

Unknown

From: Gillian Campbell [Gillian.Campbell@edinburgh.gov.uk]
Sent: 24 January 2008 11:45
To: Housing Consultation 2007
Cc: Tricia Brocklebank
Subject: Firm Foundations - City of Edinburgh Council Response

This email has been received from an external party and
has been swept for the presence of computer viruses.

Please find attached City of Edinburgh Council's corporate response to Firm Foundations: the future of housing in Scotland.

A paper response will follow shortly.

Respondent Information:

Name: Gillian Campbell
Postal Address: City of Edinburgh Council,
Waverley Court,
4 East Market Street,
Edinburgh, EH8 8BG

- 1. We are responding on behalf of a group/organisation.
- 3. We agree to our response being made available to the public.
- 4. We are happy to be contacted again in the future in relation to this consultation response.

Regards

Gillian Campbell

Gillian Campbell | Strategy and Projects Manager | Strategy & Investment | Services for Communities | The City of Edinburgh Council | Waverley Court | Business Centre C3 | 4 East Market Street | Edinburgh | EH8 8NG | Tel. 0131 529 2252

This email and files transmitted with it are confidential and are intended for the sole use of the individual or organisation to whom they are addressed.

If you have received this eMail in error please notify the sender immediately and delete it without using, copying, storing, forwarding or disclosing its contents to any other person.

The Council has endeavoured to scan this eMail message and attachments for computer viruses and will not be liable for any losses incurred by the recipient.

This email was received from the INTERNET and scanned by the Government Secure Intranet anti-virus service supplied by Cable&Wireless in partnership with MessageLabs. (CCTM Certificate Number 2007/11/0032.) In case of problems, please call your organisation's IT Helpdesk. Communications via the GSi may be automatically logged, monitored and/or recorded for legal

purposes.

Firm foundations: The Future of Housing in Scotland

The City of Edinburgh Council Response

1. The City of Edinburgh Council welcomes consultation through “Firm Foundations”. This city faces an acute shortage of affordable housing.
 - 12,000 additional affordable homes are needed over the next ten years to meet the current and future demand for new homes.
 - Around 5,000 households become homeless every year. In contrast, the city only lets 3,500 social rented homes each year (Council and RSL’s). The Council will soon be unable to fulfil its statutory homelessness duties.
 - On average 130 people bid for every available council home. More than 24,000 households are registered with EdIndex – the city’s common housing register.
 - With our preferred partners the Council is delivering around 450 - 500 new affordable homes per year. However this is 700 short of what is actually needed to tackle the current shortage and future demand.
 - The South East of Scotland has around three quarters of the national shortage of affordable homes but only receives around 15% of the current affordable housing investment programme.
- 1.1 The City of Edinburgh Council has a strong track record of working in partnership with central government and other partners to take forward new and innovative responses to the city’s housing problems. Initiatives like choice based lettings, common housing registers, ending the need to sleep rough, the scheme of assistance for homeowners, private landlord accreditation and private sector leasing have all been pioneered by Edinburgh. The Council looks forward to working with the Scottish Government to develop further some of the proposals set out within the paper.
- 1.2 The City of Edinburgh Council remains the only Council to have been awarded an “A” Grade for its homelessness services. This demonstrates the high priority placed by this Council in meeting housing need and tackling homelessness.
- 1.3 The Council has responded to the specific questions asked within the consultation document and has also provided additional comment where appropriate. The planning aspects of the consultation document

were considered by the council's Planning Committee on 19th December and the report as approved is attached at Appendix 1.

Housing Supply

1. Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?

The objective of increasing supply is linked in the discussion paper to improving affordability, though it is recognised that many other factors influence this. Edinburgh has gone some way towards this having recently agreed to seek consensus that an increase from an average of 2,500 homes completed to 3,750 homes completed would be desirable. Such an increase would allow the affordable housing element of new developments to be delivered more quickly, providing 750 homes per year as opposed to the recent average of 500. However, this will still be insufficient to meet the projected demand for affordable housing.

We therefore welcome the Scottish Government's commitment to accelerating the rate of new supply, and believe the target to be realistic, if challenging.

We would however suggest that, to achieve this, associated actions should be identified in terms of the various regulatory systems around house building, including the planning system, the Affordable Housing Investment Programme, Transport Scotland, Scottish Water and the Scottish Building Standards Agency. In order for affordable housing to be increased, the overall funding level as well as the distribution formula will need to be reviewed.

Increasing supply alone will not address affordability. This will require continued targeted support and investment. For example in Edinburgh's case an increase in delivery of market homes will result in improved delivery of affordable homes, but increased investment will be required to deliver this.

2. Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?

The current arrangements for land use planning contribute to this. The Edinburgh and the Lothians Structure Plan 2015 (approved 2004) sets out realistic housing targets for a large part of the Edinburgh housing market area, allocates them to suitable locations, and is accompanied by an action plan identifying the key infrastructure necessary to enable delivery of those targets. The new strategic development plan for the city region

will cover a larger part of the housing market area, probably including parts of Fife and Scottish Borders.

While the current structure plan assumes market housing need can be met across the housing market area, this is not the case for Affordable Housing need, which is required to be delivered within each local authority area.

Incentives to encourage cross boundary working for affordable housing would have to include recognition of potential increase of support and management costs. Contribution to infrastructure costs may also be helpful. It will require a strong steer from Scottish Government and robust methodology to establish affordable housing need.

3. Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?

The remit of specialist support within the consultation paper is imprecise, and it could be that different local authorities will require different types of support.

Currently there is little robust information on the preferences of housing consumers in a housing market area like Edinburgh's, and the trade-offs Edinburgh's house buyers make when weighing up factors like location and transport choice with house type and size. Qualitative consumer research, Scotland wide, could be a useful input to the preparation of development plans and policies and guidelines. The Council would support the introduction of a national function which helped obtain such research.

We have also been impressed by the approach of the Joint Improvement Team's work in the area of community care where partnerships are assisted to achieve outcomes. This model is also useful in disseminating best practice, and in supporting and challenging the work of partnerships.

4. Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to ensure that future housing supply targets are met?

This question has been the focus of some recent work. In a report to the both the Planning Committee and the Health Social Care and Housing Committee of the Council identified a number of factors which contributed to this. Some of these require to be addressed by the Council and some by the Scottish Government.

The Council will develop action plans to address the following:

- The need to maintain high rates of consents and completing legal agreements,
- A pro-active and responsive approach to planning conditions,

- Improving coordination within the Council,
- Introduction of standards intended to help ensure that new medium and high density housing better meets the needs of a wider range of household types and hence the housing market (though the introduction of such an approach will also require clear support from the Scottish Government in order to achieve its full potential).

The Scottish Government could assist in this process by the following:

- Ensuring that national infrastructure agencies such as Transport Scotland and Scottish Water prioritise housing developments which are identified in development plans when making decisions about funding and projects.
- Establishing a definition of housing for families with dependent children which can allow councils, house builders and landowners to agree on housing mix and design, particularly in the higher density developments most likely to take place on brownfield land in Scotland's cities.
- Consider introducing incentives nationally to encourage landowners and developers to release sites and homes as fast as is practical. Such incentives may involve matters such as taxation of land value uplift.
- Ensuring sufficient funding for the affordable housing elements of developments, which will require increases in funding to match forecast (600 units/year) and desired (750 units/year) increases in the rate of affordable housing completions in Edinburgh.

5. We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?

This should only be pursued by using strategic planning to ensure that new settlements and urban extension take place in the right locations, and are prevented from occurring elsewhere. New settlements located where residents are reliant on their cars to conveniently access employment and services must be avoided. In all cases, new settlement and major expansions take time to deliver well.

The Structure Plan addresses the principle of extended and new settlements in its Strategy and this is outlined in full in Appendix 2. Any new or extended settlements should be part of strategic development plans and relate to the principles set out in the document "A Vision for Capital Growth: 2020-2040", which was the subject of a major public consultation in 2006.

Additional Comment on Affordable Housing Supply Issues

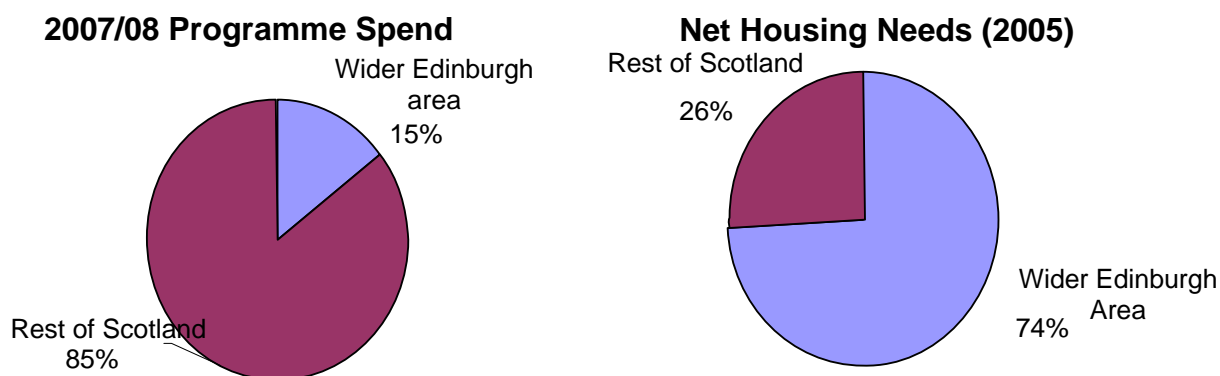
Questions 1-5 deal pose questions in relation to increasing supply in the housing market and do not focus on the specific issues regarding the provision of affordable housing.

Investment

The Scottish Executive previously commissioned research by Professor Glen Bramley which set out the extent of housing need across Scotland. One of its main conclusions was that around three quarters of the net shortage of affordable homes in Scotland was to be found in the South East of Scotland. Following the publication of Bramley's update in 2006, consideration has been given to changing the formula for distributing the Affordable Housing Investment Programme to focus more on affordable housing supply.

In 2007/8 the total Affordable Housing Investment Programme for Scotland was £540 million. Edinburgh was allocated £36.1 million. In contrast, Glasgow received in the region of £140 million, including funding for GHA.

The charts below compare the share of the national Affordable Housing Investment Programme allocated to the South East of Scotland with the share of the national shortage of affordable housing accounted for in the Edinburgh Housing Market Area (Edinburgh, the Lothians and parts of Fife and the Borders). Only 15% of the public investment for affordable housing is invested in the area with 74% of the national housing need. Historically AHIP has been allocated on the basis of deprivation rather than housing need.



The Scottish Government recently announced that they would undertake a Review of the funding arrangements for Edinburgh, given the city's capital city status. In parallel to, or as part of this review, the Council proposes that a review of the Affordable Housing Investment Programme is undertaken to assess the effectiveness of the current formula in meeting the shortage of affordable homes in Scotland.

The Council is currently assessing the feasibility and impact of a number of options to increase investment in affordable housing. Areas that are currently being investigated include:

- The extent to which prudential borrowing regime could be used to provide investment for new affordable housing will be considered;
- Encouraging RSLs, on their own or in partnership with developers, to take a leading role in residential development. This could include building homes for sale and private rent and making the best use of these assets and income streams to subsidise the cost of building affordable housing for rent and for sale;
- Ways in which the Council and its RSL partners could release equity in their existing homes to invest in new affordable housing where to do so would increase the overall supply of affordable housing in the city;
- New models to maximise private sector finance through not for profit bodies; and
- Exploring options of buying homes directly from private developers/owners to use as affordable rented housing. At present the Council is not permitted to use AHIP funding to buy properties from the open market for affordable rent. If the Council with its partners were permitted to buy on the open market, this would allow for suitable properties to be identified in areas where they are needed more quickly than is currently possible. If funding from Communities Scotland is not forthcoming for this initiative the Council could consider funding a limited initiative from its own capital resources which have already been identified for affordable housing.

There are three specific investment proposals which should be considered further.

Infrastructure Fund

As detailed under our response to question 4, infrastructure is considered to be a significant barrier to increasing the rate of delivery of new supply. City of Edinburgh Council suggests the Scottish Government explore establishing a recyclable infrastructure fund that can meet the costs of infrastructure up front as one way to incentivise development.

Council Tax Fund – Second Homes Discount

Proposals to replace Council Tax will inevitably have an impact on the funding available for affordable housing from the reduction of Council Tax discount on second homes. Currently the Council Tax Discount Fund is used to support the Affordable Housing Investment Programme. Firstly, consideration should be given to retaining some form of tax on second homes which can then be recycled to provide affordable housing. Secondly, further consideration should be given to using this fund as revenue support to assist either local authorities

or RSLs to borrow more private finance. If this fund could be used to support borrowing it would lever in significant additional resources, providing more affordable housing, more quickly.

Revenue Support for Borrowing

The Howatt Report proposed that the current capital funding arrangements for affordable housing should be reviewed with a view to releasing some of the current capital funding to support, through revenue, borrowing from the private sector. This proposal should be further explored.

Assistance for first time buyers

6. How should different types of assistance within LIFT be targeted?

Currently, Homestake income thresholds and equity shares are set at between £19,700 and £22,000 for a single person and between £25,100 and £32,541 for couples and families. Rising house prices have led to the situation where many households in Edinburgh who fall within these income brackets are unable to raise sufficient funds to purchase the required 60-80% stake in a property. Consideration should be given to the reduction of the minimum equity stake.

7. How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?

One suggestion would be incentives for first time buyers to save for deposits, such as tax relief on funds set aside specifically for house purchase deposits. Such funds should be related to equity share arrangements so that benefit from future rising property prices could be safeguarded for public funds.

8. Should the Government provide direct cash grants to first time buyers?

Direct cash grants would need to be fairly significant to make an impact on first time home buyers' ability to buy, but this may inflate house prices further – particularly in areas where housing demand is already high.

Shared equity schemes, such as Homestake are a good model as they allow subsidy to be recycled for future public benefit.

9. How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?

Developers and funders could be encouraged to develop more equity sharing arrangements lease properties for affordable rent to RSLs or other managing agents with a view to realising the full capital value at a later date.

The Private Rented Market

10. What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?

Edinburgh has the highest private rented sector of any local authority area and has seen considerable growth in this sector in recent years. We have long recognised the need to engage effectively with this sector in order to meet housing need in the city.

To this end we have instituted a number of innovative schemes including landlord accreditation, jointly with the Scottish Association of Landlords; training for landlords; the UK's largest Private Sector Leasing (PSL) scheme providing 1000 homes.

We have identified a number of barriers to use of the private rented sector, including the perception of that sector of providing less security, poorer quality and higher rent levels. This is in contrast to high levels of satisfaction we can evidence in our PSL scheme.

For prospective tenants reliant on Housing Benefit, the operation of Local Housing Allowance with payment in arrears can be of concern.

11. How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private sector to achieve its full potential in Scotland's overall housing market?

We believe the private rented market is sufficiently well regulated to safeguard tenant's rights. Raising the penalties for landlords who illegally evict may be a more effective way of safeguarding tenant's rights than increasing the responsibilities of all landlords.

It may be helpful to examine tenancy legislation on other countries which support significant private renting to establish models which achieve this balance.

12. Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?

In Edinburgh we have many aspects of effective partnership with the private rented market. One successful technique has been our Letwise initiative whereby we offer training for landlords. Another is the Edinburgh Landlord Accreditation Scheme which we operate jointly with the Scottish Association of landlords. Landlords have to see a benefit from engaging. As said above, a major barrier is perception of the private rented sector and national government could contribute to challenging this and highlighting positive aspects of the sector such as robust regulation, ready access, furnished properties, central locations, tenants rights and landlord responsibility.

13. What other options should we consider for increasing the supply of private rented housing for low income and homeless households?

The significant issue in low income households accessing the private rented sector is the rent level and the impact of local Housing Allowance, which may have the effect of trapping households in unemployment. This is of significant disadvantage in areas such as Edinburgh with virtually full employment. Rent deposit schemes have had some limited impact for a few households and should not be discounted as they can contribute to confidence amongst landlords in accepting low income families. They will not of themselves achieve a change in the sector

At the moment we have a very healthy private rented sector and a significant supply of property. There has been a decline in owner occupation and an increase in private renting due largely to the Buy to Let market, however it is unclear how this market will fare in any future uncertainty over the housing market.

It may be worthwhile challenging the perception that homeless households in particular can only have their need met by a social rented home. Many, particularly single, people have periods in private renting and some scheme facilitating this may be an effective alternative to temporary accommodation and social rented homes.

14. How could more private landlords be encouraged to let to tenants on benefits and homeless households?

Experience of our Private Sector Leasing scheme would suggest that many landlords are happy to let where they have confidence in rent being paid and effective property and tenancy management being undertaken. Any schemes which facilitate this would be successful, given continued supply of property for private renting.

15. What other schemes or incentives might help us to recycle empty properties more effectively?

Empty homes are not a major issue in the city and we believe that our private sector leasing scheme has assisted in returning empty homes to use, or prevented them being empty for long periods. Our analysis would suggest that homes which are empty are so for relatively short periods of less than six months and usually between planned periods of occupation.

Innovation and Choice in Social Housing

16. Do you agree that we should exempt new build social housing from the Right to Buy?

Yes, although this will have limited impact in Edinburgh at present as our main developing partners are registered charities, meaning that they are already exempt from the Right to Buy.

An alternative to exempting the Right to Buy completely would be to allow Council tenants to buy their home at a market value and ensure that any receipts from the sale of any future homes under these terms would be re-invested for new affordable homes. This may be considered as one way of recycling the existing equity in social housing to provide new affordable homes more quickly.

17. Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?

It appears to us that local authorities who can afford prudential borrowing are characterised as having relatively low historical debt and rent charges. We believe strongly that it would be mistaken to target subsidy where prudential borrowing is an effective alternative. The focus of any new subsidy regime should be to support authorities who have a shortage of affordable homes and for whom prudential borrowing is not an option.

18. Do you agree that we should introduce large-scale competitions for subsidy?

The value of the diversity in current arrangements is recognised. The move to a single developer may be a long term objective but current arrangements allow slippage to be managed across a programme and spread risk. Undoubtedly the move to fewer developing partners should contribute to efficiencies. There has already been some movement towards this and this and clear guidance from the Scottish Government could speed this up.

19. If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?

More efficient procurement could contribute to reduction in costs. It may be that such efficiencies are swallowed up by increased building costs or new standards such as those for energy efficiency. The balance is in rent levels. Rents in Edinburgh, while high, are significantly below those in the private rented sector and in similar housing markets in south east England.

We believe a review of rent levels for the social rented sector would be of benefit.

20. Do you agree that we should subsidise the development of houses for mid market rent?

The assumption should be that market renting is viable without subsidy. If subsidy is required it should be carefully targeted to ensure subsidy does not go to those who could afford market rents. Cross subsidy for market renting through market sale should be considered.

We would strongly oppose any subsidy for market renting coming from development funding for social rented housing.

21. If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?

See above

22. If not, how would you increase variety in social housing?

Variety could be encouraged by flexible tenure. It should also be recognised that people move between tenures so variety within social rented housing may be less important than variety and mobility across the housing system.

23. Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?

While we applaud this objective we would require one to one replacement due to the very acute shortage of affordable rented housing in Edinburgh. It is essential that local authorities, as the strategic housing authority should be involved in such decisions.

24. Do you think that subsidies for development should be provided to bodies other than registered social landlords?

Yes. Where bodies other than RSLs can demonstrate that they can provide more affordable housing that meets required standards for less money, there should be no barriers, in principle, to them being allowed to

use subsidy. However, subsidy should not disappear into private profit and some claw back arrangements should be established to ensure any profit is recycled.

25. What sort of protections should be offered to tenants in these circumstances?

Relevant protection for tenants is through security and succession. This could be achieved by the management of the property transferring to the Council or an RSL.

26. Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?

We see no justification for varying the national scheme, on the basis that it would be unfair to tenants. We would however urge that should this be considered, any variation be related to local authorities strategies and assessed housing need.

27. Do you agree that ALMOs can provide a satisfactory alternative to stock transfer?

Without the benefits of debt write off, ALMOs are of limited use. It is not clear that ALMOs provide any significant advantage beyond that which properly managed local authorities or RSLs can achieve with clear strategic objectives.

We are much more interested in the suggestion that financial assistance suggested as being available to high performing ALMOs in the future could also be channelled to high performing local authorities.

28. Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?

The Council would support a stronger link between improved financial assistance in return for improved performance. Some recognition should also be given to those landlords who have shown the willingness to be innovative in line with the Scottish Government's policy objectives. In particular, the position of those authorities who embraced the previous administrations drive to stock transfer, yet received a negative ballot, needs to be considered. In Edinburgh we have significantly improved performance across all indicators and have had aspects of our service designated as "excellent". The rent levels we require to deliver the necessary investment for the SHQS remove our ability to benefit from prudential borrowing. We also face the most acute supply issues in the country, and a crisis in homelessness.

Assistance should be targeted on those authorities who have limited prudential borrowing capacity and where tenants have rejected stock

transfer proposals rather than spread too thinly across authorities who already have the investment capacity.

29. If so, what measures do you think would be beneficial? If not, why not?

See above.

30. Do you agree that we need to find new ways of focussing on the quality of place/open space and greenspace within deprived neighbourhoods?

The quality of open space is vital here and should be recognised in project allocation. Maintenance requirements need also to be considered.

31. Do you have suggestions for approaches that are not resource intensive and that include stakeholders?

There are a range of approaches that we have used in our local town centre regeneration where we have involved local retail communities and residents.

32. Do you agree that the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholders?

As regeneration requires to be holistic there is an assumption that local authorities should be the lead agency but this need not be the case and more flexible arrangements would be acceptable in areas where there is an obvious agency or partnership.

Protecting and Promoting Tenants' Interests

33. Do you agree with the features and principles we have set out here for a modernised regulation framework?

It is extremely positive to see regulation linked to protecting tenants explicitly. Also the move to risk based regulation and self assessment is welcome. It is acknowledged that regulation has gone a long way to reassure the financial sector of the viability of social landlords and this should not be lost. Financial confidence in the sector must be maintained.

34. How would you like social housing regulation to be organised? (For example, should it be a separate organisation or part of a group of other regulators?)

The organisation of regulation is less important than the meaningfulness of its indicators, the ability to compare performance and to support good practice

Appendix 1

‘Firm Foundation’s Discussion Document Response to Planning Aspects

Question 1: *Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?*

CEC Response to Question 1:

The Scottish Government is seeking an increase in supply of new housing primarily to address affordability of market housing in the medium to long-term, as outlined in the Scottish Housing Market Review 2007. That Review also identified the other factors which affect house prices and affordability, such as interest rates, demographic change, income growth, land prices and construction costs. It would be useful if the Scottish Government clarified its target changes in house prices and affordability, and the extent to which other factors can help or hinder the effect of increased house building in achieving those target changes.

At its meeting of 6 December 2007 the Council’s Planning Committee agreed to seek consensus that a similar increase (50% by 2015) in overall annual housing completions would be desirable. Such an increase would help ensure that more of the affordable housing element of new housing development is delivered more quickly and would help meet the urgent need for more affordable housing in the city. The Council’s desired increase would lead to around 3,750 homes being completed each year in Edinburgh (as opposed to the recent average of 2,500), of which 750 would be affordable (as opposed to the recent average of around 500).

This outcome would be reliant on a faster pace of building on the 700 hectares of housing land already identified in Edinburgh. The Council is carrying out work to identify how it can facilitate such an increase in completion rates, but there are limitations in the extent to which planning legislation can force landowners and developers to submit applications, act to discharge conditions, commence construction or complete and put up for sale homes at a faster pace than suits market interests. The stated ambition will only be realistic if the process of delivery is addressed, as discussed in the response to Question 4 below.

The ambition of a minimum of 35,000 new homes a year nationally is described in the document as a ‘national aspirational goal’. This is insufficient to set a political context for acceleration in housing supply. To set a sufficient context, a target and associated actions should be defined in terms of the various regulatory systems which have a bearing on house building in Scotland. In particular, actions for the following may need to be defined: the

planning system, the affordable housing investment programme, Transport Scotland, Scottish Water, and the Scottish Building Standards Agency. Legislation regarding land ownership might also need to be looked at.

In terms of the planning system, for this goal to be able to influence planning decisions, it would need to be stated in national planning policy such as the second National Planning Framework or relevant Scottish Planning Policy documents.

Question 2: *Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?*

CEC Response to Question 2:

This is one of the main purposes of strategic land use planning. The Edinburgh and the Lothians Structure Plan 2015 (approved 2004) sets out realistic housing targets for a large part of the Edinburgh housing market area, allocates them to suitable locations, and is accompanied by an action plan identifying the key infrastructure necessary to enable delivery of those targets. The new strategic development plan for the city region will cover a larger part of the housing market area, probably including parts of Fife and Scottish Borders.

The current structure plan assumes that market housing need can be met across the housing market area, rather than within individual councils' administrative boundaries. However, Edinburgh's Local Housing Strategy assumes that affordable housing needs can only be met within the Council's administrative boundary. It seems likely that some of this need could be met in suitable locations in neighbouring authorities, as is done with market housing need. These locations would need to have high public transport accessibility to reflect car ownership levels among low income households. This approach is supported by Scottish Planning Policy 3: Planning for Housing.

In the Edinburgh city region, the working arrangements for co-operation in strategic planning are set out in the new Planning Act and draft secondary legislation. Regional co-operation on meeting affordable housing need may require a strong steer from the Scottish Government, as some authorities may find it difficult to agree to meet some affordable housing need from adjacent authorities

Question 3: *Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?*

Extract from relevant text: We will consider the need for expert support for local authorities in strategic planning for housing. This could take the form of a specialist national function to bring a long-term perspective on the operation of regional housing markets in Scotland, to influence both market and non-market sectors through the provision of strategic information on trends and requirements, and to provide advice to support local government in the drive to improve the functioning of housing markets.

CEC Response to Question 3:

This question and the related text does not make clear what the remit of such a function would be. For example, would it commission Housing Needs Assessments on behalf of councils or go further and set targets for housing market areas? The accountability of such a function and its role within the statutory planning system would need to be clarified.

Currently there is little robust information on the preferences of housing consumers in a housing market area like Edinburgh's, and the trade-offs Edinburgh's house buyers make when weighing up factors like location and transport choice with house type and size. Qualitative consumer research could be a useful input to the preparation of development plans and policies and guidelines. The Council would support the introduction of a national function which helped obtain such research.

Question 4: *Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?*

CEC Response to Question 4:

The Council has identified that a gap between the rate of full consents for market housing and actual completions currently exists in Edinburgh (report to Planning Committee 6 December 2007). The market pace of development also constrains the rate at which affordable housing policy potential is realised. Possible reasons for the gap are being explored further with relevant stakeholders but are likely to include:

- Time taken to meet planning conditions;
- Time taken to secure transport infrastructure;
- Time taken to get other infrastructure committed (eg sewerage);
- Developers selling on sites with planning permission rather than implementing the permission (land trading) because of supply issues in their market sector;
- Normal practice of releasing houses at a pace which maintains prices and maximises return;
- Mismatch between type of housing consented and current demand; and
- Construction cost inflation deterring developers from implementing their consents;
- Relative overprovision in a market area.

The Council is preparing a report on those factors in this list which are within its control to address and any necessary actions. This is due to be available in Spring 2008. The principal factors the Council can address are likely to be:

- the need to maintain high rates of consenting applications and completing legal agreements,
- a pro-active and responsive approach to planning conditions,
- improving coordination within the Council,
- introduction of standards intended to help ensure that new medium and high density housing better meets the needs of a wider range of household types and hence the housing market (though the introduction of such an approach will also require clear support from the Scottish Government in order to achieve its full potential).

The Scottish Government can help accelerate the rate of house building by:

- ensuring that national infrastructure agencies such as Transport Scotland and Scottish Water prioritise housing developments which are identified in development plans when making decisions about funding and projects.
- establishing a definition of housing for families with dependant children which can allow councils, house builders and landowners to agree on housing mix and design, particularly in the higher density developments most likely to take place on brownfield land in Scotland's cities.
- consider introducing incentives nationally to encourage landowners and developers to release sites and homes as fast as is practical. Such incentives may involve matters such as taxation of land value uplift.
- ensuring that the above efforts are not negated by delays due to slow or insufficient funding for the affordable housing elements of developments, which will require increases in funding to match forecast (600 units/year) and desired (750 units/year) increases in the rate of affordable housing completions in Edinburgh.
- Fostering research and information, as described in relation to Question 3.

Question 5: *We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?*

*Extract from relevant text: **New settlements** - For sustainability and economic reasons, new house-building should be within and around existing towns, cities and villages wherever possible, making best use of brownfield sites and existing infrastructure and thus minimising the need for commuting. But Scotland's housing supply needs are such that expanded or new, stand-alone settlements may well be a part of the solution in some areas.*

Where new settlements are part of the solution, they provide an opportunity to effect a step change in the quality and environmental standards of new communities, both within and outwith existing settlements. Housing can be developed for a range of tenures with decentralised heat and power and high energy efficiency standards and located so as to make optimum use of public transport and provide opportunities for walking and cycling. Design and build should reflect the best architectural and design traditions of Scottish towns and villages.

*We invite views on the role of a Scottish Sustainable Communities Initiative to encourage local authorities and their partners to bring forward proposals for such communities in their responses to the consultative draft of the National Planning Framework. Proposals should serve as exemplars of 21st-century low-impact development and reflect the principles set out in our policy statement, *Designing Places*. The criteria we will use in selecting the successful proposals include:*

- their contribution to meeting regional housing and economic needs;*
- high environmental and design standards;*
- commitment to building a sense of community and environmental wellbeing;*
- provision for walking and cycling and effective use of public transport and information technology infrastructure;*
- innovative use of renewable and clean energy technologies; and*
- effective reuse of brownfield land.*

Further details will be set out in a document accompanying the consultative draft of the National Planning Framework.

CEC Response to Question 5:

This should only be pursued by using strategic planning to ensure that new settlements and urban extension take place in the right locations, and are prevented from occurring elsewhere. New settlements located where residents are reliant on their cars to conveniently access employment and services must be avoided. In all cases, new settlement and major expansions take time to deliver well.

The Structure Plan addresses the principle of extended and new settlements in its Strategy as follows:

2.32 After accounting for contributions from brownfield land, there are two ways by which land for greenfield development can be found within the core development areas: (1) through extensions to settlements; or (2) through the development of completely new settlements.

2.33 Settlement extensions may benefit from existing infrastructure and services if these can be extended to serve new development. They may also provide new sources of demand for existing businesses. However, it may not always be economic or practical to extend services which were

designed for a lower level of development. Shopping facilities, for example, require space to expand to achieve the critical mass necessary to operate as a successful centre. Settlement extensions can also have adverse environmental or social consequences such as landscape impact and loss of settlement identity.

2.34 New settlements can avoid these drawbacks by taking into account environmental impact, accessibility and the provision of infrastructure and services from the outset. However their development requires a longer lead-in time because of the time taken to plan and deliver essential infra structure. There is also often a time lag between development starting and social and community facilities being provided. For this reason it may in some cases be necessary to build upon the core of an appropriate existing smaller settlement to provide some community focus in the early years where such relevant facilities already exist. It is unlikely that any new settlement will be completely developed during the lifetime of the plan. Therefore new settlements can be expected to contribute to development requirements beyond the structure plan period.

Examples of new or expanded settlements proposed in the Structure Plan are Winchburgh in West Lothian, Shawfair in Midlothian (part of Edinburgh's South East Wedge) and Blindwells in East Lothian. Examples of major urban expansions (albeit on brownfield land) are Granton Waterfront and Leith Waterfront. All of these projects may offer useful examples and learning for the proposed Scottish Sustainable Communities Initiative. All are however experiencing their own delivery issues.

Further new settlements and urban expansions should be considered in the preparation of strategic development plans, taking account of any provisions set in national planning policy and housing needs assessments as described in the responses to Questions 1 and 2.

A potential starting point for the preparation of the strategic development plan for the Edinburgh city region are three questions asked by the four structure plan authorities in the Structure Plan Review 2020 consultation paper:

- Do you think that the Edinburgh city region should plan for significant growth in the period 2020 – 2040?
- If there is to be growth, should the emphasis be on concentrating it around Edinburgh, dispersing development around the city region or some other approach?
- How can we ensure that development on the ground is delivered as sustainably as possible and its full environmental impact assessed and mitigated?

The City of Edinburgh Council provided a response to these questions in 'A Vision for Capital Growth: 2020-2040'. This set out the case that the city region should aim to grow significantly during that period. It presented a

The City of Edinburgh Council

vision for doing so while creating a sustainable city form. The vision has three main elements:

- radial development corridors based on public transport routes
- a network of strategic green wedges
- new mechanisms for delivering the necessary infrastructure

The document can be viewed at www.edinburgh.gov.uk/2040vision and was the subject of major public consultation in 2006.

In response to Question 5, it is the Council's view that any new or extended settlements in the Edinburgh city region should be progressed in a plan-led process, and that the ideas and principles set out in the 2040 Vision document form an appropriate starting point for the forthcoming strategic development plan.

Housing and Regeneration Directorate
Social Housing Division
1H (S)
Victoria Quay
EDINBURGH
EH6 6QQ

Date 23 January 2008

Your ref

Our ref HRD23Jan08er

Dear Sir/ Madam

Firm Foundations: The Future of Housing in Scotland

Please find attached the response from the City of Edinburgh Council to the Firm Foundations discussion paper.

Yours faithfully

Mark Turley
Director, Services for Communities

MARK TURLEY
DIRECTOR, SERVICES FOR COMMUNITIES

Waverley Court Level C5 4 East Market Street Edinburgh EH8 8BG
Tel 0131 529 7325 Fax 0131 529 6204
mark.turley@edinburgh.gov.uk