

Topic Paper - Housing Land Requirement

ELC 012

Context: NPF Spatial Strategy, NPF 4 Policy 16 Quality Homes, Policy 17 Rural Homes

This Topic Paper deals with all matters relating to Housing Land Requirement. General housing issues are dealt with under the General Housing Topic Paper (ELC 013), issues relating to the Spatial Strategy and Infrastructure are covered under Topic Paper (ELC 006) and area or site-specific discussions are covered under the Area Partnership sections in the Story Map section of the Evidence Report.

LINKS TO EVIDENCE

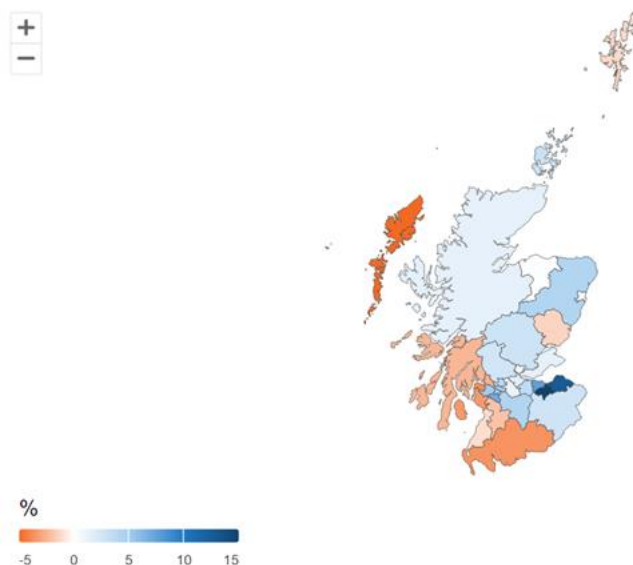
ELC 047	ONS East Lothian Facts and Figures East Lothian (S12000010) - ONS
ELC 048	South East Scotland Housing Need and Demand Assessment HNDA3 (produced by ELC and other SE Scotland LAs)) SES Regional Planning — The Edinburgh and South East Scotland City Region Deal (esescityregiondeal.org.uk)
ELC 187	Scottish Government Statistics statistics.gov.scot Scotland
ELC 362	MATHLR and associated methodology in NPF4 (SG) Method - Scotland 2045 - fourth National Planning Framework - draft housing land requirement: explanatory report - gov.scot (www.gov.scot)
ELC 049	ELC 2023 Housing Land Audit East Lothian Housing Land Audit 2023 East Lothian Council
ELC 091	Local Housing Strategy 2024-29 (East Lothian Council 2023) Approved Local Housing Strategy (LHS) 2024-2029 East Lothian Council
ELC 365	Existing Housing Need in East Lothian (Homes for Scotland)
ELC 366	Strategic Housing Investment Plan (East Lothian Council 2023)

ELC 046	Housing to 2040 (Scottish Government 2020) Housing to 2040 - gov.scot (www.gov.scot)
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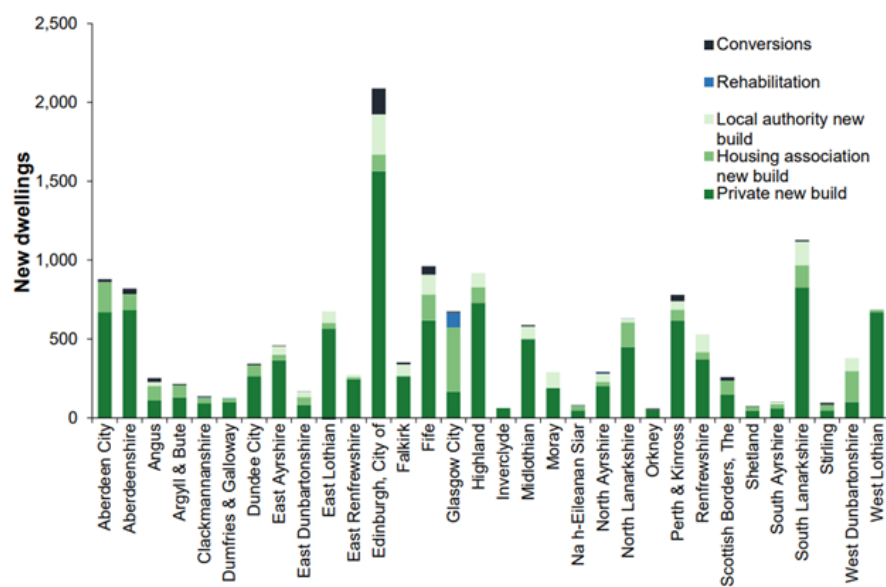
SUMMARY OF EVIDENCE

- 12.1 It is a requirement of the 2019 Planning Act that each Planning Authority considers the housing issues pertinent to its area and sets out a Housing Land Requirement (HLR) to cover the period of the LDP and ensure that sufficient housing land is allocated over the lifetime of the LDP to enable this HLR to be delivered.
- 12.2 This HLR will be used during the preparation of the Proposed Plan to identify the level of additional sites that require to be allocated. Use of this information covers the requirements of the Planning Act in Section 15(5) regarding the 'availability of land in the district for housing.....'
- 12.3 This Topic Paper covers off the requirements of Section 15(5) of the Planning Act to 'identify the housing needs of the population of the area.....', The General Housing Topic Paper ELC 013 addresses other elements, 'including, in particular, the needs of persons undertaking further and higher education, older people and disabled people,'.
- Population Change and Housing Delivery in East Lothian**
- 12.4 East Lothian has, and will continue to, experience high population growth. This has been fuelled by recent spatial planning strategies and the general desirability of the area and wider region. Policies in SESPlan 1 and the previous Lothian Structure Plan supported dispersed housing across the Lothians, Borders and Fife which transferred some of the need and demand generated in Edinburgh to the wider Region, supported by then growth strategies for various settlements in these areas. Although delayed by the significant slowdown in housebuilding post 2008, what has followed is unprecedented housing growth and in migration within Southeast Scotland. The 2022 Census shows that East Lothian has had by far the biggest rise in population of any local authority area in Scotland from 2001 to 2022 – 24.6%, over three times higher than the % increase in Scottish population of 7.4%.
- 12.5 LDP1 introduced a spatial strategy to facilitate the delivery of this housing growth. The focus of the strategy was mainly on the west of the County and on major settlements in the East, along the A1 corridor/rail line. Sites for over 16,000 houses were included in the LDP. In terms of delivering effective sites this strategy has been successful in that over 90% of the sites allocated have planning permission and around half have been built. More details on the implementation of the LDP1 strategy and specific sites are available in The Review of the Current Plan (ELC 005) which covers the review of LDP1.

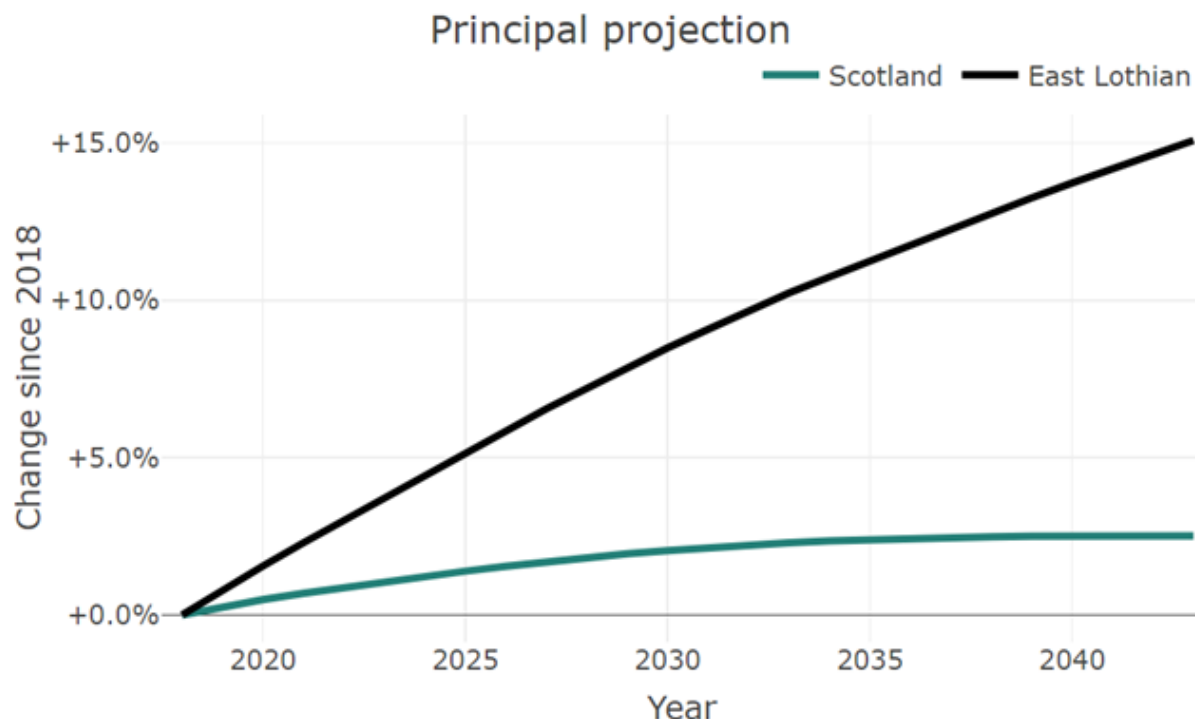
Population change, 2011 - 2022, council areas in Scotland



12.6 Scotland's Census 2022 estimated the number of households (with at least one usual resident) in East Lothian to be 48,800; an increase of 5,900 (13.7%) from Census 2011. New dwelling completions in East Lothian sit within the top ten authorities in terms of housing completions in 2020-21.



12.7 East Lothian's population is expected to continue to increase during the lifetime of the LDP. ONS projections show a substantial deviation from the Scottish average.



12.8 These trends and projections feed into other studies such as the Housing Needs and Demand Assessment (HNDA) which is discussed further in this Housing Topic Paper.

Managing Changing Population Demographics

12.9 As part of this overall population rise, the most significant change in East Lothian over the next 20 years will be the increase in the proportion of older people. This changing age profile does not mean that the overall level of housing needs to increase, more that some of it needs to be provided in a different manner.

Minimum All Tenure Housing Land Requirement (MATHLR)

12.10 As part of the development on NPF4 the Scottish Government produced MATHLR's for each planning authority. These were based on a three-step process. The methodology for the MATHLR is set out in the Scottish Government's NPF4 MATHLR Method Paper (2021) and is as follows.

Household Projections	+ Existing Housing Need	+ Flexibility	= MATHLR
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12.11 This represents the first two stages in the HNDA process with the subsequent addition of 25% flexibility. Initially the Scottish Government produced Default Estimates for each local authority who were then asked to respond on the suitability of the Default Estimate, taking into account local information and relevant policy drivers.

12.12 The Default Estimate for East Lothian was a MATHLR of 6050 houses. In February 2021 all Councils were asked to consider the Default Estimate and whether robust local information and policy drivers indicated an adjustment was necessary. The Council carried out this exercise and responded with a revised MATHLR of 6400.

Annex E: Breakdown of Figures

Local, City Region and National Park Authority	Initial Default Estimate	Locally Adjusted Estimate	Proposed MATHLR	Completions (2010-19)	Initial Default Estimate				Locally Adjusted Estimate				Proposed MATHLR			
					Existing Need	Households	Flexibility %	Flexibility Amount	Existing Need	Households	Flexibility %	Flexibility Amount	Existing Need	Households	Flexibility %	Flexibility Amount
Aberdeen City	4,750	7,000	7,000	7,734	500	3,300	25	950	500	5,100	25	1,400	500	5,100	25	1,400
Aberdeenshire	6,500	7,250	7,550	12,132	400	4,600	30	1,500	400	5,400	25	1,450	400	5,400	30	1,740
Aberdeen City Region	11,250	14,250	14,550	19,866	900	7,900		2,450	900	10,500		2,850	900	10,500		3,140
Angus	850	2,550	2,550	2,464	150	500	30	200	1,350	650	30	600	1,350	650	30	600
Fife (North)	1,050	1,700	1,700	2,403	150	700	25	200	650	700	25	338	650	700	25	338
Dundee City	2,000	4,200	4,200	2,377	400	1,200	25	400	2,150	1,200	25	838	2,150	1,200	25	838
Perth & Kinross	2,650	8,500	8,500	5,560	100	1,950	30	600	1,350	5,200	30	1,965	1,350	5,200	30	1,965
Dundee City Region	6,550	16,950	16,950	12,804	800	4,350		1,400	5,500	7,750		3,740	5,500	7,750		3,740
City of Edinburgh	27,550	36,900	41,300	16,654	2,150	19,900	25	5,500	4,150	25,350	25	7,375	8,950	24,100	25	8,263
East Lothian	6,050	6,400	6,400	5,124	500	4,350	25	1,200	750	4,350	25	1,275	750	4,350	25	1,275

Extract from Draft NPF4 – Housing Land Requirement Explanatory Report 2021

12.13 The uplift in the figure was due to a change in the estimate of Existing Need from 500 to 750. This figure was subsequently included in the Draft NPF4. When finalising NPF4 the Scottish Government took into account the outputs from any full HNDA exercises that had been undertaken by local authorities. During the period of consultation on NPF4 the Council, along with its former SESplan partners, produced HNDA3. The HNDA was concluded in August 2022 and due to an increased Existing Need figure of 850 being used in HNDA3 the final MATHLR figure in the approved NPF4 increased to 6500 houses. The final MATHLR calculation for East Lothian is set out below.

Existing Housing Need (a) Homeless Households in Temporary Accommodation & Household both overcrowded and concealed (HoTOC)	Household projections (b)	Total (a + b) = (c)	Flexibility Allowance (d)	Flexibility Allowance (25% urban) (c x d) = (e)	Minimum All Tenure Housing Land Requirement (c + e)
850	4,350	5,200	25%	1,300	6,500

Final MATHLR calculation for East Lothian

12.14 The Council did respond to a Scottish Government consultation in 2021 stating that it supported a HLR of 6450 houses. This was before the HNDA exercise was carried out and the financial impacts of housebuilding on the Council has really become apparent. The Council faces severe economic challenges from the high levels of housebuilding, which are putting severe strain on the Council's finances. Significant additional levels of housing will make this situation critical. Therefore, we had to reconsider our position on the issue. NPF4 allows Councils to take into account more recent local information when setting the HLR. The financial situation of the Council is one such material issue.

12.15 This Topic Paper now goes on to consider the information available to calculate the HLR and based on this evidence sets out its proposed HLR for LDP2.

Housing Need and Demand - HNDA3 (produced by ELC and other SE Scotland Local Authorities)

- 12.16 NPF4 expects that Local Authorities take their MATHLR into account when arriving at their Housing Land Requirement but it is also expected that the MATHLR is exceeded in the HLR. They can use the same evidence to develop the HLR or more up to date local evidence to allow local circumstance to be reflected.
- 12.17 One of the key methods to gather local evidence is through the HNDA exercise. Part of the HNDA process was used to identify the MATHLR but the full process takes into account of more local circumstances and an increased range of factors. National Development Plan Guidance expects that the HNDA process be completed in full as part of determining the HLR.
- 12.18 In 2022 the former SESplan authorities carried out a HNDA exercise, and the resulting HNDA has been deemed robust and credible by the Centre of Housing Market Research (CHMA). Development Plan Guidance states that where the CHMA have signed off the HNDA as being robust and credible it will not normally be considered further at the GateCheck. This is unless further evidence is presented by stakeholders as being relevant for consideration. Information was submitted by Homes for Scotland to this effect however, the Council does not believe the figures merit a reconsideration of the HNDA process. These comments and the Council's response are set out below in the Stakeholder Responses section on this Topic Paper.
- 12.19 The HNDA process is a recognised national methodology and one which has been used in the last two SESplan processes, other SDPs and supported through these processes by key stakeholders including the development industry.
- 12.20 It provides a reliable indication of need and demand over the East Lothian area to help in the production of the Housing Land Requirement and the Housing Supply targets and strategy in the Council's Local Housing Strategy (LHS) and its Strategic Housing Land Review (SHIP). It also covers off most of the requirement of Section 15(5) of the Planning Act to 'identify the housing needs of the population of the area, including, in particular, the needs of persons undertaking further and higher education, older people and disabled people,'. Addressing the needs of those undertaking further and higher education are addressed elsewhere in the Evidence Report.
- 12.21 Development Plan Guidance states that 'MATHLRS are evidence based: they combine considerations of past trends with future projections and policy ambitions, along with balancing national data with local information and knowledge'.
- 12.22 The HNDA process was carried out in full using the same assumptions for the first two stages that were used for the development of the MATHLR. The subsequent stages then added on further local considerations such as affordability, economic projections, demography and availability of stock. The outputs were presented in six growth scenarios from No Growth up to Strong Growth. The SE Scotland Directors group agreed in 2022 that the Steady Growth scenario (second highest) was the most appropriate as it reflected the likelihood of economic fluctuations over the time frame covered by the HNDA. This is highlighted in the past trends shown in the Housing Section of the Story Map part of the Evidence Report. The preferred strategy leads to a need and demand figure of 476 units per annum for East Lothian.
- 12.23 It should be noted that once the latter stages of the HNDA process were undertaken the resultant need and demand figure was lower than after stage 1 and 2 of the MATHLR process.

Past Completions

- 12.24 East Lothian had to identify sites for around 16,000 houses in LDP1. The Council has put considerable effort into facilitating the consenting process for these sites with over 90% now having permission. Unsurprisingly this has led to a large increase in completion levels since the approval of LDP1 in 2018, even despite the impacts of Covid on the housing market. Completions over the 5-year period up to 2023 was around 900 houses per year, with the 10 year average up to 2023 being around 700 houses.
- 12.25 However, past completions are not a sound measure of determining future strategy as they simply maintain existing trends based on previous strategies. This is a point often raised in previous LDP examinations, by Councils and the development industry, that basing policy on past completions only perpetuates any current issues and does not address future concerns and current issues, especially as housing construction is a lagging indicator given the time required to plan and complete housing.
- 12.26 In East Lothian's case, past completions represent a growth level that was based on a dispersed regional strategy whereby local authorities adjacent to Edinburgh would take a level of housing need associated with the city and accommodate that in settlements that were commutable to the city. Repeating this strategy does not take into account the ability of areas to accommodate growth. This is not the approach of NPF4 which moves away from the distribution approach. City of Edinburgh's MATHLR follows the same methodology as other authorities with none of its projected households and unmet housing need is dispersed elsewhere. Its MATHLR exceeds its HNDA outputs and therefore there is no unmet need that requires to be distributed to surrounding authorities. City of Edinburgh's LDP2 (City Plan 2030) provides for a generous supply of land for housing (40,288) that is higher than its MATHLR (36,750) and therefore it is no longer a justification for East Lothian to have a housing land requirement that is higher solely to meet unmet Edinburgh housing need, the same with other former SESplan authorities. City of Edinburgh Council is also committed to an early review of its LDP to reflect NPF4 housing policy (paragraph 2.97 of City Plan 2030). That was not the case with the previous Edinburgh & Lothians Structure Plan and SESplan SDP1 strategy and is therefore reflected in 2018 LDP1 and recent housing completions but it is no longer the strategy of NPF4 or the 2022 Indicative Regional Spatial Strategy. Housing land to meet need will be made available through the City of Edinburgh LDP and this will reduce the need for households to move out of the city into adjoining authorities. This approach is not one that would be suitable to continue into the future and it does not comply with the compact urban growth, or rebalancing growth strategies of NPF4.
- 12.27 The Scottish Government note on the MATHLR recognises that past completions do not create demand and are only really to be used to get an understanding of what is achievable when an appropriate level of land supply is available. As such they do not reflect a best approach to future housing policy or spatial strategy and they are a lagging indicator with multiple factors influencing them, including wider economic growth, labour supply, mortgage rates, wider attractiveness of an area. There are many new challenges such as the climate and nature emergencies and other policy and strategy in NPF4 which have brought a shift in the approach to development and house building that require to be taken into account when developing spatial strategies. These are set out in the Infrastructure and Spatial Strategy Topic Paper (ELC 007) and summarised below.
- 12.28 For these reasons past completions have only been used as a benchmark for setting the HLR, in the same manner as was carried out for the setting the MATHLR. Beyond this they are not an appropriate measure for setting the HLR. To do so would be to repeat the strategy of the previous SESplan SDP1 and associated LDP1.

Availability of land in the district for housing

12.29 Remaining supply does not set the HLR or feed into its development. It is relevant when considering what level of shortfall and the level of future additional land allocations that are required.

12.30 The 2023 Housing Land Audit shows that there are 8,000 houses remaining in the effective housing land supply. The precise amount of this supply that will count towards the land supply in LDP2 will be determined by the adoption date of the LDP and the number of sites that can be carried forward into the new plan. Based on current estimates of LDP timescale there may be 5,000 houses remaining in the supply when the LDP is adopted.

Windfall Assumptions

12.31 Development Plan Guidance recommends that Evidence Reports include data of level of windfall provision and setting of future assumptions that can be used in the calculation of housing land supply. The assumptions around windfall sites do not have an impact on the setting of the HLR but can provide a guide to a source of housing to meet any housing land shortfall.

12.32 The table below highlights that since the adoption of the current LDP in 2018 there has been an average of 26 houses per year being granted through the windfall route. This figure does not include larger sites that were granted permission ahead of the adoption of the last LDP. The reason for their non-inclusion is the unusual circumstances created by SESplan 1 which identified a significant housing land requirement (which made the County vulnerable to losing appeals on 5 year land supply grounds even while the LDP was being prepared due to the lower levels of housing completions in the early/mid 2010s post the 2008 financial crash. In these circumstances the decision was made to approve some sites that were being promoted through the LDP ahead of the adoption of the LDP to ensure an effective land supply was achieved and speculative developments could be resisted. Although these sites are technically windfall their inclusion in the figures below would give the impression of a higher windfall level and skew future assumptions.

Dwelling Completions Achieved in East Lothian 2016 - 2023								
	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	Annual Average
All Completions	573	739	885	1,166	692	705	1,029	827
Affordable Completions	223	120	99	363	79	97	168	262
Market Completions	350	619	786	803	613	608	861	565
Proportion Windfall Completions	63	29	15	18	22	34	0	26

East Lothian Council

12.33 Taking into account the HLR in the Evidence Report, from now until the end of the plan period in 2036/2037 the 2023 Housing Land Audit shows that around 10,000 houses will be built in East Lothian, providing a considerable effort in helping to address the national housing emergency. While some of these numbers will not count against the next LDPs land supply this still represents a significant level of house building over the coming years

which will be able to support the delivery of jobs, affordable housing and the delivery of alternative housing types. This also does not account of the long term potential of a greater Blindwells, the business case for which is being identified.

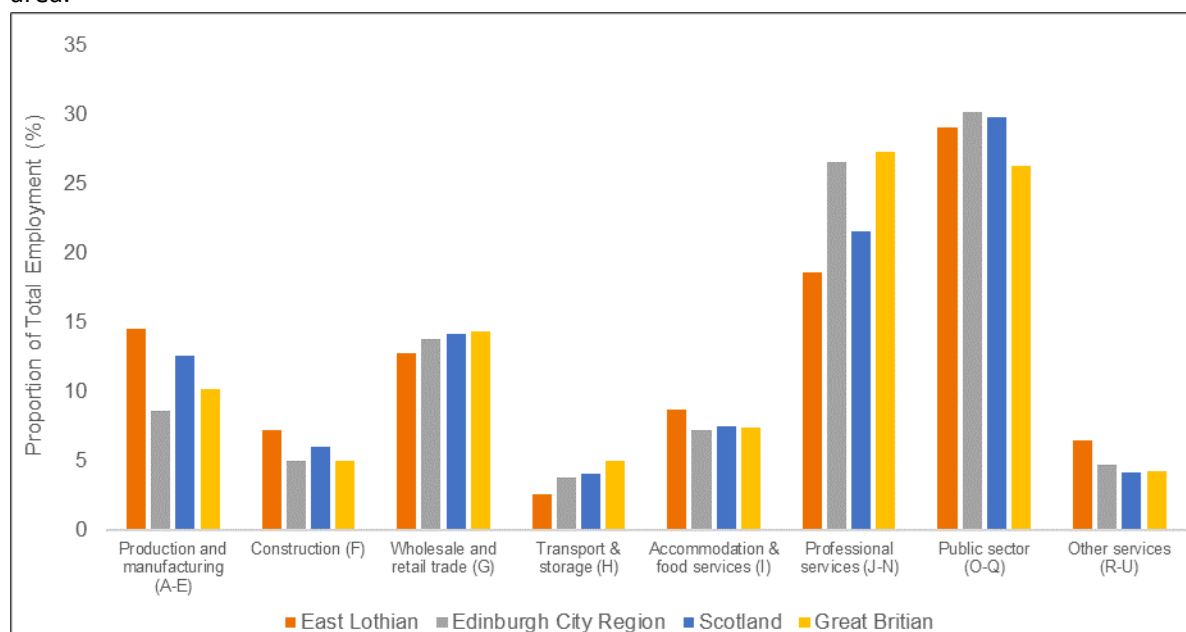
Urban Capacity

12.34 Development Plan Guidance states that assumptions can be made about the delivery of land to meet the HLR. One such source of this information could be an Urban Capacity Study although there is no requirement to carry one out. As set out in the Storymap and the Spatial Strategy Infrastructure Topic Paper (ELC 006), with the exception of East Fortune and Cockenzie there is little brownfield land in East Lothian. Also, there are also very few gap sites within East Lothians towns, most of which have been proposed through the LDP2 process. Other existing sites including employment sites remain on the whole viable and occupied.

12.35 With such low opportunity to highlight more development opportunities, and ones that could be relied upon to come forward during the LDP period, there was no benefit in carrying out an Urban Capacity Study. The LDP will potentially identify some development opportunity sites where there is known support for a site coming forward in principle, i.e. derelict hospital sites or steadings, but there is currently no proposal that makes it part of the delivery pipeline. This also highlights another reason for not pursuing an urban capacity study as sites in an urban capacity study could not count towards the deliverable land supply until they had permission so there is no value in identifying many them as part of future strategy. This would clearly not prevent brownfield sites coming forward as windfall sites during the lifetime of the LDP and Policy 16 of NPF4 supports the principle of the delivery on brownfield sites within settlements.

Economic Impact of Housebuilding

12.36 The economic benefits of housing are one element that needs to be considered in the development of the HLR. The Councils Economy Strategy highlights that construction has a reasonable impact on employment in the area.



Source: ONS BRES, 2023

12.37 House building can bring jobs to an area. This can be through employment in construction although these jobs are often temporary and use labour from outside the area. Also, many housebuilders source materials from suppliers outside the County so local positive economic impacts are lessened.

- 12.38 Many people buying a house will be in work particularly with the high house prices in the area. However, with the changing demographic of the County there are clearly a high level of people retiring to East Lothian therefore new housing will not always bring jobs.
- 12.39 The assumptions made in the HNDA exercise factor in a Steady Growth economic scenario, taking proportionate approach to future economic growth in the County.
- 12.40 As set out in the StoryMap of the Evidence Report and in many of the Topic Papers, East Lothian experiences significant constraints that limit the levels of housebuilding it can or should accommodate to meet these national aims.
- Housing Affordability**
- 12.41 The average house price within East Lothian in 2021/22 was £283,957. Across Scotland the average was £201,744 meaning house prices are 40% higher in East Lothian than the Scottish average. Over the last 10 years housing in East Lothian has become increasingly unaffordable to the average person. House prices are significantly above the national average. This situation has arisen during a time of unprecedented land supply in East Lothian. This shows that additional housing land supply does not result in a reduction in house prices.
- 12.42 Accessible Rural Areas and Accessible Small Towns have the highest house prices within East Lothian, making it more difficult for would be purchasers to remain in these areas. A total of 80.1% of the area of East Lothian is classed as accessible rural, with 26.3% of the population residing in accessible rural areas. With the exception of Musselburgh all Community Planning Areas (Area Partnerships) within East Lothian are home to a rural population. House prices in accessible rural areas of East Lothian increased by over 30% between 2017-21 to an average of £351,396.
- 12.43 This change to house prices reflects that seen in other attractive parts of Scotland, particularly those in close proximity of Edinburgh. This is an issue that will only increase the need for affordable housing within the long term.
- 12.44 There are few actions that the LDP can take to address affordability. East Lothian is often advertised as one of the most attractive locations in Britain, due to the quality of its environment and proximity to Edinburgh. Population projections show that this inward draw will continue and will inevitably push up house prices both in the second hand and new markets. What could potentially reduce the prices of new homes would be the construction of smaller units and with fewer bedrooms. This could result in more dense developments and reduce the use of construction materials, potentially resulting in lower construction costs per unit and then lower prices than larger homes. This would also reflect reducing household sizes, housing need lists for smaller units and reducing fertility rates.
- 12.45 This increase in house prices has come about during a period of unparalleled housing land availability. Land for 16,000 houses was included in the first LDP but despite this during this period house prices rose dramatically. Responses to the Evidence Report engagement claim that the slow delivery of this land has pushed up prices and an acceleration of the housing market can help rectify this issue, while in fact there were no planning restrictions on the land in LDP1 coming forward faster. As mentioned earlier, there is currently a supply of around 10,000 consented homes and over 90% of sites have planning consent.

12.46 Even with so much land available completions have only risen to the high hundreds, or low thousands as opposed to the higher thousands that were promoted through SESplan 1. Delivery appears to be limited by capacity in the market, whether this is the availability of labour, actual demand, mortgage rates or construction materials.

12.47 An increase in land supply would not solve the issue of affordability. This would simply be a replication of the SESplan 1 strategy which included unprecedented growth and has not led to a decrease in house prices. The result of trying to address affordability through this approach would simply lead to further in migration, dispersion from Edinburgh (not the strategy from NPF4 or the adopted City of Edinburgh LDP), increased pressure on Council services and negative environmental impacts.

Impact on Council Finances of Housebuilding

12.48 While the Council has been successful in gaining government funding for affordable housing and money through Section 75 (S75) legal agreements, there are two main areas that mean new housing has a significantly negative impact on the Council's finances.

12.49 Firstly, council tax may be increasing but this only covers around 25% of the revenue expenditure added to the Council's budgets. East Lothian receives the third lowest Scottish Government revenue per head of financial settlement of all Scottish Local Authorities but is experiencing proportionately the highest level of growth. (See Housing section of Storymap). This increase in revenue expenditure is unsustainable and certainly cannot in the current context increase any further, i.e. we have to provide additional services (education, social services, waste, etc) for additional population as a result of growth but receive the third lowest per person rate. Therefore, the gap between the cost of services that require provision and the funding to provide them will only increase.

12.50 Secondly, the legal mechanism in S75 agreements is not capable of keeping pace with the recent rise in building costs. Construction costs have escalated beyond BCIS indexation levels since these agreements were signed between 2017 and 2023 and the Council is not able to reopen negotiations to alter contributions, meaning that it has to fund the shortfall between costs of post 2020 education projects and the indexed value of contributions. This did not impact on education projects that the Council contracted and delivered pre-2020, including the new Letham Primary School and expansions to Gullane Primary, Ross High and Dunbar Grammar. The reasoning is varied and will include Brexit, Covid, energy costs and the Ukraine War. Post 2020, SFT have also revised their per sqm school costs upwards above indexation increases twice since LDP1 was adopted whereas ELC's education contribution rates were based on 2012 Scottish Future's Trust construction per square metre rates plus indexation to 2016 and then indexed forward in S75 legal agreements.

12.51 This puts considerable strain on the capital budget. This point was raised in our second round of engagement on the preferred housing land requirement. Several responses dismissed this as being a bargaining pitch with the Government, or that the issue was not genuine. The financial issues faced by the Council are very real and without substantial revenue support additional house building will put the Council's finances in a precarious position.

12.52 The Council did respond to a Scottish Government consultation in 2021 stating that it supported a MATHLR of 6450 houses. This was before the HNDA exercise was carried out, delays to the NPF process, changing

development plan guidance and the financial impacts of housebuilding on the Council finances had become apparent. Had these issues been apparent during the development of the MATHLR then the Councils response would have been very different.

12.53 Although HNDA's inform housing supply targets and local housing land requirement, the financial and economic realities of delivering this need and demand can look very different. As a local authority we need to ensure that the right homes are delivered in the right places alongside the necessary infrastructure and services. The increase in population in recent years has placed increasing demands on infrastructure, services and housing and significant inequalities exist within and between communities. This is particularly relevant within rural areas.

12.54 It is therefore important too that developers contribute to improving local infrastructure, particularly as new developments increase pressure on already strained services. We cannot support the delivery of housing if we cannot sustain the service and infrastructure provision which is necessary alongside housing.

12.55 Furthermore, current funding cuts from Scottish Government limits our ability to deliver affordable homes to the scale that we require. In this, it is essential that the Council receives sufficient funding if we are to provide the levels of affordable housing that are required within East Lothian.

12.56 Although not purely a planning issue this is a key material issue in determining future housing levels. At present the Council is not funded to accept housing growth of any scale. Additional allocations are unaffordable to the Council due to requirements for associated additional services that are not adequately funded from a national level.

12.57 Although lack of finances will be an issue facing all Councils, the situation in East Lothian is especially stark as the County has experienced the highest National population growth and is experiencing the highest proportionate increase in housing.

Delivery of Affordable Housing

12.58 The HNDA exercise highlighted a need for just over 300 houses per annum. The need represents the affordable element of the HNDA figure. This represents around 2/3rds of the need and demand figure in the HNDA. The Local Housing Strategy (LHS) aimed to provide a significant amount of this figure but had to pair its strategy back due to cuts in national funding. This shortage of affordable housing is well documented through the LHS and the remaining ambitious strategy in the LHS aims to try to rectify the situation.

12.59 There is a shortage of affordable housing but without funding neither the private or public sectors will be able to deliver the required level. The private housing sites help provide land for the delivery of affordable housing, however without the Scottish Government finance to help build the affordable homes on these private sites, there will be a shortage of supply in East Lothian. The house builders are willing to provide land for affordable units but this may change if the affordable element cannot be delivered within the timescales of the overall development, in worst case leaving gap sites for extensive periods until funding is available.

12.60 In addition, the lack of accessible homes has led to an increase in the need for adaptations of existing houses. This points towards the need to develop more wheelchair and accessible homes. The need for wheelchair

accessible properties to be delivered by private developers was mentioned to Homes for Scotland in the autumn of 2023 and was not welcomed.

12.61 As noted within Homes for Scotland's response to the draft Local Housing Strategy 2024-2029 (LHS), East Lothian has an ageing population, this means that more wheelchair and accessible housing will be required. It is important that homeowners can live in properties that meet their needs and that developers build housing that reflects this. As the LHS highlights there is an estimated need for private developers to deliver 5% of market housing which is of a HfVN wheelchair accessible standard. We hope that following this commissioned report, Homes for Scotland will support the Council in preparing a policy to deliver wheelchair market housing via the LDP.

12.62 A national housing emergency has been called and this needs to be reflected in the HLR, taking into account the other policy drivers mentioned above. In 2024 the Council declared an affordable housing emergency and one way is to look at methods of addressing this through the LDP and the LHS although the addition of large amounts of housing land will not address the affordable housing challenges and would conflict with the other aims of NPF4 policy and issues set out in the Evidence Report.

Spatial Considerations Affecting the Housing Land Requirement

12.63 This information is important as it provides a context to the aim of National Planning Framework 4 of Rebalanced Development which states, 'We will target development to create opportunities for communities and investment in areas of past decline and manage development sustainably in areas of high demand'. The information allows a national view to be taken on these areas of decline and development pressure and ensure the best use of Scotland's natural and physical infrastructure.

12.64 This need for rebalancing has been considered when considering the level of the LDP2 Housing Land Requirement. In some parts of Scotland, the last 5 to 10 years have seen significant increases in the levels of housing development.

12.65 It is not the job of the Evidence Report to set out the spatial strategy of LDP2 but the characteristics of any local authority area and a lack of sustainable sites through a basic consideration at a county level clearly impinges on the potential of sustainably delivering a high HLR. The NPF4 spatial strategy is based on six key principles that the LDP spatial strategy must base itself on. These have a direct impact on the consideration of the Housing Land Requirement in the LDP. Of particular relevance are the rebalancing growth and compact growth principles both of which point to a lower HLR due to the current levels of development pressure and environmental constraints that the area faces. The iRSS also highlights these spatial constraints and identifies areas where there will need to be a restriction of future growth.

12.66 Spatial environmental constraints and the lack of previously developed land mean that East Lothian is not best placed nationally to take further high levels of growth. The County does not have a large amount of brownfield land. Also, East Lothian is constrained due to its high level of prime agricultural land which is vitally important to protect in addressing climate change and the nature crisis at a national level and providing national food security. Even before considering individual sites the level of the housing land requirement needs to reflect the need to address the nature and climate emergencies and the ability to accommodate further development, whilst meeting all NPF4 policy objectives as well as East Lothian Council Plan 2022-27 objectives.

12.67 National strategies talk about the importance of housebuilding and the economy but equally highlight the need to address the climate emergency and nature emergencies. These documents do not require a focus of high housebuilding on East Lothian and if anything, they point to a need for housing to be directed elsewhere. Nationally, East Lothian is not well placed to accommodate large amounts of additional housing growth.

12.68 The spatial factors that will guide the next HLR are set out in the Story Map and Infrastructure and Spatial Strategy (ELC 006) parts of the Evidence Report.

Setting the Housing Land Requirement

12.69 NPF4 sets out an expectation that the LDPs will contain a HLR higher than the MATHLR, which for East Lothian is 6500 houses. The HLR in the Evidence Report is a requirement of planning legislation.

12.70 As stated previously, past completions are not a good benchmark for future policy in this circumstance as the policy landscape has been changed away from dispersed growth strategies, whereby housing need arising in Edinburgh is distributed to surrounding authorities to meet, and the focus is more on addressing climate change and nature issues and the national rebalancing of growth pressures. This means we cannot simply continue as before, both spatially and in policy terms. There are numerous challenges in the housing market just now including affordability and lack of social housing which will not be solved by simply allocating large amounts of housing land.

12.71 As stated above, the Council is facing severe financial constraints partly due to the levels of growth the area is facing. With this in mind the Council undertook a consultation in late 2023 to gather views of setting the HLR at 5000 houses. This level was chosen as it was an estimate of the level of housing that may remain in the land supply at the adoption date of the LDP in 2026. This approach accepted that there would be financial challenges of delivering the existing allocated housing but that further exposure to financial risk could be avoided through having no further unfunded allocation of housing land.

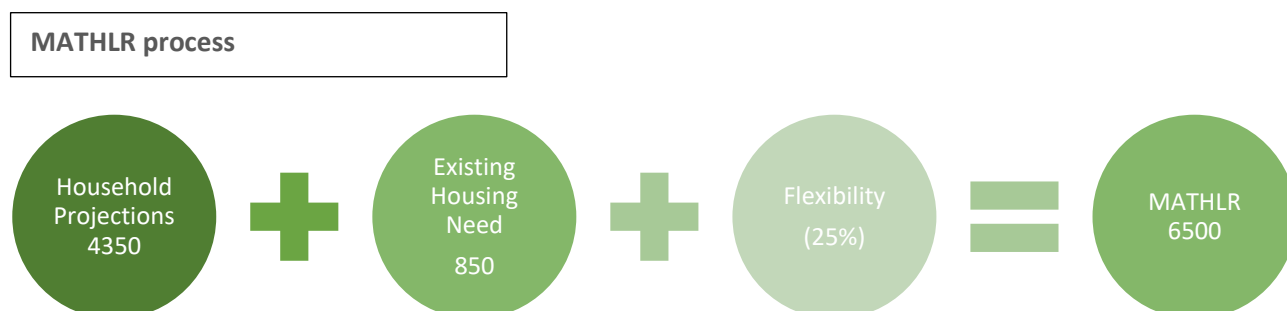
12.72 The general stakeholder comments received to this consultation are summarised below and the comments from key agencies, public bodies and the Scottish Government are provided in the Summary of Evidence Report of Engagement Topic Paper (ELC 060). Public comments generally supported the proposed approach, the development industry was completely against the approach and on occasion dismissed the financial concerns of the Council. The Scottish Government response, although not providing specific direction, emphasised the need for the HLR to be higher than the MATHLR. Although it should be noted that under Quality Homes on page 62 of NPF4, it states that “To promote an ambitious and plan-led approach, the Local Housing Land Requirement is expected to exceed the 10 year MATHLR set out in Annex E”. Expected does not mean mandatory or must.

12.73 Therefore, irrespective of any preferred approach by the Council, it was clear from the consultation that choosing an HLR figure lower than the MATHLR was not an option.

12.74 As set out above, the only rigorous assessment of future housing need and demand comes through the HNDA exercise. This is a nationally recognised process that has been used as a basis for identifying housing land requirements through numerous development plan cycles. Challenges were made by Homes for Scotland across most Local Authorities, stating that the process did not factor in a true assessment of concealed need. The Council does not agree with this approach and further details of this challenge, and the Council’s response are provided in the Summary of Stakeholder comments below. The HNDA is the most technically sound and

nationally recognised approach to identifying future need and demand. It is therefore the best starting point for identifying the HLR.

12.75 In setting the HLR National Guidance encourages the use of the same information that was used to prepare the MATHLR, using more recent information where it available.



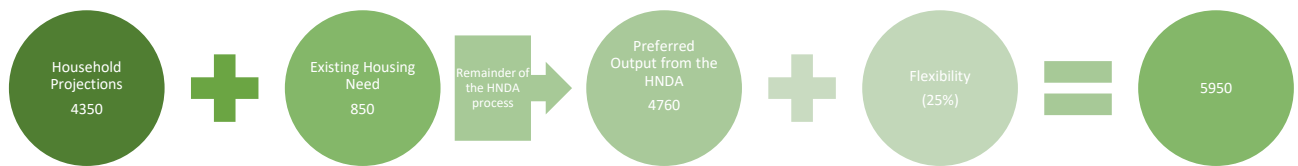
12.76 For HNDA 3 and the MATHLR the same data was used for the first two stages of the process. Indeed, the updated MATHLR referenced the most up to date existing need figures used in the development of HNDA3. This resulted in a MATHLR of 6500, as set out above.

12.77 For our own HNDA3 the remainder of the HNDA process was carried out as is required by Development Plan Guidance. The factoring in of more local information on issues like affordability, economic projections, demography and availability of stock culminated in the range of scenarios that were outputs of the HNDA process.

12.78 However, as shown in the development of the MATHLR, HNDA outputs are not Housing Requirements. Their outputs require to be set within the planning policy context and the realities of housing delivery to arrive at an LHLR figure that meets the expectations of NPF4 and national guidance. Both NPF4 and Development Plan Guidance state that the HLR is expected to be higher than the MATHLR figure, in the case of East Lothian 6,500 houses.

12.79 For the reasons set out above, the Council chose a preferred need and demand scenario from the HNDA of 476 houses. Both NPF4 and Development Plan Guidance do not set a specific methodology for calculating the HLR but do state that it is expected to be higher than the MATHLR figure, a figure of 6500 houses in the case of East Lothian. In the absence of a methodology for calculating the HLR, it is reasonable to follow the same process carried out in the development of the MATHLR figure, with the addition of carrying out a full HNDA exercise rather than just the first two stages.

12.80 When this preferred scenario is inputted into the same methodology as was used for the MATHLR the calculation is as follows:



12.81 While this approach covers off many of the requirements of NPF4 and the Development Plan Guidance it cannot be used for the deciding on a final HLR as the final figure is lower than the MATHLR. Even if the Council was to use the highest HNDA growth scenario (506 per annum, 5060 over 10 years, Strong Growth) in the same methodology the output would still be lower than the MATHLR figure (6325 vs 6500). This highlights a problem with the guidance around the MATHLR as it assumes that having taken into account local information the outputs will result in a figure that is higher than the MATHLR.

12.82 The 25% flexibility allows for changes to the delivery timescales of housing sites and provides a degree of insurance to the LDP against not all the housing delivery set out in an LDP happening exactly as planned. The 25% figure is higher than the 10 – 20% flexibility used in previous planning regimes, but this change has been brought in to reflect the longer lifespan of LDPs and the greater chance of changes to housing delivery timescales. Furthermore, windfall sites have not been included in the MATLR calculation as mentioned previously in Section on Windfall Assumption.

12.83 The flexibility is being added to provide comfort in case housing elements of the LDP do not deliver. The housing sites that achieve allocation in the LDP will have been through rigorous assessment through the site assessment process, been considered as part of the development of the spatial strategy and scrutinised through the examination process. NPF4 and national development plan guidance highlight deliverability as being a key element in choosing sites. Therefore, for a site to be included in a final LDP it will have had to prove its merits and there should be a low risk of it not being delivered, even over a 10-year period.

12.84 In summary, the adding of 25% flexibility to replicate the process undertaken by the Scottish Government in the MATHLR process is already very generous as 10% generosity was allowable under pre-NPF4 processes. All but two of the 100+ unit housing sites allocated in the 2018 LPD have yet to come forward with a planning application, with these two sites (TT4 and MH5) being allocated for a low combined total of 220 homes compared to the total number of units allocated in the LDP.

12.85 However, in order to base the HLR on the HNDA methodology, using the scenario agreed, there is still a need to bridge the gap between the HNDA outputs + 25% generosity and the MATHLR. There are no inputs into the HNDA that have changed significantly since it was undertaken that would provide an additional allowance or factor to bridge the gap between 5950 (HNDA output +25%) and the MATHLR figure of 6500, that the HLR should be higher than. For example, the 2025 East Lothian Local Housing Strategy Year 1 Review has even identified that homelessness has reduced from 667 in 2024 to 443 in 2025. There is no directly evidenced figure based on East Lothian specific housing need that be used to bridge that gap.

12.86 However, it is also beneficial to consider other wider housing policy issues in setting the HLR. The Council has recently declared an affordable housing emergency and around 2/3 of the HNDA figure is made up from affordable need. While there is not a private housing emergency in East Lothian there is a need for more affordable delivery. This Topic Paper has already set out the reasons why large allocations of additional housing land would not solve affordability, lead to large amounts of affordable housing being delivered or would be unsuitable due to the characteristics of the area. Furthermore, there is not sufficient Scottish Government funding available to deliver current affordable housing sites to meet demand, that have been secured through S75s.

12.87 Uncertainties about future finance make predictions around the delivery of affordable housing challenging. However, modest increases in housing land could assist with addressing the affordable housing emergency. This would be alongside other policy mechanisms such as possible increased percentage affordable requirements, increased delivery of smaller homes and more adaptable design and the use of the affordable housing exceptions policy set out in Policy 16 of NPF4. This additional land allocation approach could be progressed through a small additional allowance beyond the 25% flexibility.

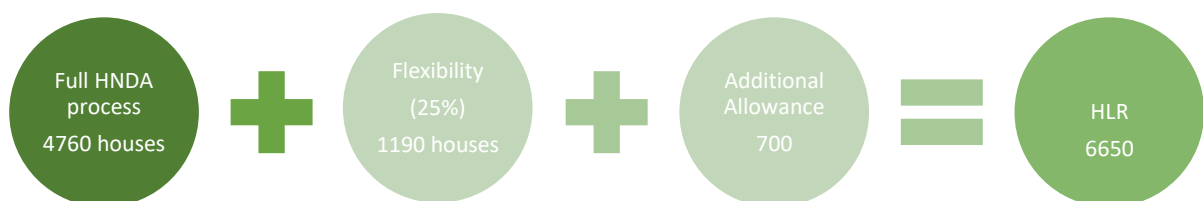
12.88 Therefore, the Council has decided to add a small additional allowance of 700 houses to the final HLR calculations that can help to assist with the challenges of affordable housing delivery. This figure has been arrived at as it represents a reasonable uplift that could be possibly be delivered assuming that there is a revival of government affordable housing funding.

12.89 This increase equates to an uplift from the HNDA figure beyond the 25% used by the Scottish Government MATHLR calculation to around 40%. It provides a significant increase and provides the context for further delivery of affordable housing either independently or by modest additional delivery of market housing sites. It would result in an HLR figure that exceeds the MATHLR but not excessively so that it is far removed from the evidence base of the HNDA or the household projections base.

12.90 There is a credibility factor in choosing a figure that equated to higher than a 40% uplift. Any higher than 40% would start to question the LDP and examination process and whether it is doing its job and scrutinising the housing site options adequately. An uplift of greater than 700 units would also begin to be far removed from the original HNDA evidence base, household projections and NPF4. A flexibility of 50, 60, 70% would be saying that half or more of the sites chosen could not be delivered at all or as planned in the LDP. This would also run counter to the evidence from LDP1 which shows. over 91.5% of the overall indicative LDP housing units (12,187 of the total 13,299) have planning permission.

12.91 When adding an additional allowance to the same calculation used in the MATHLR the result is as follows:

ELC Process for Developing Housing Land Requirement



12.92 Using past completions only as a benchmark, as suggested by Development Plan Guidance, this approach also brings the HLR close to the annual average over the previous 10 years (around 700 per year). When considering past completions, it is important to take into account that the annual average figure over more recent years is inflated by the housing land allocations that were required through the no longer continued spatial policy of SESplan1 and do not reflect the policy or spatial context set out by NPF4. Short term averages (5 years or less) also do not consider fuller economic and housebuilding cycles over the 10 year lifespan of an LDP.

12.93 This HLR approach also results in a final figure that is higher than the MATHLR, a key requirement of both NPF4 and Development Plan Guidance. For these reasons the Council has decided to choose 6,650 as its Housing Land Requirement for its LDP2.

What will happen if a higher LHLR is chosen through the Gatecheck?

- The Evidence Report does not look at individual sites so specific impacts of housing levels cannot be determined at that scale. However, when looking at the information that has been referenced in the Evidence Report it is clear that there are some impacts that will definitely occur if the LHLR is raised higher than the 6650, irrespective of which sites are chosen at the Proposed Plan stage. An LHLR that is higher than proposed would not be based on housing need or household projections derived evidence.
- To achieve the 6650-requirement level will mean the allocation of additional housing sites. The financial implications of this decision will be considerable. To go higher than the 6650 figure will stretch the Council's finances to unsustainable levels which will lead to severe impacts on wider council services.
- A large amount of prime agricultural land will be lost to the nation. This is irreplaceable and no matter how well-designed new developments are the impact on the climate emergency and home grown food supply will be considerably negative.
- The rebalancing aims of the NPF will not be met due to the continuation of focussing growth in the same areas as over the last 10 years. The Lothians currently the focus of the vast majority of Scotland's growth, at the expense of other part of Scotland.
- Within the Lothian context the NPF4 aim of compact growth would not be addressed, one which is reflected in the most recent Edinburgh City LDP2 (CityPlan 2030) Strategy.
- A dispersed strategy will be continued that does not meet the national climate aims.
- The Council will not be able to meet its climate and nature requirements.

SUMMARY OF STAKEHOLDER CONSULTATION

12.94 The Council carried out extensive consultation with the local community and other stakeholders. Engagement activities ran for 14 weeks, between June and September 2023. Specific meetings were held with NHS Lothian and East Lothian Economic Development colleagues. As well as public wide consultation and general consultation information was also gathered from surveys with young people (of various ages), individuals with particular needs including accessible housing needs, gypsy travellers and general consultation with key agencies, the development industry and the public.

12.95 A Summary of Evidence Report Engagement Report (Document 027) has been completed for all the consultation undertaken in the development of the Evidence Report. A summary of the engagement carried out can be found in that report.

Responses focused on the following issues:

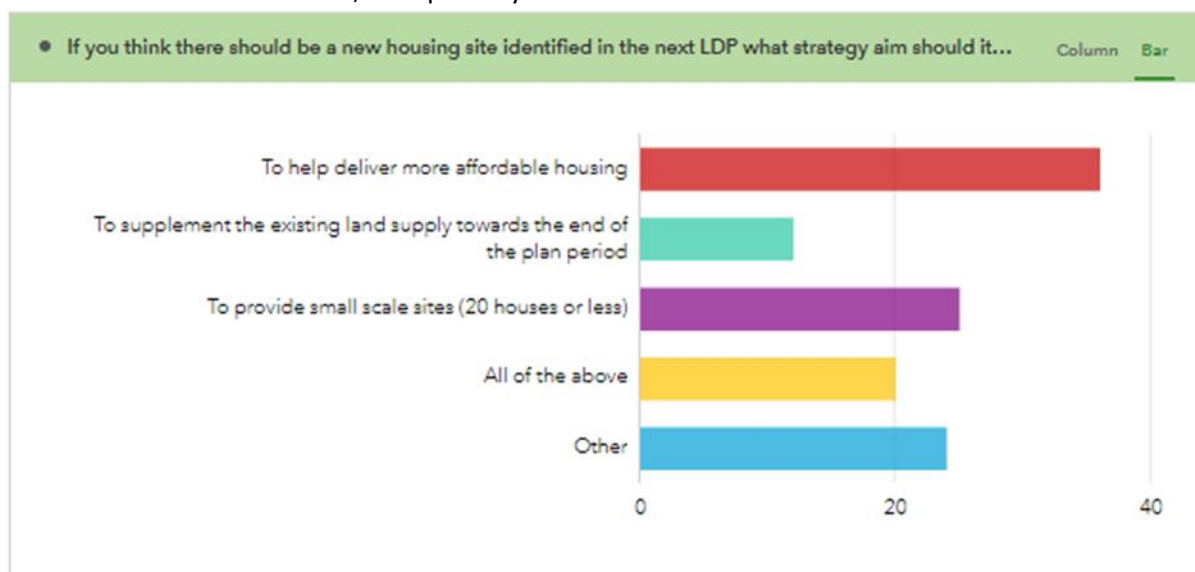
- The desirability of having additional housing allocations (both for and against);
- The level of new housing and the perceived lack of affordable and particular needs housing;

- The perceived low quality of housing design;
- Associated infrastructure such as health and open space;
- The type of housing, with an overprovision of large detached housing;
- Over provision of large, detached housing; and
- A need for smaller sites in rural communities.
- While most responses understood the need for new housing, many thought that future allocations should be smaller in scale and focus on the needs of the community.

12.96 Recognition of the changing demographic in the population was highlighted along with the need for housing to be more adaptable to cater to all households, including older people, people who use a wheelchair, and larger families.

12.97 A second round of engagement on the proposal to set the HLR at 5000 saw responses generally against this approach. The wording of the NPF and Guidance was highlighted with an expectation that the LHLR was higher than the MATHLR.

12.98 The needs of the population were a key theme with a feeling from respondents that too many houses were large properties as opposed to a need for more smaller types of accommodation. There was also a desire to have more smaller scale sites, with possibly a focus on more rural locations.



12.99 Responses on behalf of the development industry refer to the Scottish Government strategy Housing 2040 and one of its aims which states 'Making the best use of our homes – As an older person wanting to move, I can get help to move to a home which better meets my needs; my current home is no longer right for me but would be ideal for a family.'. This sentiment was reflected in the survey carried out as part of the Councils Local Housing Strategy and highlights the need for Councils to respond to the changing demographics of Scotland.

12.100 Our surveys highlight that many older people wish to stay in their own homes for a variety of reasons and support could be improved by action beyond the realm of the planning system. However, there were a number of respondents who were interested in downsizing, being able to access accessible housing in the private sector and the need for different types of housing was highlighted.

12.101 This aim of having a wider mix of housing will feature in the Proposed Plan but it should be noted that during discussions with Homes for Scotland on the Council's Local Housing Strategy, discussions around the delivery of market 2-bedroom properties have previously been deemed as not reflecting 'the market'.

12.102 One document was submitted on the subject of the land supply and the benefits a large HLR would bring to the future of East Lothian.

Homes for Scotland Assessment of Need

12.103 A document was submitted by Homes for Scotland (ELC 365) on the apparent problems with the existing HNDA process and how it underestimated need by a considerable amount. This deal with points of methodology in the national HNDA tool and is really directed towards the Scottish Government.

Assessment of Homes for Scotland Evidence

12.104 The survey achieved a good response rate and shows keen interest from the population in highlighting housing issues. However, as stated in the report itself results can only be seen as indicative. Whilst projections can give an impression of need and demand, the report results should not be used in isolation.

12.105 A better understanding can be built through the learnings of a wide range of reports which use various methodologies. East Lothian Council is aware that there are limitations within current national and local data, such as knowledge on housing quality in the private rented sector. We will continue to explore how we can improve data through LHS 2024-2029 actions (adopted in April).

12.106 Scotpulse can be seen as credible tool, used by the Scottish Government. However, their user base is not publicised. The demographics of those who use the service to respond to surveys or how they are targeted is unclear. This raises questions of representation.

12.107 We note that 75% of survey respondents were homeowners. However, only in East Lothian only 67.8% are homeowners, 23.7% are socially renting and 8.5% are in the private rented sector. Therefore, we do not consider the survey response to be representative.

12.108 In addition, the sample size is very small when broken down to individual local authority areas. Only 2% of the respondents are from East Lothian. When this is broken down in some of the more detailed questions this results in number less than 100 people being used to extrapolate up to highlighting a major concern that would lead to the allocation of thousands of houses.

12.109 The report is transparent with concerns for online surveys as a method, in particular with the argument that it fails to reach those not online. East Lothian still faces some challenges with online connectivity within rural areas, however, this is an area for improvement within the Council Plan. Moreover, it is a known limitation that online surveys, in general, tend to have greater presentation from those within certain age categories, with young adults and those age over 75 least likely to respond.

12.110 The report states that results are weighted against the age and demographics of East Lothian population, highlighting a regard for differences across gender and age groups. However, the report would have benefitted from a summary of the respondent's basic demographics and how they weighting was achieved. Understanding

the gender and age of respondents helps better understand responses and place findings within the wider contexts, including social and economic factors.

12.111 Due to the scope of the research, it is understandable that the report was based on 'local authority' level and did not include further breakdown by postcode. Areas across the county are diverse in population, geography, population densities with a mixture of rural classification and house type. Over or under representation of populations within areas may skew survey results and projections. To better understand housing need, East Lothian Council will develop a 'Local Investment Framework' in partnership with communities, as committed to in the LHS 2024-2029. We welcome this report as a base which can be used to build upon on a local level.

Findings

12.112 The report notes that 5.8% were struggling financially due to high housing costs, equating to around 3,000 households. This does not necessarily mean these households need a new home. Other financial support services may be able to support those people remain in their home.

12.113 The report notes, and 85% LTV results in the requirement of a deposit over £30k. For a young person to be able to save up such an amount in this economy is challenging. Having to live longer with parents is an unfortunate consequence, not least since the financial crisis. This results in concealed households for longer but would not be solved by the allocation of large amount of housing land.

Interpretation

12.114 The commissioned survey shows the need for more housing which allows single young and older people to either leave their family home or to downsize. This points towards the need to develop smaller 2-bedroom properties.

12.115 However, discussions around the delivery of market 2-bedroom properties have previously been deemed as not reflecting 'the market'. This is further underlined by Table 1 showing the stock distribution of new built homes sold in 2022. 3 and 4 bed homes are the most sold in East Lothian. This is reflective of what's also being built most. It also shows that the development of 1 and 2 bedroom homes is very small in comparison.

Table 1: Stock distribution of New Built Homes

Property Type	Stock distribution New built Homes
1 Bed Flat	*
2 Bed Flat	2.30%
3 Bed Flat	2.20%
2 Bed House	*
3 Bed House	40.30%
4 Bed House	40.50%
5 Bed House	8.20%
2 Bed Bungalow	4.6%
3 Bed Bungalow	*
Other	1.90%
Source: Data provided by Rightmove. March 2022	

- 12.116 There is no question that there is a shortfall in affordable housing in East Lothian with significant housing lists already in existence. One of the reasons behind the level set for the HLR is to try to encourage the delivery of additional affordable housing. The main assertion in the HfS sponsored study is that there are also a large number of concealed households in East Lothian and a large increase in land supply (a need of over 16,000 households) is required to address this issue.
- 12.117 The HfS submission focuses on changing the approach taken in the HNDA. However, the existing HNDA exercise is the only recognised tool by the Scottish Government which can deliver estimates for housing need and demand. The HNDA process is a recognised national methodology and one which has been used in the last 2 SESplan processes and supported through these processes by key stakeholders including the development industry. Any evidence outwith official housing need and planning processes are not accepted from either Centre for Housing and Market Analysis – Scottish Government or the Planning functions of the Scottish Government.
- 12.118 In addition to this, on examination of Homes for Scotland research, the survey was completed by 310 people in East Lothian, this is just 0.27% of the total population. This does not meet the 95-5% confidence margin of error needed for a sufficient sample size.
- 12.119 Information was also provided through the consultation to show shows a variety of scenarios of higher house building could improve affordability though additional housing allocation. The building of additional homes will not bear such results. House prices have increased year on year. In the case of Haddington in East Lothian; the town has seen significant house building and although this resulted in some relief in terms of additional affordable homes, overall house prices of existing and new build homes in Haddington have continued to rise significantly, making it increasingly difficult for people in lower income households to live in the area. The wider economic challenges East Lothian residents find themselves in cannot be tackled by simply building more houses.
- 12.120 Some responses focussed on the overall fiscal benefits to the Council of adding more housing. While the Council has been successful in gaining government funding for affordable housing and money through S75s new housing has a significantly negative impact on the Councils finances.
- 12.121 The council tax increases set out in the graph below may be increasing but they only cover around 25% of the revenue expenditure added to the Councils budgets. East Lothian receives the third lowest Scottish Government financial settlement but is experiencing proportionately the highest level of growth. This increase in revenue expenditure is unsustainable and certainly cannot in the current context increase any further.
- 12.122 The Council's conclusion on the issue of fiscal benefits of housing is that at present there are none and it is not a reason for allocating large amounts of additional housing.
- 12.123 Some responses highlighted that a lower HLR would prevent the delivery of the ambitious targets in the LHS. This is not the case as the LHS strategy is based on the delivery of housing on allocated sites still to be built from LDP1 rather than new allocations. Also, additional flexibility has been added to the HLR to potentially assist with the delivery of affordable housing in the latter part of the LDP2 timescales.

- 12.124 Other responses point to a correlation between house building and job creation. The submissions recognises that other factors will be at work in the relationship between jobs and housing.
- 12.125 The Evidence Report highlights the need to support the economy of East Lothian. It also highlights that rather than encouraging local jobs, the pressure for housing development is severely constraining the employment land supply due to a desire by landowners to development employment land for housing. This is an issue that will require to be addressed through the Proposed Plan.
- 12.126 Employment will be supported in the Proposed Plan with a focus on the main development sites in the west of the County. However, there is no evidence presented that would conclude that adding significant levels of housing land would automatically provide many permanent jobs in East Lothian particularly when many jobs will be located in other parts of the Lothians.
- 12.127 Alternative HLRs have been presented by stakeholders promoting various higher housing land requirements. These are mainly focussed on the continuation of past completion levels and a challenge to the HNDA methodology as set out above. They also present arguments about the ability of various levels of housing land requirement helping to address affordability, deliver affordable housing, encourage economic growth, and meet the needs of elderly residents. The Council do not agree that there is merit in pursuing any of these approaches and as set out earlier in this Topic Paper, the only reliable technical information to use for setting the HLR are the outputs of the HNDA3 process.

WHAT THIS MEANS FOR THE PROPOSED PLAN?

- 12.128 The Proposed Plan is a corporate document and has implications for many areas of the East Lothian's communities and the workings of the Council. The addition of new housing will bring a great deal of pressure on the Council budget, which alongside all other Councils, is not funded to a level that addresses the increased infrastructure provision and maintenance provision required to service new development.
- 12.129 Ensuring that 6,660 homes are delivered in a place based sustainable manner will bring many challenges. Transportation, sports provision, open space, health and education capacity are but a few of the associated requirements of development. To be a success development of this scale must be integrated into the existing communities and reflect the character of the area.
- 12.130 A rigorous spatial strategy process will be required to be undertaken to focus new development on the little brownfield land available, look to increase densities in existing allocations and new allocations and limit the loss of the key natural assets that the County contains.
- 12.131 The level of the Housing Land Requirement will have a significant impact on the finances of the Council. At present the Council is underfunded to accommodate house building and in particular high levels of additional housing growth with funding being 3rd lowest per head of population in Scotland.
- 12.132 The level of the Housing Land Requirement will also have a key bearing on the ability of the next plan to meet its aims of addressing climate change and the nature crisis. A high requirement would lead to a substantial amount of greenfield land and prime quality agricultural land being lost to the nation. Some respondents to the

consultation raised concerns that this consideration was not for the Evidence Report stage. It is accepted that site specific issues are for later stages, but the make-up of East Lothian makes the above statement true, even without considering individual sites.

12.133 Additional housing sites will be required and a call for sites will be undertaken with proposed sites assessed using the site assessment methodology included in this Evidence Report.

12.134 Affordability is an issue in the County as is the need for affordable housing. Delivery of affordable housing and revising the Affordable Housing Guidance will be a priority. Also, a strengthening of policy will need to be considered to require a wider range of house types to address affordability and the needs of the population. There is no credible evidence that adding more housing land will make housing more affordable. This has certainly not been the case in East Lothian, where average house prices have risen despite unprecedented levels of new housing within the County.

12.135 We will work with our housing colleagues to ensure that affordable contributions are gathered on all sites and assess whether there is a need to raise the affordable housing percentage above 25% in certain locations. However, delivering affordable housing will be challenging with the reductions in the Affordable Housing Supply Programme budget from Scottish Government. The process for this work is set out in the General Housing Topic Paper (ELC 013).

12.136 A wider variety of house types will be required to meet the needs of the increasing older population. We will also have to reflect the wheelchair requirements in the LHS and plan for other particular needs in both private and affordable housing.

12.137 NPF4 is stronger than old National Policy on house design and this policy will require to be rigorously enforced.

AREAS WHERE THERE IS AGREEMENT OR DISPUTE ON ISSUES AND POSSIBLE APPROACHES.

12.138 There is no dispute on the level of housing change that has and will continue to take place in East Lothian. There is also no dispute that this level of change has had a large impact on the character of East Lothian and has had a significant impact on the services of the area.

12.139 The housing has also put considerable strain on the finances of the Council due to the lack of funding to address the impact on additional services required by new households. The Council receives around 25% of funding to meet the revenue costs of servicing the infrastructure needs of each additional house.

12.140 Through the consultation the majority of respondents thought we should limit the levels of future housing, but this was caveated with a recognition that some housing was needed, and it was imperative that it was delivered alongside sufficient infrastructure.

12.141 The main dispute to this view and to the approach being is with the house building industry who wish to see the levels of high housing development continued for the next 13 years.

12.142 There is agreement on the following:

- The need for new housing to be accompanied by appropriate levels of services and infrastructure.
- New housing to reflect the character of East Lothian and not be 'standard'.
- A need to provide more accessible housing which meets a range of needs including older people and those who may require adaptations, equipment or wheelchairs.
- The need to provide sufficient affordable housing.
- A desire to consider smaller scale sites, possibly in rural areas that could provide new housing opportunities in smaller communities and sustain local services.
- All these issues will be addressed in the Proposed Plan.

12.143 There are disputes on the following:

- The level of the new Local Housing Land Requirement. The Council has set out its approach of a HLR of 6650. Alternative approaches have been submitted into the Evidence gathering process which focus on the continuation of past trends and the approach taken in SESplan 1 or an apparent need to allocate larger levels of housing to address issues such as housing affordability, job creation or increasing council income. These are policy issues that are not for consideration at this stage of the LDP process.

12.144 There is no compromise on these points as they reflect very different views on what levels of development are appropriate for East Lothian.

12.145 The Council's view looks to reflect the spatial strategy aims of NPF4 and address the climate and nature Emergencies by setting a Housing Land Requirement that reflects the pressured status of the area, addresses the National Housing Emergency, our own Affordable Housing Emergency and uses the national HNDA methodology as its base.