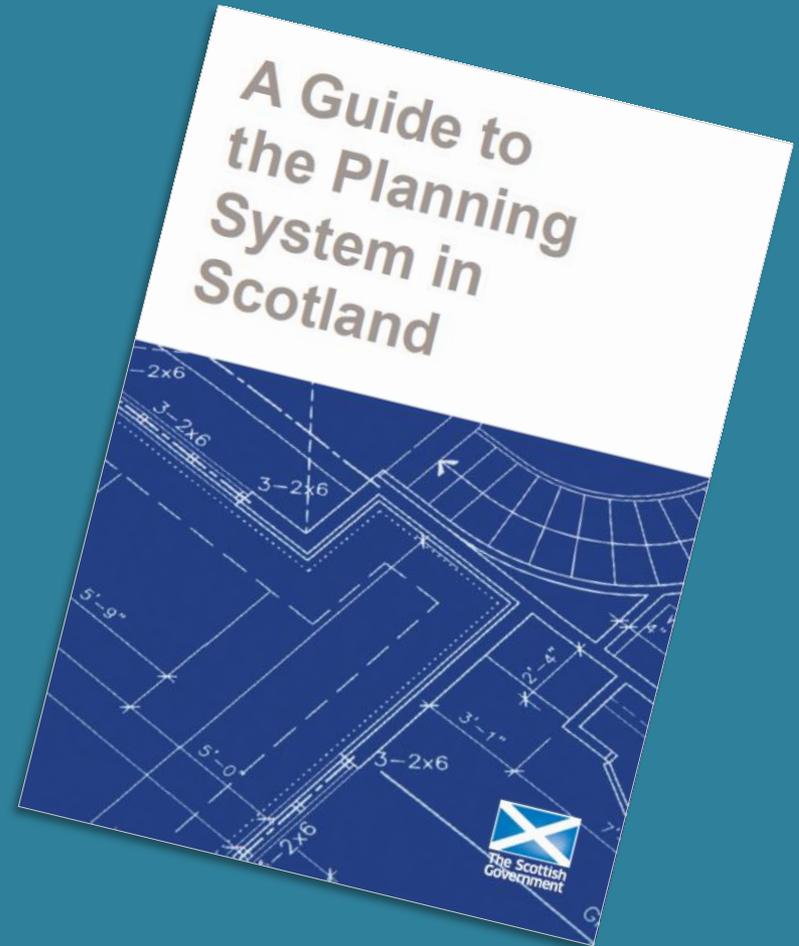
n.b. All Local Plans (Strategic Issues / 'Core Strategies') Examined Post-NPPF. Excludes London Borough and any single issue/focussed review plans which did not address housing requirements/policies.



This Presentation – Part 1

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Context

Scottish Planning Review 2016

Recommendation 1.

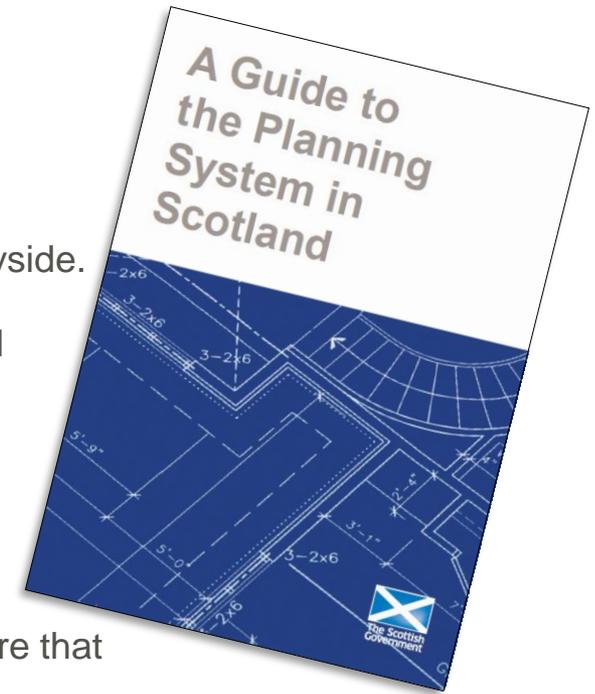
The primacy of the development plan should be retained.

... there is a need to focus on outcomes, rather than policy and procedure.



Why a Plan led system...

- The planning system is used to **make decisions about future development**, and the use of land in our towns, cities and countryside.
- It decides **where development should happen, where it should not** and how development affects its surroundings.
- Decisions about planning applications are based on the development plan for your area, which is prepared by your local council or national park authority.
- The planning system **balances competing demands** to make sure that land is used and developed in the public's long-term interest.
- The effect of the planning system's decisions should be to help **increase sustainable economic growth**, which is the main purpose of the Scottish Government.
- This means that the planning system should help **build a growing economy**, but at the same time **protect our environment** for future generations and **make sure that communities can enjoy a better quality of life**.



Is a plan led system still valid?

- Local Development Plans
- Strategic Development Plans / Regional Planning
- A National Plan
- National Planning Policy

Yes!
Yes!
Yes! Yes!



A wee sad state...

...to happy and well loved

That is the real challenge for the planning review!



This Presentation – Part 2

Development plans

1. Is the plan led system valid given problems with resources and priorities?
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Context

Scottish Planning Review 2016

Recommendation 13.

There is an urgent need to establish a clearer definition of effective housing land...

Understanding development viability is essential to allocating effective land...

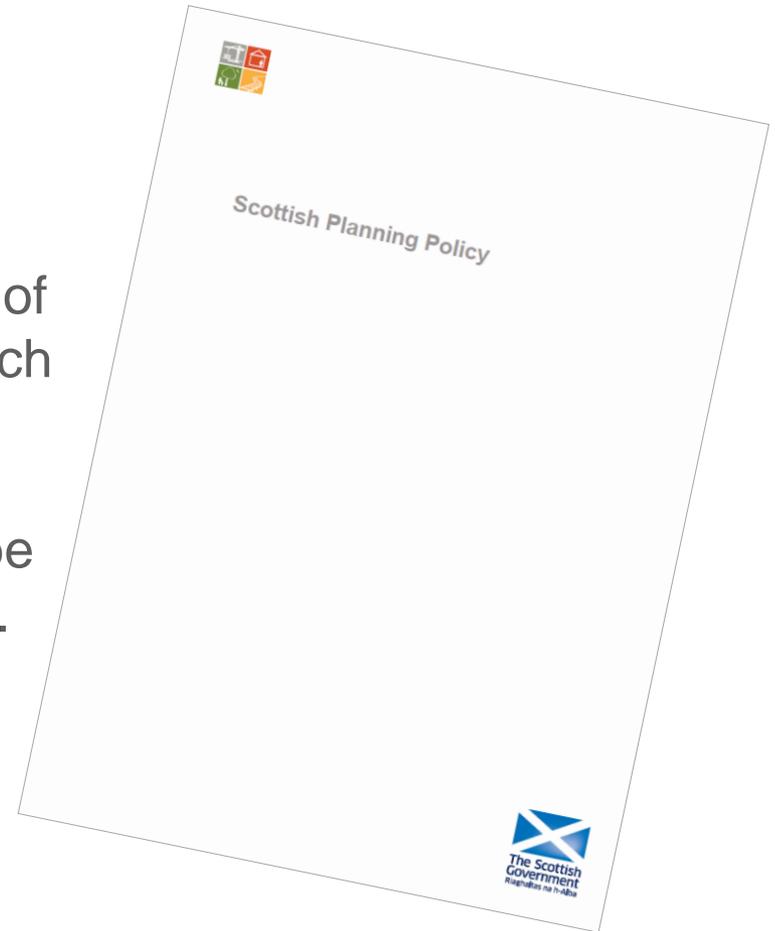


What is the definition of “effective” land?

Scottish Planning Policy (Glossary)

Effective Housing Land Supply -

effective housing land supply is the part of the established housing land supply which is free or expected to be free of development constraints in the period under consideration, and will therefore be available for the construction of housing.



What is the definition of “effective” land?

PAN 2/2010 identifies several factors relevant to whether a site (whole or part) is effective:

Ownership	The site is in the ownership or control of a party which can be expected to develop it or release it for development. Where a site is in the ownership of a local authority or other public body, it should be included only where it is part of a programme of land disposal.
Physical	The site (or relevant part of it) is free from constraints which relate to slope, aspect, flood risk, ground stability or vehicular access which would preclude its development. Where there is a solid commitment to removing the constraints in time to allow development in the period under consideration, or the market is strong enough to fund the remedial work required, the site should be included in the effective land supply.
Contamination	Previous use has not resulted in contamination of the site or, if it has, commitments have been made which would allow it to be developed to provide marketable housing.
Deficit funding	Any public funding required to make residential development economically viable is committed by the public bodies concerned.
Marketability	The site, or relevant part of it, can be developed in the period under question.
Infrastructure	The site is either free of infrastructure constraints, or any required infrastructure can be provided realistically by the developer or another party to allow development.
Land Use	Housing is the sole preferred use of the land in planning terms, or if housing is one of a range of possible uses other factors such as ownership and marketability point to housing being a realistic option.



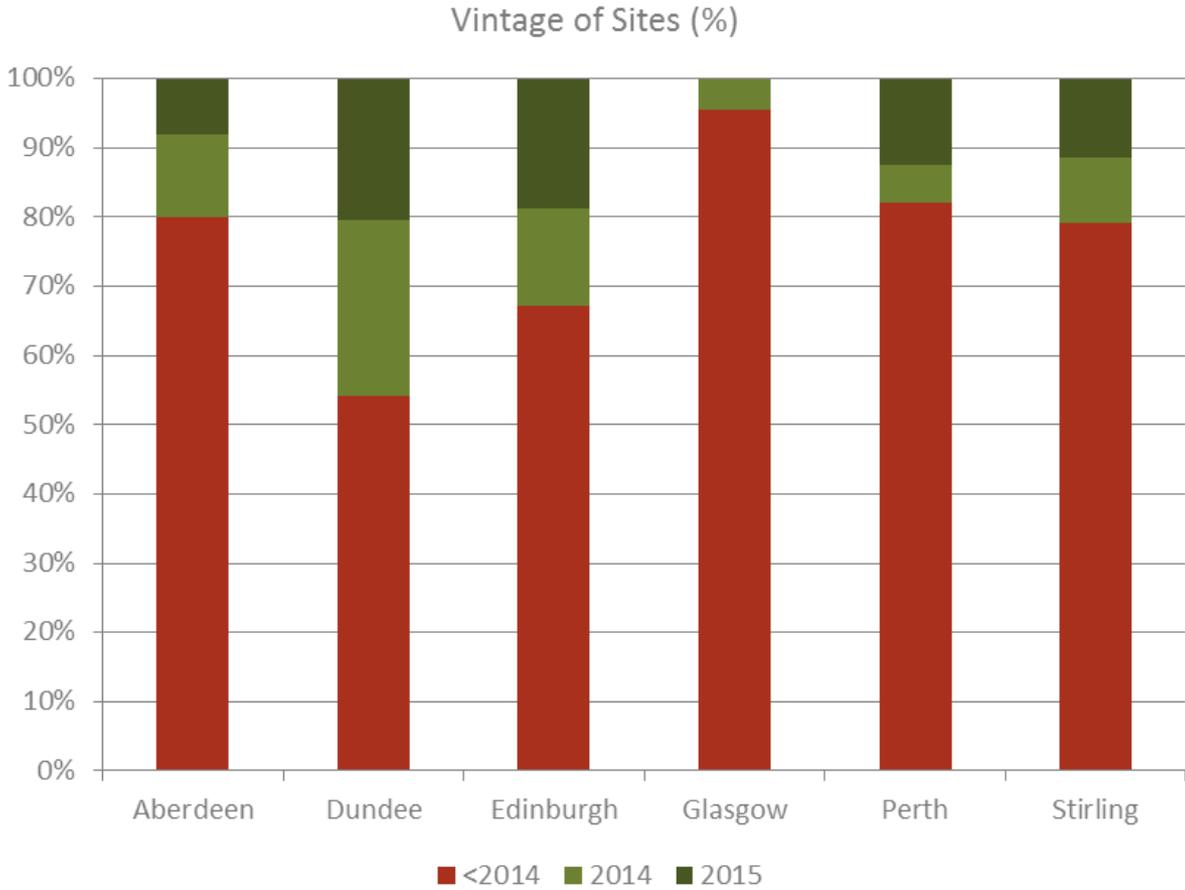
How “effective” is Effective Land



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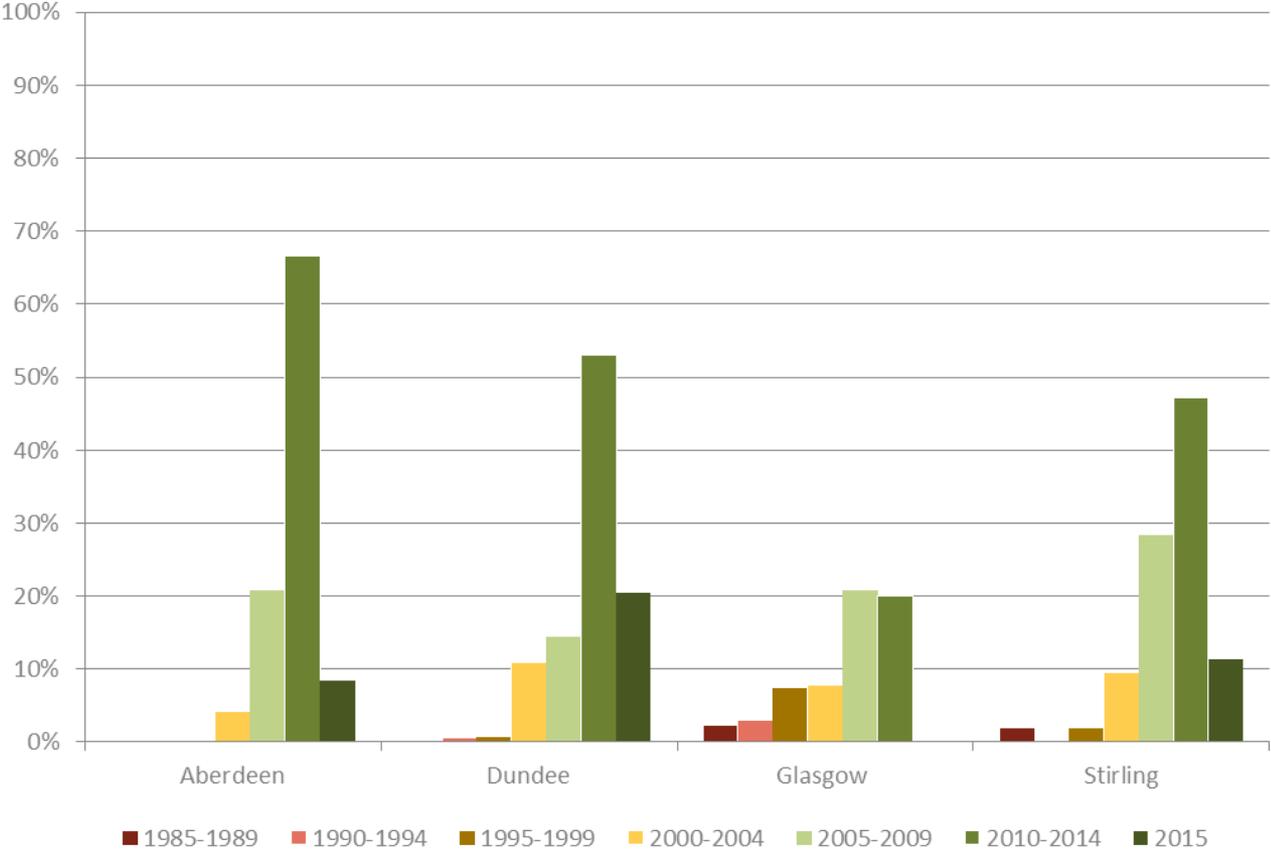
Is the 'effective' land truly effective

Site Vintage



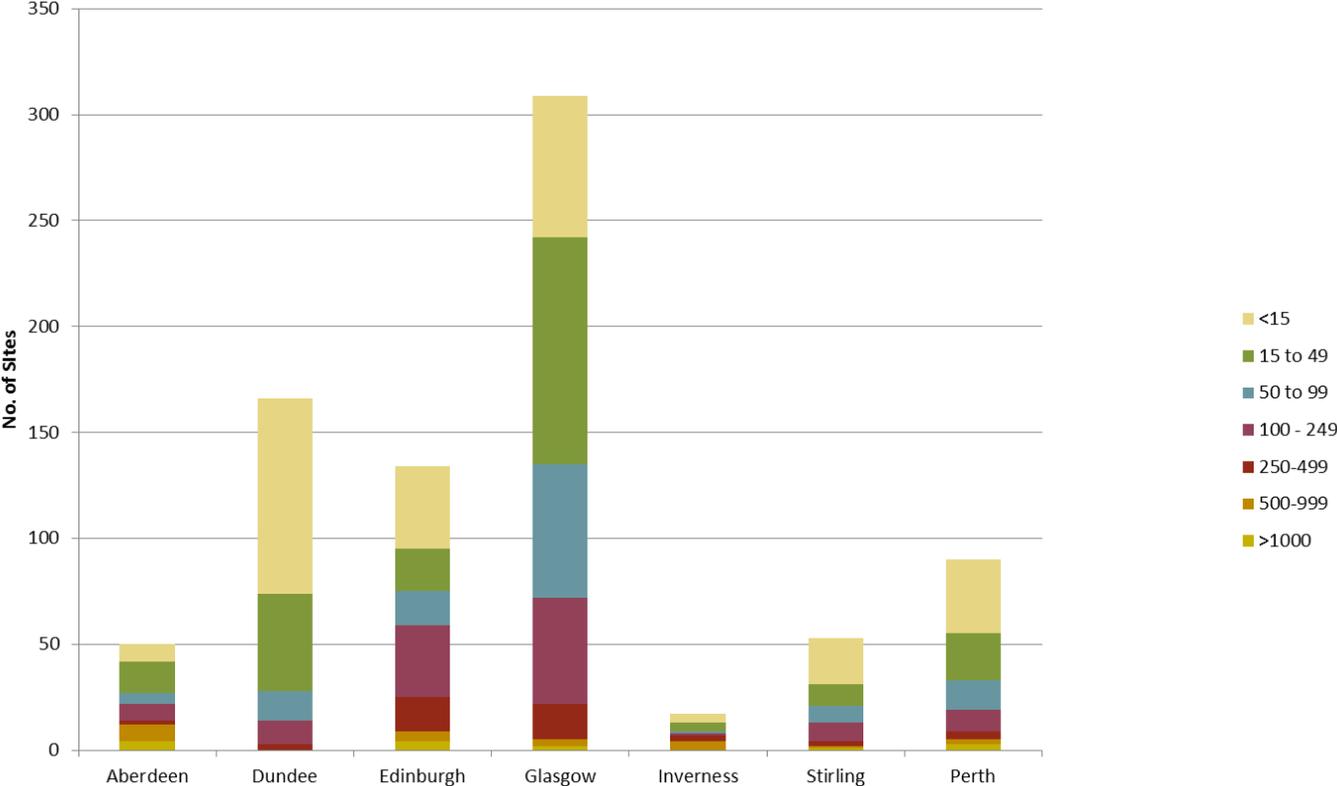
Is the 'effective' land truly effective Site Vintage

Vintage of Sites (%)



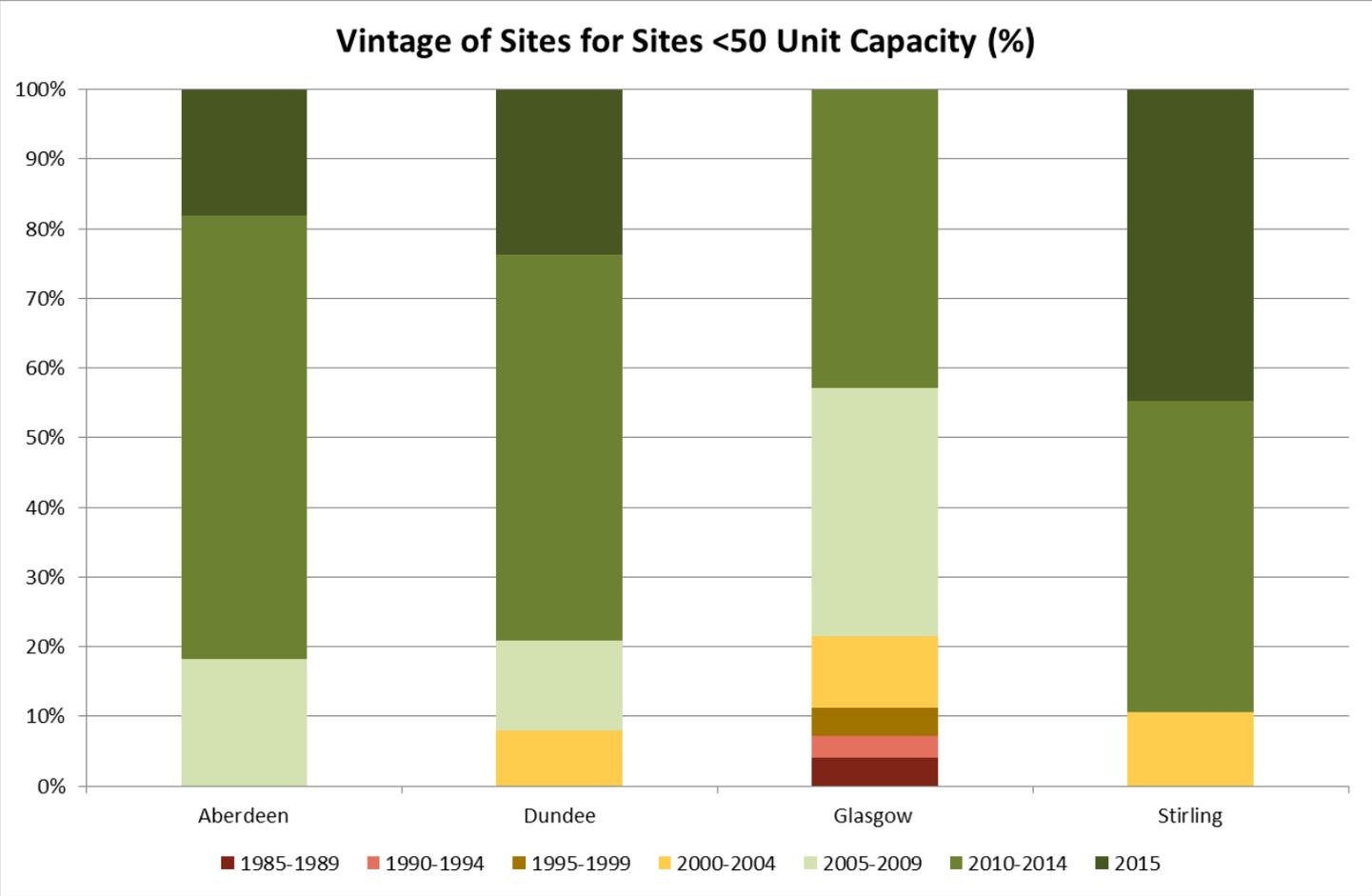
Is the 'effective' land truly effective Site Capacities

Site Capacities



Is the 'effective' land truly effective

Vintage of Sites/ Site Capacities



Market Strength



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Homes Being Planned in the Right Places?

The Lender

Mortgage lenders create value through selling mortgage finance. As with all loans, they are subject to an element of risk that needs to be factored into the equation.

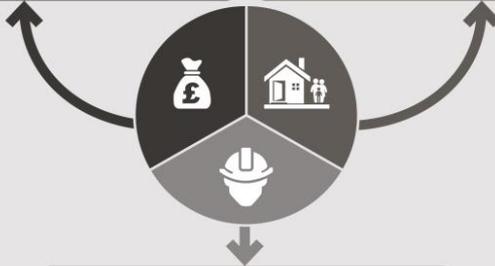
The three elements of this risk are:

- i. **The borrower** - their deposit, credit rating, income and other commitments;
- ii. **The property** - its value and the market within which it is located (e.g. city centre flat or suburban detached house); and
- iii. **The location** - the market conditions and prospects of the specific location of the property.

The Buyer

In order to purchase a house, a number of factors normally need to be in place:

- i. **The formation** of a household;
- ii. **An aspiration to own the property** - influenced by factors including the type of property and its location; and
- iii. **An ability to pay for the purchase** - usually through a combination of deposit and mortgage.



The Builder

House builders create value through the building and selling of property. They need to pay the carrying costs for business loans and create profit for their shareholders.

They can only build in locations where they generate sufficient value through sales/rental income.

“...if housing land is allocated in locations where buyers won’t buy and builders won’t build, it will not be taken up and homes will not be provided.”



Is the 'effective' land truly effective

Market Strength

	Market Strength	Characteristics
Strongest Markets	Strong market	<ul style="list-style-type: none"> High earning households Mosaic classifications – 'City Prosperity', 'Prestige Positions' Families and high earning 'city living' households Average house price £254k Increase in number of sales 07/08 – 13/14 Positive increase in house prices
		<ul style="list-style-type: none"> Mosaic Classifications 'Rural Reality', 'Domestic Success', 'Rental Hubs' Average house price £176k 10% average decline in the number of sales 07/08 to 13/14 Modest increase in prices
Weakest Markets		<ul style="list-style-type: none"> Mosaic Classifications – 'Rural Reality', 'Municipal Challenge', 'Modest Traditions', 'Rental Hubs' Average house price £145k 18% decline in the number of sales 07/08 – 13/14 Small decline in average prices
		<ul style="list-style-type: none"> Mosaic Classifications – 'Rural Reality', 'Municipal Challenge', 'Modest Traditions', 'Rental Hubs' Average house price £116,500 Decline in sales of one third 07/08-13/14 10% decline in average prices
	Weak market	<ul style="list-style-type: none"> Mosaic Classifications – 'Municipal Challenge' Average house price £86k 40% decline in sales 20% decline in house prices



Is the 'effective' land truly effective

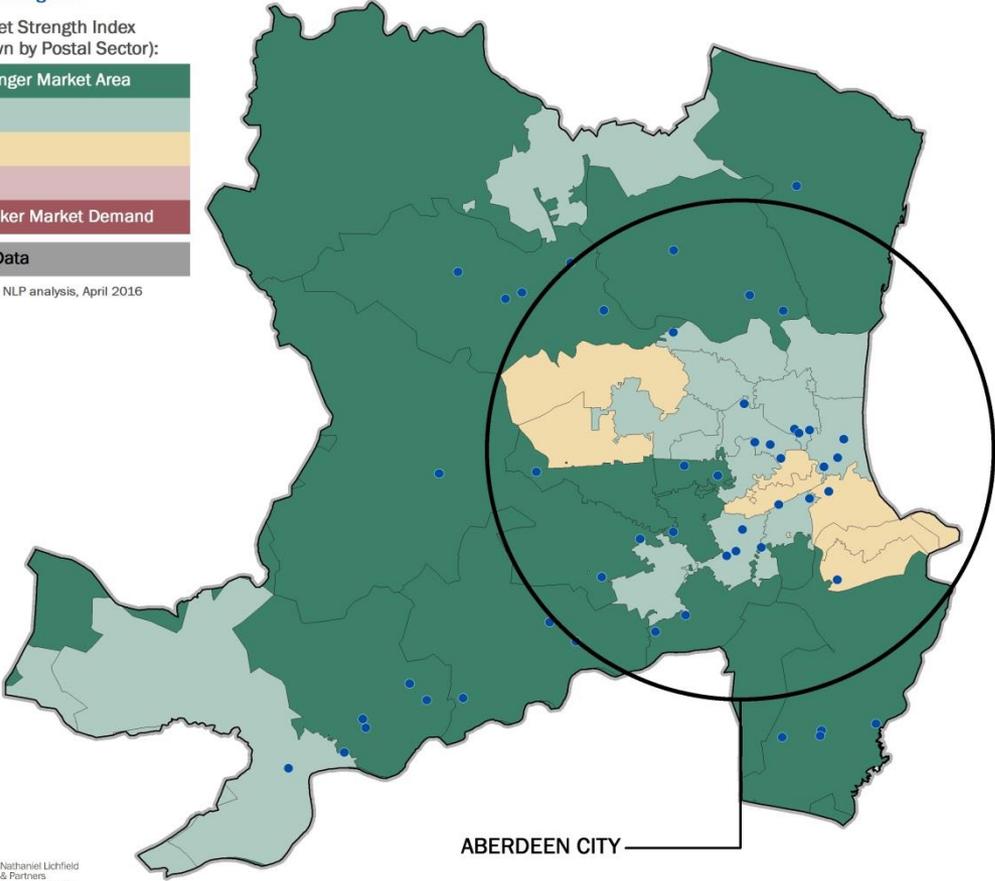
Market Strength - Aberdeen

● Housing Site

Market Strength Index
(shown by Postal Sector):

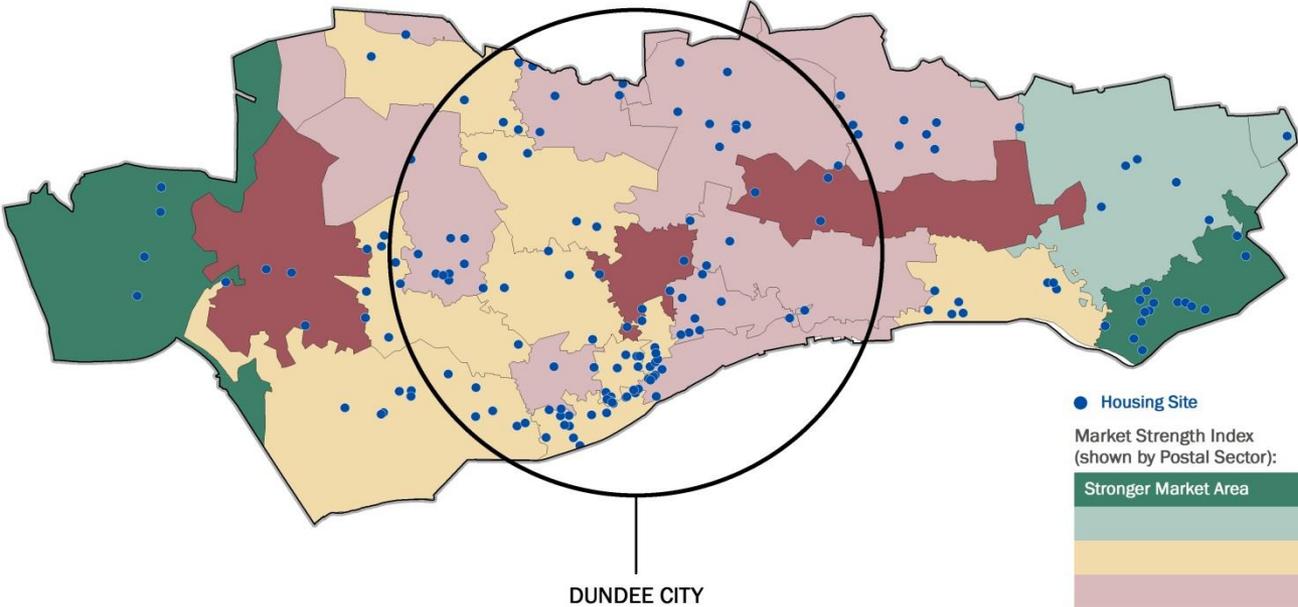


Source: NLP analysis, April 2016



Is the 'effective' land truly effective

Market Strength - Dundee



- Housing Site

Market Strength Index (shown by Postal Sector):

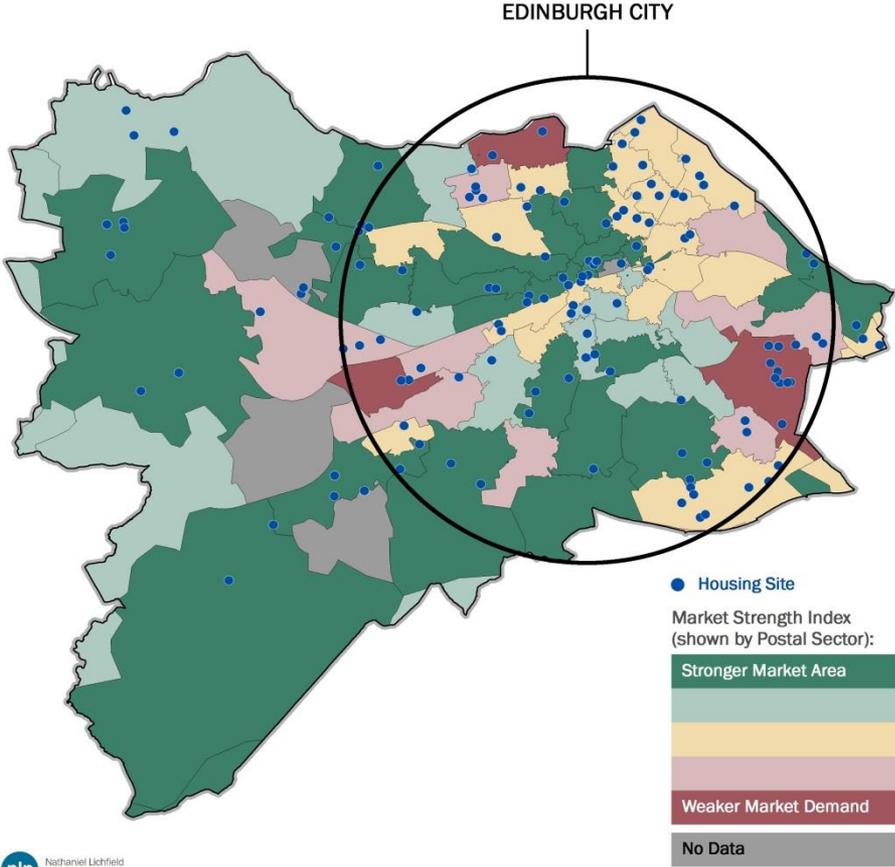
- Stronger Market Area
- Weaker Market Demand
- No Data

Source: NLP analysis, April 2016



Is the 'effective' land truly effective

Market Strength - Edinburgh

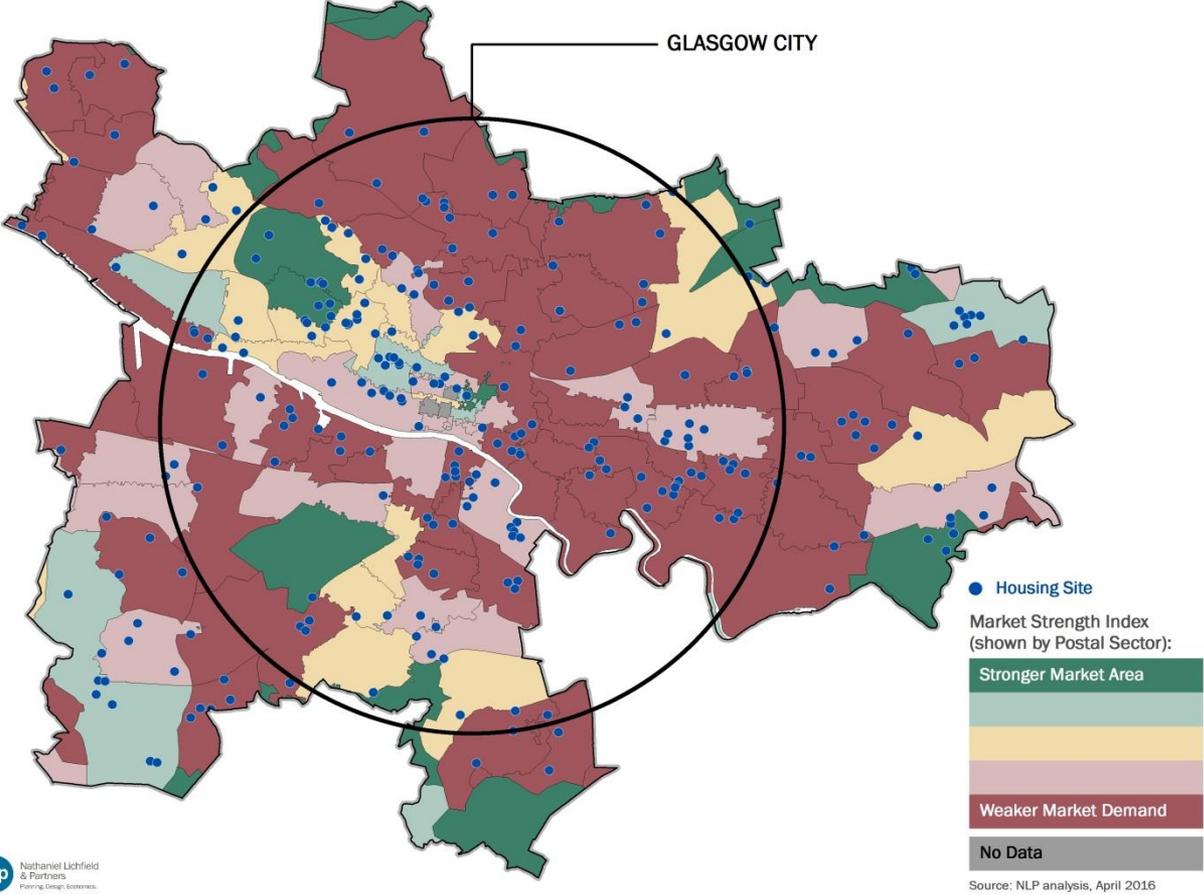


Source: NLP analysis, April 2016



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Market Strength -Glasgow



Is the 'effective' land truly effective

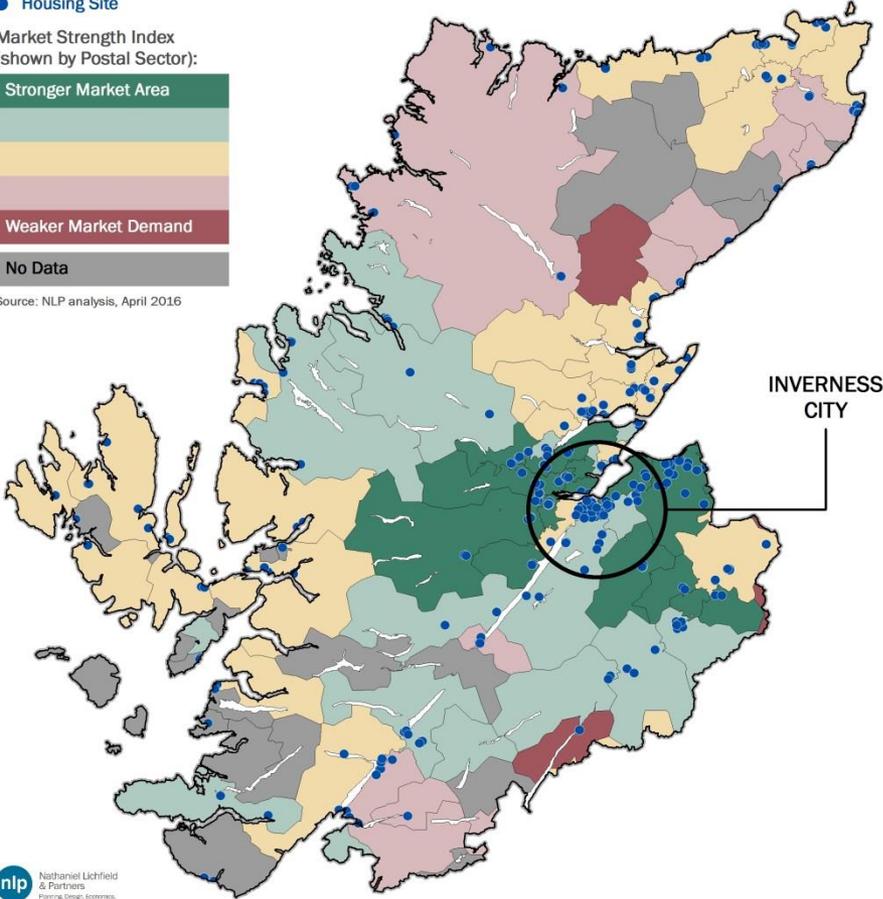
Market Strength - Inverness

● Housing Site

Market Strength Index
(shown by Postal Sector):

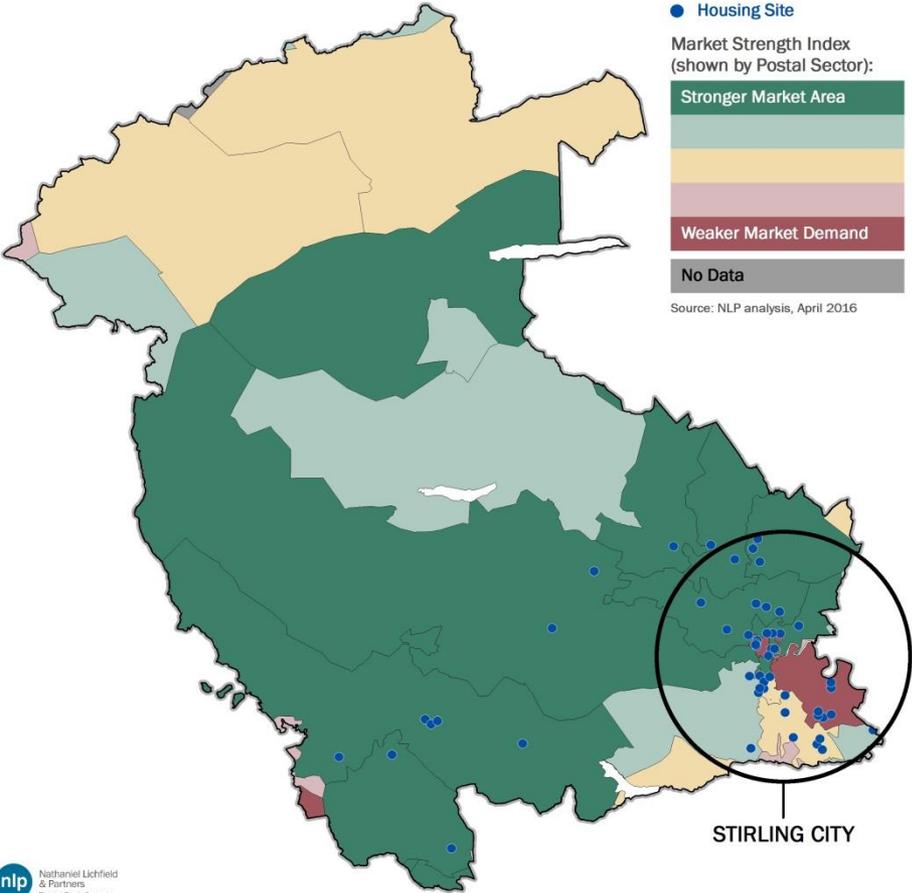


Source: NLP analysis, April 2016

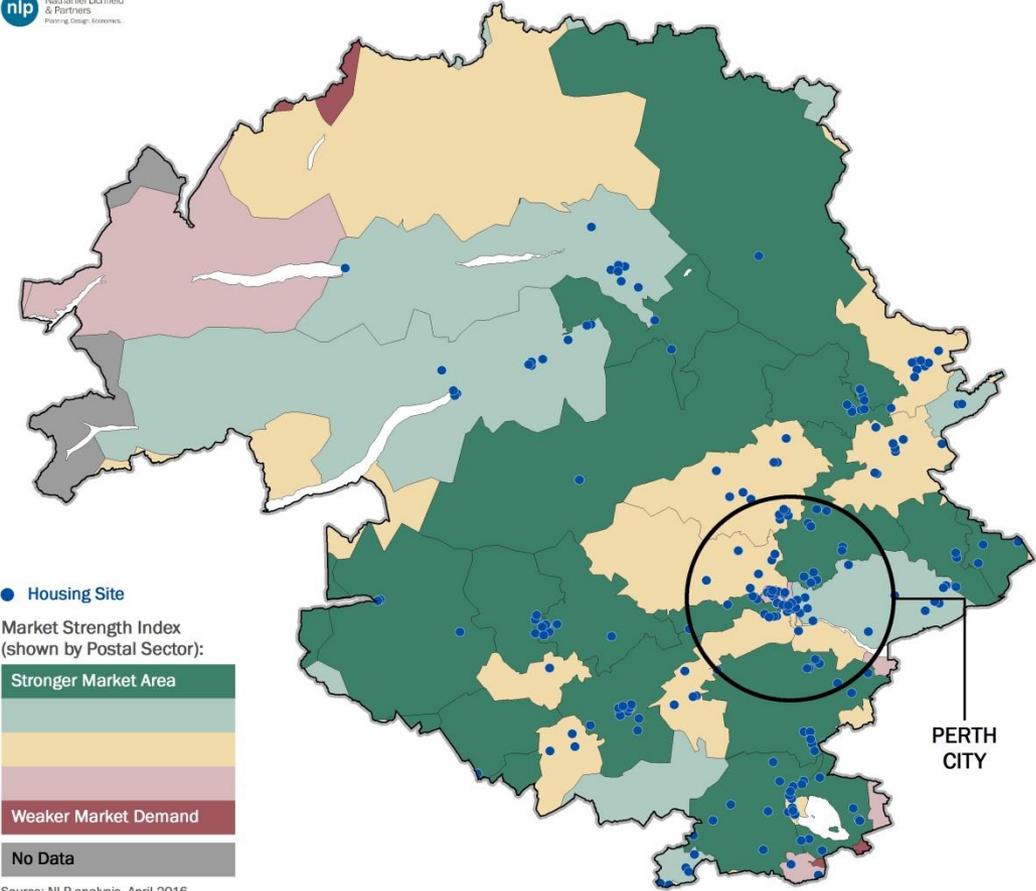


Is the 'effective' land truly effective

Market Strength - Stirling

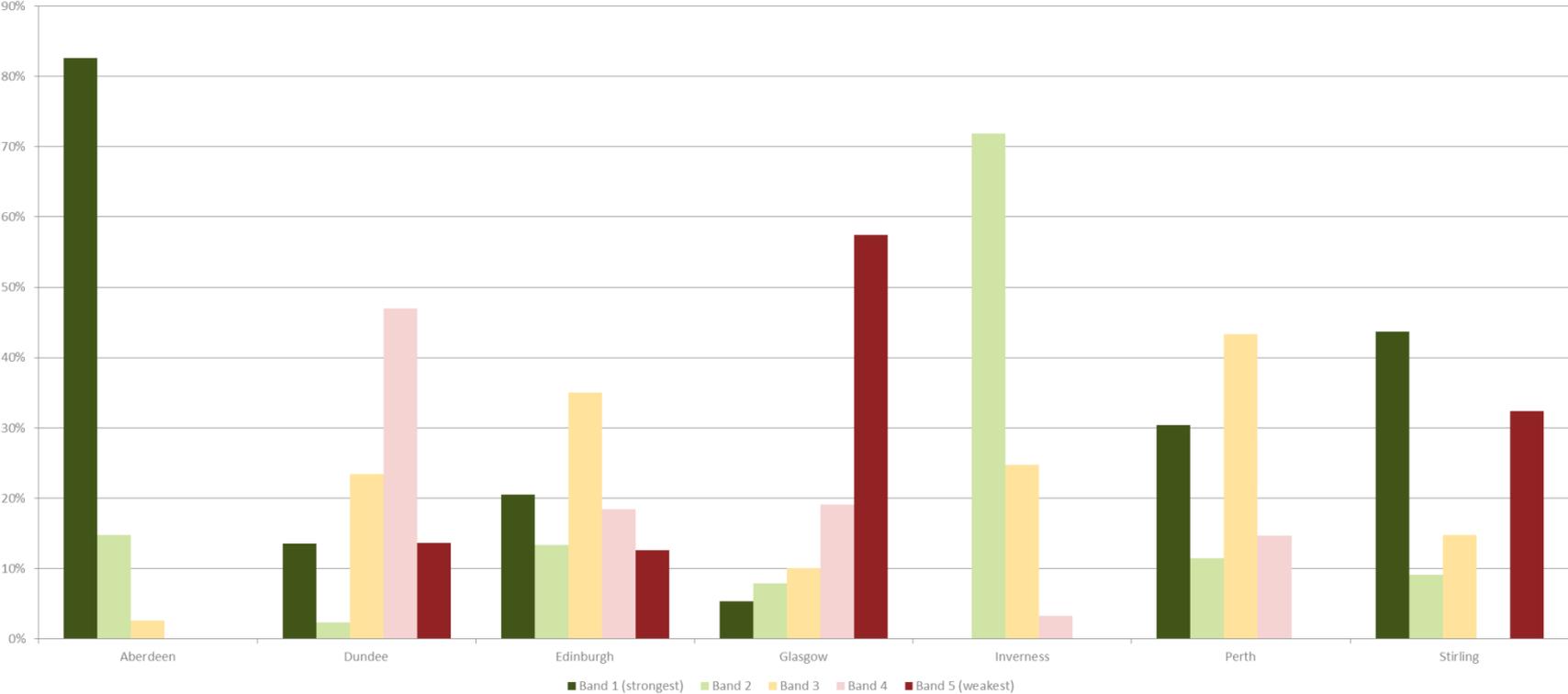


Is the 'effective' land truly effective Market Strength - Perth



Is the 'effective' land truly effective Market Strength

Proportion of Effective Sites by Market Strength



Why else isn't "effective" land developed?

- The landowner cannot get the price for the site that they want
- A developer cannot secure finance or meet the terms of an option
- Not viable
- Pre-commencement conditions take longer than anticipated to discharge
- There are supply chain constraints hindering a start
- An alternative permission is sought for the scheme after approval



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Towards more effective land supply

How is it being considered by Inspectors?

- The five year supply of dwellings on specific deliverable sites as at 1 April 2016 was below the requirement figure of 3,678 dwellings. The Council's latest estimate is that the supply is 3,568 (a deficit of 110 dwellings); this reflects the latest information provided by the developers of the two Middle Deepdale sites that have planning permission. However, there are uncertainties about whether all of the sites assumed by the Council to contribute to the five year supply have a realistic prospect of delivering the assumed number of dwellings within that time. The most significant uncertainties relate to the date on which development is likely to start and the annual build rates on allocated site HA13 (South of Cayton). There are also uncertainties about whether all of the sites currently without planning permission listed under "other known sources" are available now with a realistic prospect of delivery within five years; the assumed contribution of 303 dwellings should be reduced.

Scarborough Local Plan Examination – Inspector's Interim Findings – Housing, 18 August 2016

55. It is the Council's contention that they can show the availability of land for 9652 dwellings, giving a supply of 5.73 years and 5.02 years with 5 and 20% buffers respectively. The appellants consider that the supply is 7617. A key difference between the parties is the application of lead-in times and build rates. The appellants have provided robust estimates of lead-in times based on the 2013 Strategic Housing Land Availability Assessment and which, on the evidence of actual performance, tend to underestimate the time necessary to achieve completions. By comparison, the Council have 'cherry picked' those few instances where faster lead-in times have been achieved as a means of justifying shorter average timescales. A range of recent appeals have determined that the Council's rates are over optimistic,

APP/R0660/A/14/2213505





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