

Delivering More Homes and Better Places in Scotland

Case Study 3: Castle Gardens

Introduction

Castle Gardens is one of five case studies featured in the report [Delivering More Homes and Better Places: lessons from policy and practice](#), which is jointly published by the UK Collaborative Centre for Housing Evidence (CaCHE) and the Scottish Land Commission. Castle Gardens demonstrates the importance of maintaining an up-to-date development plan and offers insights into the role of land promoters in place promotion and risk sharing. The main report is part a series of reports that make up the Commission’s Review on Land for Housing & Development, which will report later this year.

Project description and background

Castle Gardens is a 6.7 hectare (16.5 acre) greenfield development project that was promoted by Gladman Developments Ltd. and is being built by Stewart Milne Homes.

This project will deliver 120 new homes across two phases of development (see Figure 1), comprising of 90 homes for sale and 30 affordable homes. The former include 3-6 bedroomed detached homes, while the latter includes a mix of 2-bedroomed flatted accommodation and 2-3 bedroomed terraced housing.

Development began in 2018 and is expected to continue until 2022 (assuming no delay due to the coronavirus).

The development is located on the southern edge of Pencaitland in East Lothian. The site is bounded to the north by existing housing, to the east and west by Lempockwells Road and Pencaitland Railway Walk, respectively, and to the south by open farmland. It is within walking distance (400m) of the centre of Pencaitland, which lies astride the Tyne Water about five miles south west of Haddington, the administrative centre for East Lothian, and 12 miles south east of Edinburgh.



Figure 1: Two Phases of Development, Castle Gardens



Figure 2: Mix of house types at Castle Gardens, February 2020 (Photo by Gareth James)

Project promoter

The site was submitted for inclusion in the LDP by Strutt & Parker, acting on behalf of the landowner – a local family still resident in Pencaitland – but it was not included in the LDP adopted in 2008. At the end of 2013, Strutt & Parker brought the site to Gladman Developments Ltd., a privately owned property company and strategic land promoter, which specialises in facilitating land to the house building industry; both private housebuilders and affordable housing providers, such as housing associations.

Gladman Developments Ltd. reached a promotion agreement with the landowner as opposed to an options agreement or conditional contract more commonly used by UK housebuilders in acquiring land for residential development. Under the terms of a promotion agreement, the land promoter partners with the landowner to progress the

site through the planning system until a deliverable planning permission is obtained.

While the landowner remains in control of the process and enjoys a greater degree of discretion compared to an options agreement, it is the land promoter who covers all planning and development costs and therefore carries the risk in the event that planning permission is withheld. If, however, permission is granted, the promoter's costs are reimbursed out of the gross sale receipts when the site is eventually sold on the open market. They also receive a percentage of the net sale proceeds.

The land promoter is therefore motivated by securing a sale at the highest possible price in order to generate a return on their capital investment.

Land assembly

The land in this case was owned by a single land owner and there were no major land assembly issues, to the best of our knowledge.

There were however some challenging ground conditions including concerns about topography, as well as the discovery following an intrusive site investigation of a disused gas pipe which did not appear on any plans. The pipe had never been capped so it was still full with gas when discovered. The nearby Malting Plant had to shut down in order for the pipe to be capped and removed, both causing delay and increasing costs.

Despite some reservations about including this case study in the research, we felt that on balance, and following extensive consultation with stakeholders, there were lessons to be learned in relation to the role of land promoters in bringing forward sites like this one, which is located in a relatively untested housing market.¹

The case also demonstrates the importance of keeping the local development plan (LDP) up-to-date.

Planning and design

Gladman Developments Ltd. brought the site forward for development at a time when East Lothian Council had a shortfall in its effective housing land supply. Scottish Planning Policy states that housing land requirements should be met by an effective rolling five-year land supply. Each local planning authority does this by identifying land in the Major Issues Report of the LDP and an annual housing audit. However, at the time, the Council's 2013 LDP had expired and the new LDP was not adopted until 2018. In recognition of this shortfall, the Council issued Interim Planning Guidance in 2013 to support appropriate proposals for housing development on unallocated land while the new LDP was being prepared.

In tandem with representations to the emerging LDP, Gladman Developments Ltd. applied in September 2014 for planning

permission in principle for a residential development of 120 homes and associated works. While planning officers claimed to have been broadly supportive of the proposal, they recommended that consent be refused because the proposal was considered to be contrary to Part5(v) of the Interim Guidance, which states that 'The proposed housing use must be contained within robust, defensible boundaries and must not set a precedent for subsequent future expansion'.² The southern boundary was considered not robust enough to prevent further development to the south. The Council therefore refused planning permission in December 2014.

Gladman Developments appealed the Council's decision with the Scottish Government directorate for Planning and Environmental Appeals (DPEA). In September 2015, the appeal was allowed thereby granting planning permission subject to conditions and a Section 75 agreement to secure education, affordable housing and other developer contributions.

Following the appeal decision and a full site investigation, Gladman Developments marketed the site through the summer of 2016. Several volume and non-mainstream housebuilders submitted bids for the site, which eventually went to Stewart Milne Homes. Stewart Milne then submitted a detailed planning application which was approved on 28 March 2018. The site was eventually included in the LDP adopted by East Lothian Council on 27 September 2018.

The Masterplan was designed by Optimised Environments (OPEN) and sets out a vision for a mixed-tenure development comprising of homes for sale and affordable housing.

¹ While there is strong demand for housing in East Lothian, Castle Gardens is the first significant development in Pencaitland for some time.

²https://www.eastlothian.gov.uk/download/meetings/id/15037/02_housing_land_supply_interim_planning_guidance

Development commentary

This development is not yet complete. However, Phase 1 is well underway and the vast majority of the homes have already sold. There is already a mix of house types on site (see Figures 2), albeit predominantly large, detached family homes. The affordable housing element will be delivered with Phase 2, the purchase of which was brought forward by six months due both to higher demand and a faster pace of development than initially anticipated.

There are some positive place-making elements to this project. Given its close proximity to the centre of Pencaitland, the development can be said to enhance what is already there and therefore helps to sustain an existing place.

There are well established walking and cycling routes in the local area, including an asserted Right of Way which crosses the development along the southern boundary, connecting Pencaitland Railway Walk – a core path that runs to the west of the site and forms part of the National Cycle Route 196 – and Lempockwells Road. The development connects into these existing routes through an

integrated path network and landscape links. The development therefore demonstrates sustainable qualities and benefits from a movement framework that encourages active travel, enables access to local services and amenities, and connects with nearby public transport links to Haddington and Edinburgh.

However, changes to the site layout appear to have resulted in a reduction in the amount of consolidated green and open space. The indicative masterplan shows a fairly significant amount of green space located in the southern corner of the site and around the site entrance to the east. While the latter remains intact in the revised plan, the former now appears to be interwoven throughout the development.

At 120 new dwellings, the development's population is likely to be around 250 people which represents a 15% increase in the population of Pencaitland. This is a significant change and will have an impact on the wider place. It is also likely that a high proportion of new homes will be occupied by car-borne families that commute to Edinburgh and further add to congestion and emissions in the area.

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