

# **National Planning Framework 4**

## **Minimum All-Tenure Housing Land Requirement**

### **RESPONSE TEMPLATE**

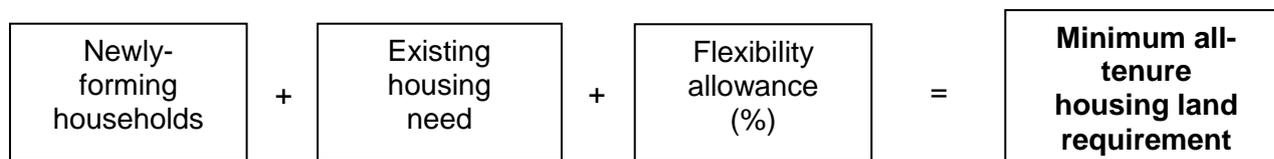
**Scottish Government**

**Planning & Architecture Division and Housing & Social Justice**

**February 2021**

## PURPOSE

The Scottish Government has produced initial default estimates of the 10 year minimum all-tenure housing land requirement for each local authority and national park authority. These are derived from three main inputs:



The initial default estimates are set out in the Guidance and Method Paper that accompany this Response Template. They are a first step towards developing a Scotland-wide picture of the amount of land for housing that will be needed in the future to guide allocations in Local Development Plans (LDPs). They are a starting point for authorities to consider and input to in order to inform the final figures that will feature in the draft NPF4.

Authorities are being asked to consider the default assumptions for household projections and existing housing need, flexibility allowance and estimates and to make a case for adjusting them where there is clear and robust evidence and policy requirements do to so. The Guidance indicates how authorities should go about making the case for change and this template must be used to respond. The two should therefore be used in tandem. Please note that word limits set out in the template must be observed as closely as possible.

An Excel Calculator is also provided. It shows the default calculations and allows authorities to input adjusted data in three simple steps to produce locally adjusted estimates. If making a case for change, authorities must use the calculator and submit this alongside the template.

Prior to submitting the template to the Scottish Government for formal assessment, authorities are encouraged to discuss this with Scottish Government housing and planning officials and to seek any advice as they build a case. Requests of this nature should be sent to the following mailbox ([NPF4housingland@gov.scot](mailto:NPF4housingland@gov.scot)) in the first instance.

On completion, the response template and calculator should be submitted to the mailbox for assessment by Scottish Government housing and planning officials. The appraisal criteria that will be used are set out in the accompanying Guidance. A short Assessment Report will be written-up and this will contain the Scottish Government's decision.

## STEPS TO TAKE

- Step 1** Read the Guidance and Method Paper accompanying this template.
- Step 2** Work with your Housing Market Partnership (HMP) and local stakeholders to consider and discuss the initial default estimates of the minimum all-tenure housing land requirement.
- Step 3** Use this response template to make a case for any adjustments you wish to make to the initial default estimates. Note that the response template should be no longer than **12 pages** (excluding the cover sheets) and this will be observed by SG when assessing the templates.
- Step 4** Discuss the template with SG housing and planning officials if that is useful.
- Step 5** The response template should be signed-off by the Head of Housing and the Head of Planning or the equivalent senior official from each department.
- Step 6** Submit the completed response template to the SG for consideration using the mailbox ([NPF4housingland@gov.scot](mailto:NPF4housingland@gov.scot)).

## TEMPLATE PART 1 – Household Projections (Newly-Forming Households)

### Instructions

The Scottish Government's initial default estimates use the NRS 2018-based principal household projections (equivalent to step 1 of the HNDA Tool). Alternative household projections are available including the NRS low migration variant and high migration variant. Some authorities also produce household projections in-house and authorities can consider the use of these where they can make a robust case for this.

Use the space below to provide evidence for the use of an alternative household projection. This must explain how the housing completions data provided by the Scottish Government has been considered. It must also include the actual household projections that you wish to use. Where necessary, tables of figures can be provided in an Annex.

**Take no more than the 2 pages.**

### Local Estimates: Newly Forming Households

Argyll & Bute Council and the local Housing Market Partnership formally agreed to reject the default HNDA Tool and NPF4 new build estimates, as being neither credible nor acceptable in respect of both local and national strategic objectives. The official demographic projections (i.e. NRS principle, low and high migration scenarios) all produce net household growth of zero over the next 15 years for this authority area, based on historic trends which are not deemed pertinent to either current and emerging local circumstances or strategic aspirations; and consequently a range of alternative stabilising and household growth projections have been considered.

- a) It has been assumed that the household population in Argyll & Bute will grow by a very moderate 0.5% each year (annualised) for (i) 5 years; (ii) 10 years; and (iii) 15 years. The latter growth scenario is the only version which sees a growth in household numbers between Year 1 and Year 15 (See Annexed material for further data, and detailed supporting evidence is also set out in HNDA Technical Supporting Papers available on the council website or on request from Council Housing Services.)
  - i. Household growth scenario (5 years) projects a **200** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-5 only).
  - ii. Household growth scenario (10 years) projects a **400** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-10).
  - iii. Household growth scenario (15 years) projects a **550** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-15).
- b) The in-house estimate is also benchmarked against Demographic Projections for the Scottish Sparsely Populated Area (SPA) 2011-2046 produced by the James

Hutton Institute (2018) on behalf of the Scottish Government to support their national repopulation and recovery strategy for rural and island Scotland. This analysis estimates that to hold the population in SPAs and avoid a decline in household numbers, an increase of roughly **800** households will be required in Argyll & Bute between 2021 and 2030. Given the growth ambitions of the Council, this estimate aimed at stabilising the household population at **current** levels, is considered prudent and a more realistic proxy for a 10-year estimate of newly forming households.

As required by NPF4 Scottish Government Guidance, to validate the reasonableness of household increases associated with in-house scenarios (a.iii) and (b), the 10-year estimate is compared to the number of new build completions achieved in Argyll & Bute over the last 10 year period (i.e. 2,025 according to data provided by the Scottish Government, or around 2,470 according to council's own data. However, note, an alternative 10 year completion estimate based on projecting the healthier more robust completions for 2019 over 10 years gives an even higher figure of 2,900). On this basis, the in-house estimate of the newly arising need component of the HNDA calculation is extremely conservative, accounting for just 27% (scenario iii) or 40% (scenario b) of the minimum housing output delivered over the last 10 years. (N.B. this still refers only to the *newly arising* component of the calculation at this stage.) The default estimate of 0 newly arising need clearly does not reflect historic completions and therefore is not considered credible in any form whatsoever.

In support of the proposed in-house stabilising and growth scenarios summarised above, the council has considered the following factors:

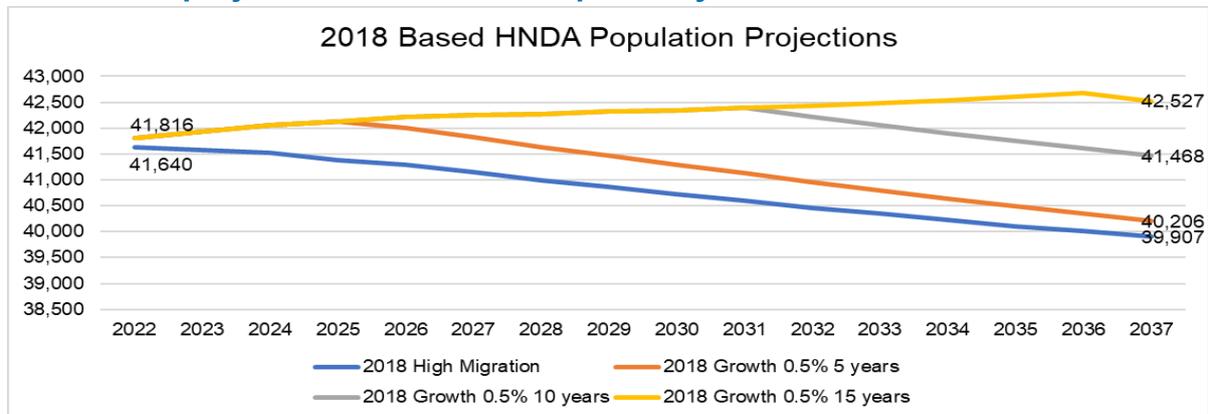
**Confirmed:**

- The MoD have implemented the Future Accommodation Model (FAM) for the increased service personnel relocated to the Naval Base at Faslane in the Helensburgh & Lomond HMA of Argyll and Bute. The armed forces population will continue to increase over the life of the next LHS and beyond, and over time it is very probable that families and dependents will re-locate to the area too. In addition, the enhanced capacity of the naval base is likely to impact on civilian infrastructure and supply chains, leading indirectly to even more population growth. Even if only a proportion of the 2,700 estimated requirement from the increase in service personnel, is met within Argyll & Bute, an MATLHR estimate of around 2,000 (this figure includes existing need as well as newly arising need, plus the rural flexibility allowance, see below) leaves very limited scope for additional supply when local growth, rural repopulation and affordable housing agendas are addressed. On this basis, it could again be concluded that the higher in-house scenario is a realistic and prudent local estimate.
- The Council has secured a £30m Rural Growth Deal for Argyll and Bute, which will support business expansion and economic regeneration across the area, with a primary focus on attracting and retaining economically active households. Housing projects will form a key component of the RGD outcome plan, and will include new build and refurbishment activity in key rural and island communities.

### Anticipated:

- The impact of Covid-19 is widely predicted to influence both short and longer term shifts in behaviour, attitude and expectation amongst the general population. Positive experiences of home working during lockdown and consequent reduction in long distance commuting; combined with the enhanced appeal of rural and island communities which are perceived to be healthier and safer environments for permanent, periodic or transitional living; are all likely to stimulate inward migration and generate positive growth in local populations. This view has been supported to some extent by anecdotal evidence of increased housing market activity in 2020/21 in many areas across Argyll and Bute which have previously experienced stagnant or depressed housing markets. Even if a proportion of this increased market activity results in more second/holiday homes, the net consequence will be to further reduce effective available stock to meet local need and demand, thus generating further requirements for new build. While it is too early to assess whether this increased activity will be sustained over time or simply constitute an anomalous blip in the immediate aftermath of lockdown, nevertheless taken together with other factors and indicators of behavioural change, it does bolster the argument for considering more positive demographic projections and anticipating a clear break with historic trends.

### Household projections: 2022 to 2037 plus 15 year total



## TEMPLATE PART 2 – Existing Housing Need

### Instructions

The Scottish Government's initial default estimates include an estimate of existing housing need (equivalent to step 2 of the HNDA Tool). This includes homeless households in temporary accommodation and households who are *both* overcrowded *and* concealed.

Use the space below to provide robust evidence for the use an alternative existing housing need figure. This must explain how the housing completions data provided by the Scottish Government have been considered. This must also include the existing housing need figure that you wish to use. Where necessary tables of figures can be provided in an Annex.

**Take no more than the 2 pages.**

Argyll & Bute Council and the local housing market partnership do not consider the default estimate of backlog need to be realistic or a true reflection of the level of existing need in the area. Consultation with partners in March and April 2021 (following a programme of stakeholder engagement in previous years) confirmed this consensus view that the CHMA default assessment was not a credible estimate of local need.

The council therefore triangulated a range of local datasets including the HNDA Household Surveys in 2018 and 2019, by independent consultants Research Resource, which achieved a robust and credible sample of c. 3,500 households across Argyll and Bute (giving an extremely significant confidence level of 1.8%); the HOMEArgyll Common Housing Register, with 2,469 active waiting list applicants in 2020; and council homeless statistics (referred to as HL1 data returns) among other primary and secondary data sources. Detailed tables summarising the in-house approach to calculating the components of existing need are set out in HNDA Technical Supporting Paper 07, available on the council website or on request from Council Housing Services, and summarised in the Annex of this response.

The local Housing Market Partnership agreed that the in-house calculation provides the most appropriate estimate of existing need – **850 compared to 150** as the default figure. This level of backlog need equates to just over a third of the total expressed need as registered on the RSL waiting list (34%), or to only 2% of the population of Argyll and Bute as a whole. This maximises the input for the overall HNDA calculation while avoiding either an under or over-estimation of existing need. It is derived from triangulation of robust evidence bases and the output is credible, indeed conservative, in the view of local housing professionals. In particular, it is noted that the HNDA guidance assumption that all unmet need for aids and adaptations or arising from poor condition properties can be addressed in situ is not valid or realistic in an area such as Argyll and Bute where a significant proportion of existing stock is just not suitable for improvement or fit for adaptation; nor can it be re-provisioned, re-configured or adequately refurbished to meet certain specialist and particular needs. Therefore, the proposed estimate of backlog need is deliberately moderate and significantly reduced from the initial potential calculation. It

is nevertheless still in full accordance with the CHMA assumption that the majority of housing need and demand in an area will not require a new build solution. The council methodology has received in principle support from the CHMA, pending formal appraisal of the new HNDA which is currently being prepared.

<b>6. Baseline Calculation (from inputs detailed in Annex and Technical Supporting Paper 07)</b>	
<b>1a. Homeless Households in Temporary Accommodation</b>	<b>132</b>
<b>1b. Insecure tenure</b>	<b>223</b>
<b>2. Concealed Households</b>	<b>225</b>
<b>3. Overcrowding</b>	<b>726</b>
<b>4a. Aids &amp; Adaptations</b>	<b>366</b>
<b>4b. Specialist Housing</b>	<b>260</b>
<b>4c. Floating Support Needs</b>	<b>306</b>
<b>5. Poor Quality Housing</b>	<b>145</b>
<b>PROVISIONAL TOTAL</b>	<b>2,383</b>
<b>In Situ Adjustment</b>	
<b>6. Households who require installation of aids or adaptations in their current home; and number of homes where aids &amp; adaptations have been installed given current annual budget available (PSHG)</b>	<b>-690</b>
<b>7. Adjustment to reflect Overcrowding and concealed (from 2 &amp; 3 above)</b>	<b>-951</b>
<b>8. Net Adjustment (steps 6+7)</b>	<b>-1,641</b>
<b>9. Adjusted baseline (2,383 – 1,641)</b>	<b>742</b>
<b>10. Add waiting list estimate for OVERCROWDED PLUS CONCEALED (minus insecure housing points to avoid duplication)</b>	<b>108</b>
<b>FINAL BACKLOG NEED CALCULATION (steps 9 + 10)</b>	<b>850</b>

### **TEMPLATE PART 3 – Flexibility Allowance**

#### Instructions

The Scottish Government’s initial default estimates include the addition of a 25 per cent flexibility allowance for urban areas and 30 per cent for rural areas. This is to provide a contingency or over programming of land to allow for changes in sites coming forward over the 10 year time frame of the local development plan.

Use the space below to provide evidence for the use of an alternative flexibility allowance, which should generally be no less than those provided. This must explain how the housing completions data provided by the Scottish Government has been considered. It must also include the percentage flexibility allowance that you wish to use.

**Take no more than the 2 pages.**

The Council and the local strategic housing partnership have approved the default 30% rural flexibility allowance for Argyll & Bute.

## TEMPLATE PART 4 – Locally Adjusted Estimate of Minimum All Tenure Housing Land Requirement

### Instructions

The Excel Calculator must be used to produce a locally adjusted estimate of the minimum all-tenure housing land requirement. The initial default and adjusted estimates must be provided below.

Initial Default Estimate = 200

Adjusted Estimate = 2,150

A copy of the adjusted Excel Calculator must be submitted with the response template.

### **Take no more than 1 page**

This estimate compares well to completion statistics from the MATHLR calculator and LDP completion figures from the same period. Arguably as the 2010-19 period reflects a period of housing output which is historically low due to the global financial crash at the beginning of the decade, annual completion rates from recovery period (e.g. the 2019 figure) could be a more realistic and reasonable proxy for construction sector capacity and market demand from 2022 onwards. A total of 290 completions were achieved in Argyll & Bute in 2019, which if used as an alternative annual benchmark would result in a 10-year annual completion estimate of 2,900. Benchmarking the alternative completion estimate to the in-house estimate of 2,150 would further validate that this is not estimating delivery levels which could not be reasonably justified. Nor does this exceed current identified land supply as identified in the LDP housing land audit (2,226, excluding National Park land supply). Furthermore, in testing the reasonableness of this estimate, it has also been benchmarked and triangulated to affordable housing supply targets associated with local policy drivers.

Local Policy Drivers (selected)	Total (est.)
Projected SHIP completions 2021-26	1,032
Rural Island Housing Fund/Rural Growth Deal (minimum est.)	63
Total SHIP & Rural Grant Funding Tools	1,095
Future Accommodation Model requirements (maximum est.)	2,700

If Argyll & Bute is to deliver pipeline units in full as grant funded by the Scottish Government within the SHIP, then up to 1,032 new units of supply could be delivered (albeit some projects are provisional at this stage). If it is assumed that this figure is supplemented by committed projects funded by Rural Island Housing Fund/Rural Growth Deal, then a further 63 units at least will enhance total grant funded delivery up to 1,095 in the first 5 years of the projections. This accounts for over 50% of the MATHLR estimate even at the upper end of the scale.

If it is assumed that this grant regime continues in years 6-10, (which is a reasonable assumption given the national commitment to build 100,000 homes over the next 10 years within Housing to 2040), the MATHLR could be delivered via the provision of

affordable housing alone, i.e. without any private market housing at all. On this basis, the estimate of 2,150 should be considered reasonable/prudent and whilst accounting for the delivery of committed funding for affordable housing, it also leaves capacity for a reasonable level of private sector output.

In fact, if other local policy considerations are taken into account, it could be argued that an estimate of 2,150 is quite modest. For example, modelling to assess the number of new homes to reduce the level of ineffective housing stock down to the Argyll & Bute average (8%) in HMAs where this is above average, estimates that additional units in the region of 850 should be considered to enhance the supply of occupied dwellings at a local level. (This policy target would still leave the level of ineffective stock in Argyll & Bute well above the national average). Aligning this estimate to the total units associated with committed funding for affordable housing (1,095) produces a figure of 1,938 which benchmarks well to the MATHLR Scenarios of 0.5% growth (1,850) and stabilisation (2,150).

## **TEMPLATE PART 5 – Housing Market Partnership (HMP) and Stakeholder Involvement**

### Instructions

Use the space provided below to list the HMP membership, provide a summary of their views and an indication of whether the HMP has agreed the locally adjusted estimate of the minimum all-tenure housing land requirement. Also provide a list of additional stakeholders and a summary of their views. Use the sub-headings provided.

**Take no more than 4 pages.**

The local Housing Market Partnership comprises the partners of the Argyll & Bute Strategic Housing Forum, with the support of the SHIP Operational Group, and other thematic bodies such as the Energy Efficiency Forum.

### List of HMP members

Argyll & Bute Council: Housing Services; Planning Services; Economic Development & Growth Services;  
HOMEArgyll RSLs: Argyll Community Housing Association; Fyne Homes; Dunbritton Housing Association; West Highland Housing Association;  
National & Specialist RSLs: Link Group; Bield; Trust; Wheatley Group/Cube  
Loch Lomond & Trossachs National Park  
Argyll & Bute Health & Social Care Partnership  
Scottish Government - More Homes Division  
Highlands & Islands Enterprise  
Home Energy Scotland  
Alienergy  
Communities Housing Trust  
Rural Housing Scotland  
Veterans Housing Scotland

### Summary of HMP views

The Forum unanimously rejected the default HNDA and NPF4 estimates of backlog need and future demand (newly arising need). This is recorded in responses to a survey carried out in March 2021, and again as formally minuted in the quarterly Forum meeting on 1<sup>st</sup> June 2021.

The partnership approved the in-house estimates of need and the proposed Housing Land Supply Requirement of 2,150 over 10 years.

The primary objective of repopulation and economic growth, supported and stimulated by suitable housing development, was agreed as the fundamental objective of all partners in Argyll & Bute.

Individual comments supported more affordable housing; housing for families and older people; housing to attract and retain economically active households to support business regeneration and growth. Sample comments include the following:-

- *The CHMA approach does not seem to take account of the strategic objectives in Argyll and Bute which require innovative approaches to reverse population decline. There is evidence of pressures in the housing market in many of Argyll's remote rural areas where second and holiday homes have a disproportionate impact in small communities. Therefore, it is important that housing supply targets are set with aspirational population projections to the fore.*
- *The Argyll and Bute HSCP as an important member of the Strategic Housing Forum has with partners developed a Health and Social Care Housing Needs Assessment and in discussion with partners and planning for an increase in community care provision for keeping people well and independent living in their own homes not in a care home or institution and out of area due to lack of provision be it Adult, Children or young person. The range of housing needs from aids and adaptations to new build and hub and spoke models is a key strategic aim and we have a number of care homes which are no longer fit for purpose in the 21st century and especially with the lessons learned from the Covid-19 pandemic. Clearly the impact and implications of the consequence of Covid-19 will also inform the profile and scale of care home and housing need for health and care. Finally the last point which has been articulated elsewhere relates in to the ability of health and care staff to live and work in the area, the availability of affordable and attractive housing is a key to attracting the workforce required to provide health and care services across our mainland and island communities. This is frequently flagged as a barrier across the area. Informed from this, the view of the Argyll and Bute HSCP is option 5 (i.e. higher council estimate) is more realistic and our first preference.*
- *Given the huge geographical area covered by Argyll and Bute Council, diverse communities, wide ranging locations, and non-existent speculative home building it is important to understand local need and supply. To this end localised studies on demand should be undertaken to help inform policy and evidence need.*
- *Argyll & Bute Council have in partnership with all of their stakeholders carried out numerous consultations, round table discussions and events to gather robust and credible information in our diverse communities. We would therefore support Argyll & Bute Council's demonstration of HNDA to support the projected housing supply targets for the next 5 years.*
- *Option 1 (default est.) Very low, easily achievable by one RSL alone, and would not meet the housing demand we see*  
*Option 2 (default backlog est.) The definition for estimating existing or backlog need does not sufficiently cover the wide range of factors which need considered*  
*Option 3 (council backlog est.) Looking at waiting list figures and specifically those pointed with a recognised housing need, plus the turnover of housing stock, we believe this to be a more realistic figure and the holistic approach more credible*  
*Option 4 (council newly arising est.) As above, a more realistic figure using a more credible approach*  
*Option 5 (total in-house est, stabilising scenario) Ambitious but achievable*

### HMP agreement

Has the HMP agreed your minimum housing land figure? *Please delete accordingly*

YES

### List of Additional Stakeholders

HOMES for Scotland

Strategic Housing Investment Plan Practitioners Group

### Summary of Stakeholders Views

HOMES for Scotland, representing construction and development sector, has provided formal letter of support which is annexed to this response. Key points summarised as follows:-

*HFS welcomes your willingness to challenge and amend the Scottish Government's initial default estimates. It is very positive to know you have undertaken considerable work through your HNDA process to gather local data and carry out local surveys. You have also used local information to provide an estimate of newly forming households that reflect local intelligence on the number of households known or expected to be moving into Argyll and Bute in association with employment base changes and policy intentions. We agree your figures are more robust and better informed than the initial default estimates. We would like to see this work undertaken for all parts of Scotland.*

*HFS would nonetheless support significant further upward adjustments of figures for Argyll and Bute, as your proposed locally adjusted estimate of need and demand still falls short of your past completion levels (whether looking just at 2019 or your 10-year average) and so do not support the objective of increasing housing delivery, or wider policy objectives. Our model reflects what that upward adjustment could look like if local authorities collectively achieved the HFS policy target of delivering at least 25,000 homes of all tenures each year. It rolls forward the proportionate contributions to supply that each local authority made in 2019, when 22,596 homes were delivered across Scotland. A corresponding minimum all-tenure HLR is shown.*

The HfS have acknowledged this council's general approach as an exemplar methodology, however their consultation response included a bespoke calculation of need for Argyll & Bute in comparison with both the default figure and the council's estimate. This calculation is double the council's projected figure (4,257 compared to 2,150) and partners feel this is potentially over-inflated but does nevertheless provide an aspirational upper parameter which further supports our conservative and prudent *minimum* estimate, while allowing a generous margin of comfort for planning colleagues.

## TEMPLATE PART 6 – Joint Housing and Planning Senior Official Sign-Off

### Instructions

This template should be agreed and signed-off, jointly, by the Head of Housing and the Head of Planning or the equivalent senior official from each department. Typed signatures can be provided.

**Take no more than 1 page.**

*(see page 6 of the Guidance Note)*

### Head of Housing

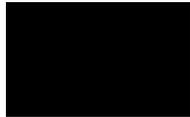
Full Name: Fergus Murray

Full Title: Head of Development and Economic Growth

Email: [fergus.murray@argyll-bute.gov.uk](mailto:fergus.murray@argyll-bute.gov.uk)

Date: 3 July 2021

Signature:



### Head of Planning

Full Name: Fergus Murray

Full Title: Head of Development and Economic Growth

Email: [fergus.murray@argyll-bute.gov.uk](mailto:fergus.murray@argyll-bute.gov.uk)

Date: 3 July 2021

Signature:

