

Finalised Housing Land Audit 2022



Scottish Borders Council
September 2024

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Introduction

Purpose of Audit

Scottish Borders Council (SBC) undertakes an annual Housing Land Audit (HLA), to identify and monitor the established and effective housing land supply. The HLA has been produced using Planning Advice Note (PAN) 2/2010: Affordable Housing and Housing Land Audits, which sets out guidance for carrying out HLA's. The annual base date for the Scottish Borders HLA is 31st March.

The two key functions of the HLA are:

1. To demonstrate the availability of sufficient effective land to meet the requirement for a continuous five-year supply; and
2. To provide a snapshot of the amount of land available for the construction of housing at any particular time.

This information is vital to the preparation of the Local Development Plan and the audit process enables adjustments to the supply to be made in response to issues identified.

PAN 2/2010 states that an HLA should contain relevant information about the established and effective housing land supply, allowing for monitoring and comparison with the housing land requirement. The starting point each year will be the inclusion of:

- All land with planning permission for residential development, including the remaining capacity of sites under construction;
- Land allocated for residential development (including the residential component of any mixed-use or re-development sites) in the adopted Local Development Plan (LDP), which includes the Housing Supplementary Guidance (SG) sites; and
- Other land with agreed residential potential.

Improvements to the Audit

The audit methodology is constantly being updated and improved to ensure the programming is as accurate as possible. Local/national developers and land owners with an interest in sites included within the audit have been contacted to obtain their input into the programming process and to identify any relevant constraints. Where this information has been received, it has been incorporated into the audit report.

Policy Context

Development Plan

For the period covered by this audit, Scottish Planning Policy (SPP) was the relevant national planning policy document. However, National Planning Framework 4 (NPF4), the national planning framework for Scotland, was adopted on 13th February 2023. This amended the composition of the Development Plan, making NPF4 part of the statutory Development Plan and thereby superseding NPF3 and Scottish Planning Policy. Consequently the Strategic Development Plan (SDP) no longer has any formal status in the planning system.

NPF4 sets a minimum all-tenure housing land requirement (MATHLR) for all local authorities and no longer refers to the need to maintain a five year effective housing land supply. New national guidance on how to undertake housing land audits in light of NPF4 is currently being developed and it is anticipated this will be published later this year. Future audits will take into account this new guidance and may result in some changes to the methodology and format of the audit. For the purposes of the HLA 2022, references to the former SDP housing requirements and the five year effective housing land supply are retained since this reflects the position at the audit base date. Future audits undertaken by the Council following the adoption of NPF4 will make reference to the NPF4 MATHLR figures to reflect the latest Development Plan position. Details of the MATHLR is included within Annex E of the adopted NPF4.

Local Development Plan

The relevant Local Development Plan (LDP) for the base date of this audit was the Scottish Borders LDP 2016. However, the next LDP has recently been adopted on 22nd August 2024 which takes into account the recommendations of the Reporters report following the Examination and supersedes the adopted LDP 2016. It should be noted that all new housing allocations and allocations with a housing element included within the adopted LDP 2024 will be included within the relevant future audit.

Housing Land Audit Process

Land Supply Definitions

The Scottish Borders HLA sets out the established housing land supply, which includes; sites with planning consent, sites under construction and sites included within the LDP (including the residential element of any re-development or mixed-use allocation), which are not yet developed.

The **established housing land supply** comprises the effective land supply (Years 1-5), potentially effective land supply (Years 6-7), post year 7 land supply and the constrained land supply.

The **effective housing land supply** is the part of the established housing land supply, which is available to be developed within the next five years.

Details of definitions used in the audit are included in Annex A. Appendix 1 contains a schedule for each housing site with five units or more. Smaller sites are not detailed individually but are included as an aggregate figure only in Appendix 3.

Preparation of the Audit

The Council collates data from existing records and databases held by the Council. The HLA is updated annually and the base date runs from the 1st April to the 31st March. The preparation of the audit includes, monitoring the housing completions from the previous year, new consents granted up to 31st March of the current year and any new LDP allocations, if applicable. Site specific information is collected annually through site visits and desktop investigation, which is then evaluated and used to programme the established land supply.

The likely demand is illustrated by the performance of the development industry over the previous five year period. As outlined above, this is measured by actual completions and is the most appropriate measure of market performance. Therefore, there is a clear distinction between providing land to meet the theoretical requirement, and ensuring the presence of a five year effective supply to meet prospective market demand.

Appendix 2 of the adopted LDP (2016) outlines the approach used by the Council to undertake the audit. The Council's adopted LDP (2016) was subject to Examination and the Reporter agreed with the Council's methodology in determining housing land supply and consequently made no changes to section B of Appendix 2, in respect of the HLA methodology. The approach used by the Council to undertake the audit is in accordance with PAN 2/2010, which states under the marketability criteria, that the test to identify if a site is effective is whether 'the site, or relevant part of it, can be developed in the period under consideration'. Therefore, the Council considers a site to be effective if there is a reasonable prospect that it could be developed within the five year period.

Housing Land Audit Process

Stakeholder Involvement

As part of the initial process of information gathering, house builders were sent a questionnaire seeking information on their programming and any potential/known constraints. This is built into the programming contained within the audit.

The draft audit was subject to consultation with Homes for Scotland, Scottish Water, Scottish Environmental Protection Agency, Scottish Land & Estates, local Housing Associations and any relevant internal consultees from Scottish Borders Council. Stakeholders are encouraged to submit comments before the document is finalised.

Following consultation on the draft audit, only one response was received. This response was from Homes for Scotland who stated '*Sites without planning consent should not be programmed in the Housing Land Audit - all units should be constrained. All sites currently programmed within the "effective supply" that do not have a valid, extant, implementable consent (and do not have a developer attached) are hereby formally disputed by Homes for Scotland*'.

Presentation of the Audit

Stakeholders are encouraged to provide an input into the process, once finalised the audit will be published on the Council's website together with maps of the sites contributing to the effective housing land supply.

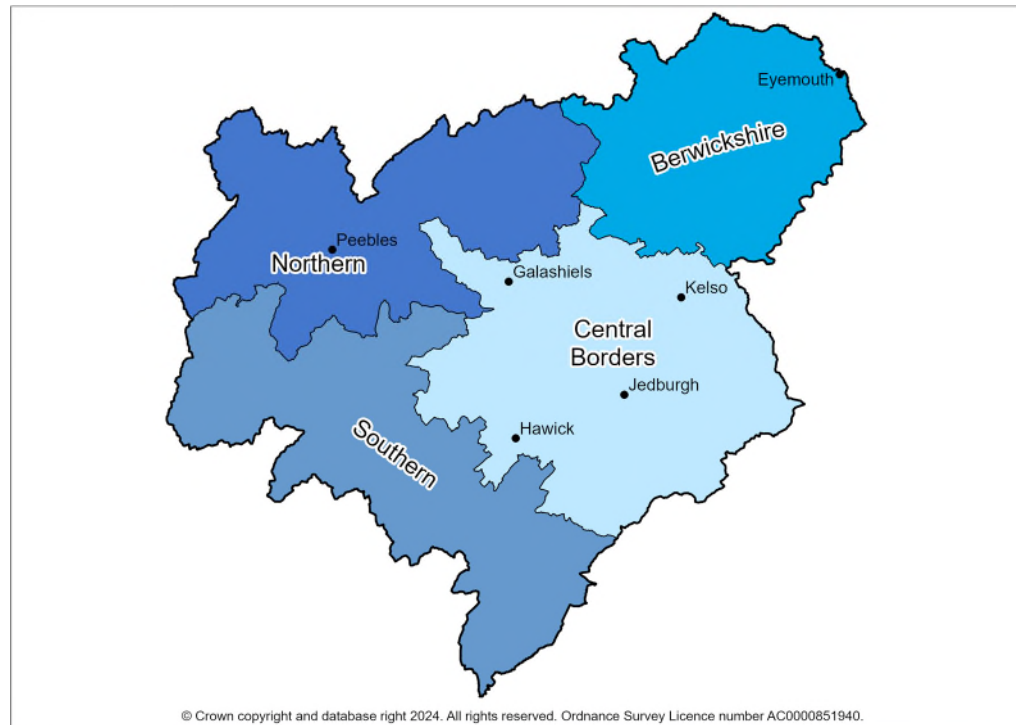
Housing Land Audit Process

The HLA consists of a number of documents, which are outlined below;

- Appendix 1: Main Report (all large sites included in the audit, including site information and programming)
- Appendix 2: Affordable Housing Contributions
- Appendix 3: Small Sites
- Appendix 4: Sites with completions in 2021/2022
- Appendix 5: Site Maps

The information in the audit is presented for the four housing market areas in the Scottish Borders, shown below in Figure 1. Sites out with the settlements in the LDP are classified as being

Figure 1: Scottish Borders Housing Market Areas



Established Housing Land Supply

Trends in Established Housing Land Supply

As outlined previously, the established land supply comprises the effective land supply (Years 1-5), potentially effective land supply (Years 6-7), post year 7 land supply and the constrained land supply. Table 1 contains a summary of the established land supply for this audit period, while Table 2 contains a summary broken down by HMA. Table 3 shows the overall established land supply for the past five years (2017/18-2021/22).

Table 1: Established housing land supply (2021/22)

Established Land Supply (2021-22)	Effective (Years 1-5)	Potentially Effective	Post Year 7	Constrained
8,316	2,895	1,969	1,985	1,467

Table 2: Established housing land supply by HMA for (2021/22)

Housing Market Area (HMA)	Berwickshire	Central	Northern	Southern
Established Land Supply (2021-22)	1,808	5,315	1,100	93

Table 3: Established housing land supply annually (2017/18 to 2021/22)

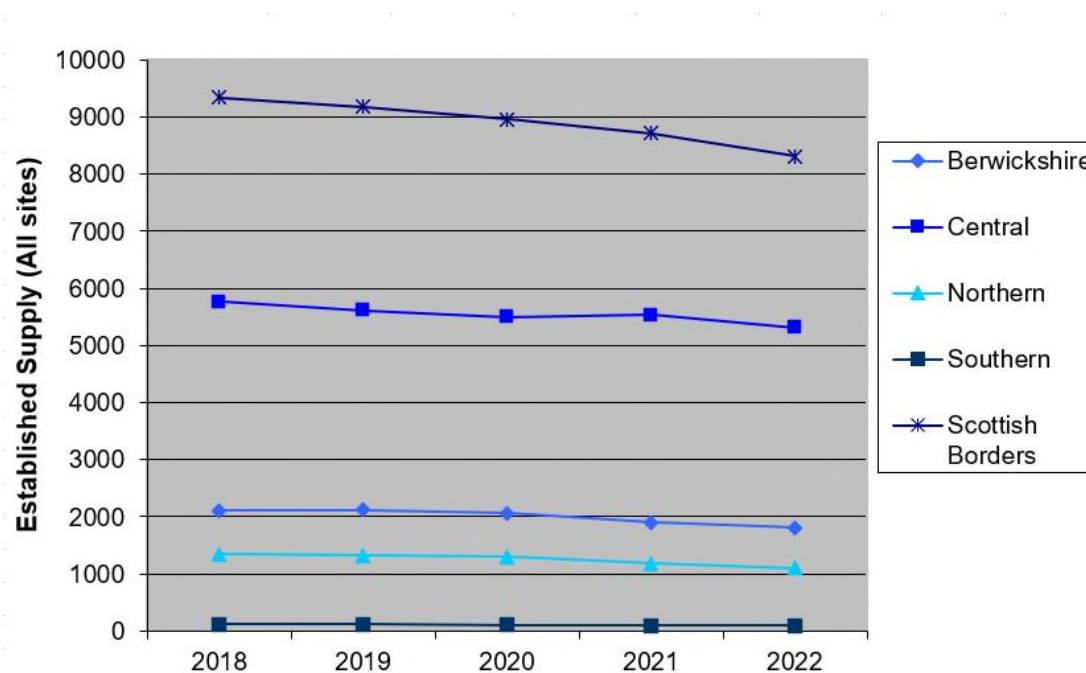
Audit Period	2017/18	2018/19	2019/20	2020/21	2021/22
Established Land Supply	9,342	9,180	8,963	8,715	8,316

Established Housing Land Supply

Over the past five years, the established land supply in the Scottish Borders peaked at 9,342 within the 2018 audit. The HLA 2022 established land supply has decreased by 399 units since the previous audit. It should be noted that the Housing SG sites were added as part of the 2018 HLA, which accounted for the increased established housing land supply that year.

The trend in established land supply for (2018 to 2022) by Housing Market Area (HMA) is shown below in Figure 2. Figure 2 shows that the overall total established land supply fluctuated between 8,316 and 9,342 units between the 2018 and 2022 audits. However, there still remains a healthy land supply within each of the HMAs.

Figure 2: Established Housing Land Supply (annually by HMA) (2018-2022)



Established Housing Land Supply

Greenfield and Brownfield Land

The total established land supply on brownfield sites is 1,537 units and 6,065 units on greenfield sites, this includes sites with a site capacity of five units and over. 75% of the established land supply on large sites is on greenfield land and 25% is on brownfield land. This can be explained by the rural character of the Scottish Borders and the relatively tight boundaries of the settlements. Table 4 shows the split of established land supply on large sites by HMA. It should be noted that the classification of greenfield/brownfield is only recorded for large sites.

Table 4: Greenfield and Brownfield Land by HMA (large sites over 5 units) (2021/22)

Housing Market Area	Greenfield	Brownfield
Berwickshire	73%	27%
Central	79%	21%
Northern	51%	49%
Southern	74%	26%

Affordable Housing

The Council records details on all planning approvals, which make contributions towards affordable housing through commuted payments, on-site or off-site provision. This data is included in the audit on a site by site basis and details the type of contribution received (Appendix 2).

Effective Housing Land Supply

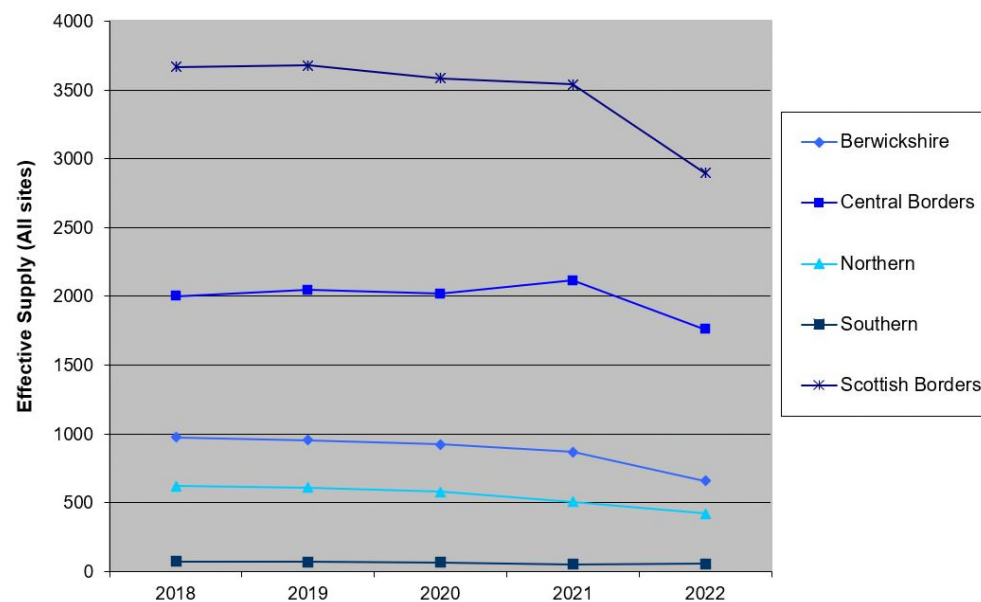
Trends in Effective Housing Land Supply

As outlined previously, the effective land supply is the part of the established land supply, which is free of constraints and able to be developed within the next five years. Programming of the effective land supply helps to identify if there is sufficient supply of effective land within the Scottish Borders for the next five year period. Table 5 contains a summary of the effective housing land supply for the previous five audits, while Figure 3 contains a summary of the current effective housing land supply by HMA. Over the past five years, the effective land supply has peaked at 3,679 units as part of the 2018/19 HLA. The total effective housing land supply, has decreased by 643 units since the previous audit, this is due to an increase in completions in the most recent audit. Programming of the audit continues to be an increasingly difficult process, due to the market uncertainty, increased economic pressures and the difficulty for developers and potential buyers to obtain finance.

Table 5: Effective housing land supply annually (2017/18 to 2021/22)

Audit Period	2017/18	2018/19	2019/20	2020/21	2021/22
Effective Land Supply	3,668	3,679	3,585	3,538	2,895

Figure 3: Effective housing land supply (2018 to 2022)



Effective Housing Land Supply

Monitoring the effective housing land supply

To assess the availability of the five year housing land supply the Council measures likely demand. This is illustrated by the performance of the development industry over the previous five year period, using historical completions data for this purpose. This provides a clear distinction between providing land to meet the theoretical requirement and ensuring the presence of a five year effective land supply to meet prospective market demand. The rate of completions over the past five years is used as a measure of demand, as to the presence of an effective five year housing land supply within each of the HMA's. This approach is consistent with Appendix 2 of the adopted LDP (2016). It is the Council's view that completions are a good indicator of demand and the Council provides a flexible approach for and requirement. As housing demand is at a low level, this directly impacts upon the identification of the effective housing land supply from the total established land supply and there is a need to place the housing requirement into context.

Table 6 measures the five year effective land supply of the Scottish Borders using this approach. This demonstrates that there is a five year effective housing land supply, within all HMA's and an overall nine year supply for the Scottish Borders. It should be noted that there is nothing preventing development of the effective sites, other than a lack of market demand within the Scottish Borders. As part of the adopted LDP Examination, the Reporter agreed with the Council's methodology in determining the housing land supply and consequently made no changes to Section B of Appendix 2, in respect of HLA methodology. Therefore, the Council has continued to use this approach in monitoring the housing land supply within the HLA.

Table 6: Completions compared to five year effective land supply

Housing Market Area	Completions (2017/18-2021/22)	Effective Land Supply (2021/22)	Number of Years Supply
Berwickshire	422	659	8
Central	832	1,761	11
Northern	382	421	6
Southern	12	54	23
Scottish Borders	1,648	2,895	9

Effective Housing Land Supply

Planning, Performance Framework (Monitoring of the Five Year Effective Land Supply)

It is acknowledged that the Planning Performance Framework, covering the period (21/22), monitored the five year housing land supply using the formula below. For the audit period (21/22), Scottish Borders has a five year effective housing land supply of 2,895 units and a five year housing land requirement of 2,788 units (based on Appendix 2 of the adopted LDP 2016). Therefore, using this calculation, there is a housing land supply of 5 years.

It should be noted that the annual housing land requirement for the Scottish Borders set out within both NPF4 and the Proposed LDP is 480 units per annum.

Furthermore, it is acknowledged that the matter of the housing requirement was subject to a hearing, as part of the recent Proposed Plan Examination. This matter was dealt with through the examination process, with the reporter concluding that there is sufficient land allocated for housing within the Proposed Plan to meet the Local Housing Land Requirement.

$$= \left(\frac{\text{5 year effective housing land supply (units)}}{\text{5 year housing supply target (units)}} \right) * 5$$

Potentially Effective Housing Land Supply

Potentially Effective Supply

The potentially effective land supply includes sites or parts of sites that are free from constraints but are not programmed to be developed within the next five years. It also includes the 20% of small sites that are not seen as effective. Sites with units programmed in year 6 and 7 are mainly due to marketability issues and phasing of developments. The potentially effective supply and post year 7 supply is detailed in the main report and summarised below in Table 7.

Table 7: Potentially Effective and Post Year 7 Land Supply (Large Sites) (2021/22)

Housing Market Area	Years 6 and 7 (2027/28 to 2028/29)	Post Year 7 (Post year 2029/30)
Berwickshire	403	460
Central	1,273	1,100
Northern	260	419
Southern	33	6
Scottish Borders	1,969	1,985

Completions

Completion trends

Table 8 shows the level of completions by Housing Market Area for the past five years. It should be noted that very low levels of completion are recorded in the Southern HMA, this is due to the rural nature of the HMA with only one main settlement which attracts a low level of development, with no completions recorded in the Southern HMA during this audit period. The 2022 HLA has seen a peak of completions over the last five years with 459 units recorded as completed between 1st April 2021- 31st March 2022, this is an increase of 61 units since the previous 2021 audit.

This increase is due a backlog of completions following the COVID-19 pandemic and associated issues including the supply of building materials, this resulted in a delay of units being completed and completion certificates being issued. Although there was an increase in completions in the HLA 2022 the development rate within the Scottish Borders is relatively low, despite the large number of established sites available for development.

There were seven sites which had 20 or more completions; Ayton (BAY1); Galashiels (EGL157, EGL219, EGL226); Kelso (RKE187); Newtown St Boswells (ENT25); Peebles (TP137). No completions were recorded within the Southern HMA. The site breakdown of completions is contained within Appendix 4.

Table 8: Completions by HMA (2017/18 to 2021/22)

Housing Market Area	2017/18	2018/19	2019/20	2020/21	2021/22
Berwickshire	64	67	88	113	90
Central	98	208	157	80	289
Northern	59	66	76	101	80
Southern	1	4	3	4	0
Scottish Borders	222	345	324	298	459

Waverley Development Contribution Area

Waverley Contribution Area

The number of units completed within the Waverley Development Contribution Area in the last five years is shown below in Table 9. In 2021/22 approximately 43% of all completions in the Scottish Borders fell within the contribution area. Figure 4 shows the extent of the area covered by the Waverley Contribution Area.

Table 9: Number of completions within the Waverley Contribution Area (2017/18 to 2021/22)

	2017/18	2018/19	2019/20	2020/21	2021/22
Number of completions	80	172	103	84	199

Figure 4: Map of the Waverley Development Contribution Area



Windfall Sites & Units not expected to be developed

Windfall Sites

Windfall sites are defined as sites that are not allocated within the LDP, which receive planning consent for residential units. The windfall sites are unexpected but still contribute to the established and effective land supply. The number of windfall sites delivers flexibility over and above the housing land requirement identified within the SDP. Windfall sites also demonstrate that Local Plan policies allow for a range and choice of small and medium sites in addition to those allocated within the LDP. Table 10 shows the number of windfall sites included within this audit by HMA between 2017/18 and 2021/22. A total of 62 new windfall sites have been added to the audit this year, the total site capacity of these sites is 91 units. This comprises three large windfall site and 59 small windfall sites (<5 units).

Table 10: Number of windfall sites included within the audit (2017/18 to 2021/22)

Housing Market Area	2017/18	2018/19	2019/20	2020/21	2021/22
Berwickshire	194	186	186	161	171
Central	286	283	286	258	262
Northern	140	144	143	129	130
Southern	40	35	34	23	24
Scottish Borders	660	648	649	571	587

Units Not Expected to be Developed

The audit continues to monitor the number of units on sites which the developer is not intending to build. This indicated the total number of units, which have planning approval but are not anticipated to be developed. Therefore, where a site has not been developed to its maximum site capacity, but the site is completed, the site can be removed from the audit.

Small Sites

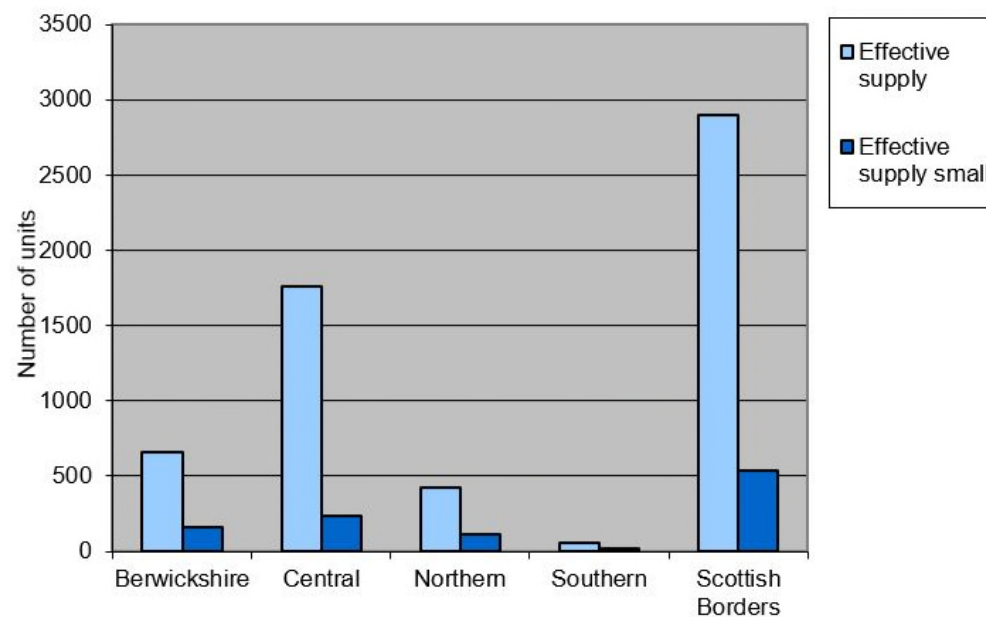
Small Sites (< 5 units)

In the Scottish Borders, like other rural authorities, small sites (< 5 units) play a large role in terms of the effective land supply and completions. Information on small sites is collated as part of the audit process and is detailed within Appendix 3. A summary of small sites is presented in the main report by settlement and HMA. Table 11 shows the level of completions on small sites. In comparing the relationship between the proportion of small sites in the effective land supply and the proportion of completions on small sites within the last five years shows that 80% is a realistic level of small sites to be included in the effective land supply. This is in line with other rural authorities such as Aberdeenshire Council and East Lothian Council. The level of effective small units (80%) gives 533 units on small sites and 133 units (20%) are included within the potentially effective supply, within the 2022 audit. No units on small sites are included within the post year 7 supply or constrained supply. Figure 5 shows the level of small sites within the effective land supply. In this year's audit, a total of 2,895 units are within the effective land supply, 18% of these units are on small sites.

Table 11: Completions on small sites (2017/18 to 2021/22)

HLA Year	No of completions on small sites	% of all completions
2017/18	44	20%
2018/19	73	21%
2019/20	69	21%
2020/21	58	19%
2021/22	58	13%

Figure 5: Small site capacity within the total effective land supply (2021/22)



Annex A: Glossary & Definitions

- **Brownfield:** Land which has previously been developed. The term may encompass vacant or derelict land, infill sites, land occupied by redundant or unused buildings and developed land within the settlement boundary where further intensification of use is considered acceptable. Where a site is only part brownfield it is recorded as such in the audit if it exceeds 50% of the site area. Only large sites are included in the Council's greenfield/brownfield classification.
- **Constrained Housing Land Supply:** Site or part of the site that is not effective at the time of the audit. The constrained housing land supply is included in the established housing land supply.
- **Effective Housing Land Supply:** Site or part of the site in the established housing land supply that is free of development constraints under the time period covered by the Housing Land Audit. There is a five year period with sites programmed for a further two years (year 6 and 7) being classed as 'post five year effective'.
- **Established Housing Land Supply:** Effective housing land supply, constrained housing land supply and post five year effective housing land supply are all included in the established housing land supply. The established land supply consists of sites with planning permission for housing, and sites in adopted or proposed Local Development Plans
- **Greenfield:** Land which has never previously been developed, or fully-restored formerly derelict land which has been brought back into active or beneficial use of agricultural, forestry, environmental purposes, or outdoor recreation. Where a site is only part greenfield it is recorded in the audit if it exceeds 50% of site area. Only large sites are included in the Councils greenfield/brownfield classification.
- **Post Five Year Effective Housing Land Supply:** Site or part of site seen as effective, but not programmed within the five year period (programmed during year six and seven). It is not included in the five year effective housing land supply or the constrained housing land supply.
- **Programming:** The programming is based on considered of information such as planning applications, building standards, commencement and completions on site and developers own programming. The Housing Land Audit specifies sites or part of sites which can be programmed over a period of five years. Sites expected to be developed just beyond the five year period are also programmed (year six and seven).

Annex B: Details within the Housing Land Audit

- **Site Reference:** A unique code given to each site at the time it is created as an identifier
- **Site Name:** A relevant name for the site
- **Developer:** Owner or developer of the site
- **Total Site Area (ha):** Calculated area of site, in hectares
- **Site Capacity:** Total number of housing units with approval or allocated
- **Total Completions:** Total number of Building Warrant completion certificates or temporary occupation certificates recorded on the site
- **Completions 21/22:** Number of units receiving Building Warrant completion certificates or temporary occupation certificates in the audit period
- **Established:** The established land supply consists of sites with planning permission for housing (extant) and sites within the adopted Local Development Plan.
- **Effective:** Number of units which are programmed to be complete on the site, within five years (programmed Years 1-5)
- **Post Five Year Effective:** Whole or part of the site programmed in Year 6 and 7, contributes towards the established housing land supply, but not towards the effective or constrained housing land supply. Includes 20% of small sites not included within the effective supply
- **Post Year 7:** Whole or part of the site programmed, beyond year 7
- **Constrained:** Number of units on a site, that are constrained for development
- **LDP:** All or part of the site intersects an existing allocation within the Local Development Plan (housing, mixed use or re-development)
- **Waverley Contribution Area (WCA):** Indicates if the site falls within the Waverley Contribution Area (WAC)
- **Year Added:** Indicates what year the site was added to the audit. Capturing of this information started in 2003
- **Commuted Sum (£CS):** Indicates if a commuted sum has been agreed to contribute towards affordable housing

Annex C: Effectiveness Criteria

A number of sites in the HLA are constrained for development within the period under consideration. The following list of constraints is based on the list presented in Planning Advice Note 2/2010: Affordable Housing and Housing Land Audits.

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