

Highland wide Local Development Plan - Main Issues Report Consultation Summary and Actions Sheet

Reference Number:	HWLDP-MIR-291
Organisation/Individual:	Scottish Property Federation (David Melhuish)

Action:

Immediate Response Required	
Meeting required with Respondent	
Issue for Area Local Development Plan	
Further Information Required	
Other (Please Specify)	

If no box ticked - issues raised will be dealt with in preparation of the Proposed Plan.

Issues Raised in Response:

Purpose of Main Issues Report	x	Previously used Land	x
NPF2 for Scotland		Wild Land	
Vision for the Highlands	x	Water Environment	x
Inverness and A96	x	Renewable Energy	x
The A96 Corridor	x	Flooding	
Phasing of Development	x	Waste Management	
Developer Contributions	x	Air Quality	
East Inverness	x	Sustainable Design	
Nairn	x	Business and Industrial Land	
Tornagrain	x	Accessibility and Transport	
Smaller Settlements in A96	x	Agricultural Land	
Caithness and North Sutherland		Subdivision of Existing Crofts	
Easter Ross and Nigg		Allocation of Inbye Land	
Development of Local Centres		New Crofting Township	
Wider Countryside and Fragile Areas		Small Scale New Crofts	
Population and Housing		Coastal Development	
Housing in the Countryside	x	Forestry and Woodland	
Affordable Housing	x	Minerals	
Planning for an Ageing Population		Open Space and Physical Activity	
Gypsies/Travellers		Access to the Outdoors	
Retailing	x	Comments on Consultation Process (+ve)	
Developer Contributions	x	Comments on Consultation Process (-ve)	
Natural, Built and Cultural Heritage			

Key:

Background	Spatial Strategy	Policy Options	Consultation
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Notes:

Strong support for vision and objectives
 Infrastructure and its funding are key
 Welcome partnership working with Transport Scotland
 Commitments sought but can be difficult given the economy
 Tax incremental funding could be used to provide infrastructure but this may lead to a shortfall in funding in the short term
 Developments may not be viable if inappropriate contributions are sought
 Infrastructure in East Inverness may need to be phased
 Flexible approach to retail is essential – preferred option is right balance
 Opportunity to explore options for developer contributions with the development industry
 Approach to flooding offers welcomed scope for attenuation and mitigated flood risk
 Ambitious possibilities of development of renewable energy

Action Sheet Completed by:	SH
Date:	14/12/09

Dawn Sutherland

From: Malcolm MacLeod - Planning
Sent: 23 November 2009 20:47
To: Dawn Sutherland
Subject: FW: SPF comments on highland wide local development plan

pl acknowledge

From: David Melhuish [
Sent: Mon 23/11/2009 17:49
To: devplans
Cc: Malcolm MacLeod - Planning
Subject: SPF comments on highland wide local development plan

Dear Council


Please find attached comments by the Scottish Property Federation on the Highland wide Local Development Plan. I had hoped to get this to you last Monday having called to find out if you would be receiving comments later than the specified time. but a series of events made this impossible.

The key issues for the property industry will relate to the infrastructure questions and how the developer contributions protocol will ultimately be implemented. Ideas such as phasing development and infrastructure or other funding solutions are at the top of our agenda as I am sure they are for the council. Given the relative lack of central government finance available for infrastructure investment (there is no HCA as in England) we believe innovation and flexibility will be key to engaging effective private development in the changed economic circumstances influencing all parts of Scotland and the UK.

Kind regards

David

David Melhuish
Director
Scottish Property Federation

 22B Alva Street Edinburgh EH2 4PY



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Scottish Property Federation is administered by the British Property Federation, registration number 778293, England, registered office: 1 Warwick Row, London SW1E 5ER

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30/11/2009

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Director of Planning and Development
The Highland Council
Inverness IV3 5BR

Comments by the Scottish Property Federation on the Highland wide Local Development Plan Main Issues Report

The Scottish Property Federation

1. Thank you for your invitation to comment on your Main Issues Report for the Highland-wide local development plan. We are happy for our comments to be made public and shared with public authorities.
2. The Scottish Property Federation is a representative body for the Scottish commercial property industry and speaks for over 100 corporate members. Included within our membership are commercial property developers, landlords and property agents and managers, fund managers, property owners and long term investors in both commercial and residential property. We are an integral part of the UK-wide British Property Federation which represents most of the UK and Scotland's largest property investors, developers and professional property industry advisers and property consultants.
3. According to research published at the end of 2007 the commercial property industry in Scotland was worth some 8.5% of gross value added to the Scottish economy, representing some £7.34bn in 2005.¹ Since the onset of the credit crunch in late 2007 the economic output of the sector has been significantly impaired leading to a fall of some 40% in the value of new construction orders by the commercial property industry in Scotland from 2007 to 2008². Commercial property values in Scotland are also estimated to have fallen by over 40% since their peak in mid-2007³.

Main Points

4. We welcome the commitment of the council to achieving sustainable economic growth. We support the council's view that it should seek to plan for continued population growth and identify the necessary infrastructure that will be required to support new communities and businesses. The MIR makes strong and clear statements on the need for mixed development to provide for sustainable

¹ GVA Grimley: the role and contribution of commercial property in the Scottish economy, commissioned by the Scottish Property Federation (2007)

² Annual Construction statistics, then UK Department for Business, Enterprise & Regulatory Reform (2009)

³ Jones Lang La Salle (December 2008)

developments. The SPF strongly supports this view and indeed would like to see the notion adopted by more authorities across Scotland.

5. No discussion of a development plan can really occur without thought on the need for infrastructure to support new development and the means of financing infrastructure investment. We feel it is appropriate to examine in detail with the development industry how future sustainable economic development can be achieved and facilitated. We feel a number of options are available and could be explored in order to make development viable.
6. Examples include:
 - A pragmatic approach to developer contributions – phasing of payments, payment upon sale or letting for the developer
 - Sensible demands for contributions in scope and by level of contribution
 - Consideration of means of under-writing infrastructure initiatives that may free-up investment
 - Local asset backed vehicles
 - Tax incremental financing.
7. However the plan is finalised we feel that the Council is right to review the developer protocol and we would be happy to engage in that process.

Inverness and the A96 corridor

8. The council has prioritised this area which includes the SCI's Tornagrain development. We support the vision of the council for seeing the proposed improvements of the A96 as candidates for new developments. We recognise that a great deal of collaborative work has taken place with Transport Scotland in relation to the A96 project and we welcome this co-operation.

Specific questions

Q1 – Spatial Strategy

9. We support the strategies identified in the Preferred Option. Turning to the alternative option proposed, which calls for prioritising the A96 project we would add that the council should not lose any opportunity to bring forward key investment opportunities simply because of process – the next few years will be difficult enough without forgoing such opportunities.

Q2 - Phasing of development

10. The preferred option is probably the only practical option for the medium term potential of the area. We note the desire to see commitments from the development industry and we understand that advanced talks have been held with the principal stakeholders – but private finance is incredibly difficult to arrange in the new economic paradigm that we find ourselves in.
11. The alternatives discussed by the MIR include no further development in the A96 until the infrastructure issues are dealt with and widening the scope of future and new development to the wider Moray area. Both involve delay and in our view,

missed opportunity to capitalise on the work already achieved on the A96. The Council are understandably highly concerned about the environmental impact of allowing incremental development along the corridor yet we feel that in the current situation we find ourselves in there must be a need to enable and facilitate appropriate development proposals alongside managing environmental concerns such as traffic congestion (not to mention any additional public services required by new development). It could be that the Council may consider the trade off of enabling some economic development in order to support either limited or later infrastructure investment – though water, sewerage and drainage concerns will need to be prioritised.

12. The Council could possibly consider two further options, though both would mean a short-term funding shortfall. SPF has previously corresponded with council officials on the possibility of the tax increment financing process having a role to play in the region. TIFs are a funding model designed to allow an authority to invest in key infrastructure that will pave the way for future development. The investment will be repaid through the promise of future revenue streams flowing from the development. These taxes would be likely to be based upon business rates, though this would require national government support. There is the possibility that the benefit of future housing might be added to a TIF programme but this would again require a change in national policy (which might be in fact be trickier to bring about than changes to business rates). The purpose of TIF is to make things happen which cannot, for various reasons of finance constraint for infrastructure, happen along more traditional lines. We urge the council to reconsider the potential of TIFs for investing in infrastructure, particularly in relation to the proposed A96 improvements.

Q3 - Developer Contributions in the A96 corridor

13. The ability of the development industry to fund large amounts of infrastructure through developer contributions has greatly diminished. Put simply, the development viability may no longer stack up where excessive demands are made for contributions and we feel that the scope of demands from public authorities must be reduced if development is to be encouraged.
14. Developers do contribute to infrastructure and in some cases this is quite appropriate. Where a new development proposal will impose new burdens then we recognise that there is a need to discuss the necessary consequences. It is important though, that in devising the contributions strategy the council is careful of prioritising the key infrastructure requirements of the development and does not overly-widen the demands to be made of developers.
15. The emphasis of the MIR upon certainty and predictability do have merit however as we acknowledge later in our comments. We will be interested to see any final proposals brought forward. We are concerned however that council policy is diverging from the fundamental principles of ensuring contributions are proportionate and relevant to the development in question.

Area Specific Issues

East Inverness

16. This is identified as the key area for the expansion of Inverness and for its connection to the A96 developments. We recognise the desirability of getting in necessary infrastructure when it is required to support development. Realistically, this may need to be staged or phased as becomes necessary rather than funded and delivered in total up front. There may also be a need to accept some interim trade offs, for example increased congestion in the short term, in return for longer term economic development benefits that might be used to support improvements to infrastructure.

Nairn

17. Again the Council is concerned about the impact of development combined with the need for road improvements to the by-pass. We would again urge an approach that continues to encourage development investment while seeking to manage demands on infrastructure as they occur.

Tomagrain

18. We support the option of beginning early phases of development before the completion of certain major infrastructure. The notion of phasing agreements with the development industry is a welcome initiative. It may be helpful to examine with the industry how this could work in practice from not just the developer's perspective but also from the point of view of the lenders and investors who are likely to be backing up any such process.

Action Plan – Development of Local Centres

19. The SPF is a strong supporter of mixed-used development and genuine sustainable communities. The development of local centres in a geographically diverse area such as the Highlands supports these principles. We welcome the positive commitment of the MIR to ensure that the role of smaller towns in the wider region is maintained and, we hope appropriate development facilitated in order to enhance small town centres and communities.

Affordable Housing

20. We recognise the concerns of the Council in relation to the need to increase affordable housing in the region. Developers have expressed concerns to us about demands for affordable housing contributions and from this perspective we would merely add a note of caution on the option for any potential increased affordable housing contributions on developers who may already be facing demands for other infrastructure contributions. There is a danger of cumulative demand that can put development proposals at risk of becoming unviable.

Retailing

21. The SPF believes that Government policy and guidance on retail development broadly strikes the right balance. This supports a sequential approach to retail development that prioritises the town centre. Indeed some of our major members have long term interests in the region that have reflected this approach, including the Eastgate Shopping Centre located in the centre of Inverness.

22. While enhancing town centres is a priority we feel the Council should retain a flexible attitude to consider needs, requirements and proposals on their own merit. The development of new housing can often mean that an edge of centre retail development is simply more appropriate to both the needs of the specific community and in terms of accessibility and limiting travel-to-work or shop demand. The fact is that urban settlements have changed and an excessive desire to centre all proposals in the centre may not meet either the community or wider policy interests. The MIR therefore needs to be able to facilitate retail development to plan for future settlements and we would be pleased to engage at further consultation stages on opportunities for new retail and commercial development in the context of the Highland wide local development plan.

Developer contributions across the region

23. Page 43 of the consultation turns to the issue of developer contributions and puts forward two specific options. The first might be viewed as ensuring contributions are appropriate and relevant to the development in question and this approach supports the existing Circular 12/96 on planning agreements and the recent consultation exercise on updating that Circular.
24. The second option relates to identifying consistent, transparent methods of collecting and recording developer contributions. This has been a contentious area of policy both within the property industry itself and between government, local government and the development industry. The fact of the matter is that drastically changed economic environment means that the ability of developers to make upfront contributions is greatly diminished. This can add to the need for a transparent system of contributions which allows developers and their financial backers to know for certain what demands will be placed upon them. There is also the issue of consistency across developer contributions and ensuring as level a playing field as appropriate and possible for developers.
25. But drawing the net too widely, with too great a scope of contributions required of developers, may well deter investment and frustrate potential opportunities for economic development. For this reasons we feel that the developer protocol is in need of review and reassessment.
26. The SPF recognises the difficulties of finding a suitable approach to ensure necessary and appropriate infrastructure and at the same time encourage (appropriate) development. As we set out in our opening remarks we feel there are certain policy options that may help to find solutions to funding gaps and we would be keen to explore with officials the possibility of these funding mechanisms being employed.

Previously Used Land

27. It is existing policy to encourage the re-use of previously used land. The reuse of land can often be highly beneficial, especially as there will often be former infrastructure that may be usable. However previously used sites may also bring contaminated land costs and other risks. We welcome therefore a policy that would seek to identify these costs in advance of potential re-development.

Water Environment

28. The preferred option (bullet point 3) offers some welcome scope for attenuation and mitigation of flood-related risk. The siting of existing settlements around water facilities means that avoiding all potential water related damage is difficult to achieve. Therefore we find the Council's proposed option to be a firm yet practical policy.

Sustainable Development

29. The council identifies a number of ambitious possibilities for the development on renewable energy which are welcome. Each new renewable energy development will of course be likely to require infrastructure in its own right.

30. Our concern, having considered the changes to national planning guidance following the recent Climate Change (Scotland) Act 2009, is that policies may be adopted by local authorities relating to the requirement for low and zero carbon technologies that are simply unrealistic and impractical. We believe that in relation to the demands of s72 of the Climate Change (Scotland) Act 2009 the council must adopt a pragmatic approach to development plans as suggested we believe by the draft consolidated Scottish Government SPP.

David Melhuish
Director