

## 1. NPF4: Minimum All-Tenure Housing Land Requirement Background

The Scottish Government has produced initial default estimates of a 10-year Minimum All-Tenure Housing Land Requirement (MATHLR) for each local authority and national park authority in Scotland. These are derived from the following three main inputs:



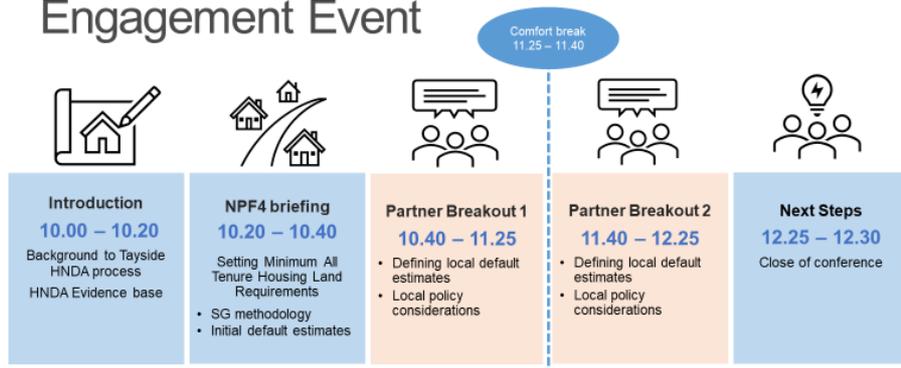
The initial default estimates are set out in MATHLR Guidance and a Method Paper provided to each local authority. These estimates are a first step towards developing a Scotland-wide picture of the amount of land for housing that will be needed in the future to guide allocations in Local Development Plans (LDPs). They are **not** the final estimates that SG expect to be included in the draft NPF4.

Local authorities are asked to consider the initial default estimates and make a case for adjusting the figures where they can provide robust evidence and or local policy requirements as justification. Partners are asked to consider the initial default estimates for household projections, existing housing need estimates and apply a flexibility allowance to produce evidence based and credible local estimates. The Guidance indicates how authorities should go about making the case for local change.

In preparing a response to the Scottish Government's MATHLR consultation, a Tayside Housing Market Partnership event was held on 25<sup>th</sup> May 2021. This brought together the four local authorities from the previous Tayplan Strategic Development Plan Authority (Dundee City Council, Perth and Kinross Council, Angus Council and Fife Council) with the stakeholders and delivery partners who comprise their Housing Market Partnership.

The objective of the event was to inform each Council's response to the Scottish Government's consultation on the initial default estimates provided in February 2021. The programme for the consultation event was as follows:

## Tayside Partnership NPF4 Stakeholder Engagement Event



Delegates from across the four local authorities and Housing Market Partnerships were presented with background information on the Tayside HNDA process, as well as emerging evidence to support the delivery of local estimates; including primary research findings from a Housing Need and Demand Household Survey completed in April 2021. A briefing session on the NPF4 framework to produce Minimum All Tenure Housing Land Requirements was then presented, including the Scottish Government's methodology, initial default estimates and the sources used to provide robust evidence of alternative local estimates.

Given ongoing Covid-19 restrictions, the event was held digitally via Microsoft Teams. A total of 66 partners and stakeholders attended the event.

### 2. Housing Market Partnership Engagement

Local authorities were encouraged to work with Housing Market Partnerships (HMPs) in approving locally adjusted estimates and to adopt a collaborative and constructive approach to setting Minimum All tenure Housing Land Requirements.

Following the plenary sessions, delegates were then able to join two of the four local authority partner breakout sessions to scrutinise and validate the proposed local MATHLR estimates. A total of 39 stakeholders attended the Fife Council sessions, including representatives from the following organisations:

- Allanwater Homes
- Barratt Homes
- Bield HA
- Fife Council
- Frontline Fife
- Keepmoat Homes
- Muir Group
- Nastech Construction
- Ore Valley HA
- Persimmon Homes



- Perth & Kinross Council
- Robertson Construction
- Scotia Homes
- Viewpoint HA

The objectives for the breakout session were to:

- share the initial default estimates provided to the Council from the Scottish Government
- review and validate the basis of alternative locally adjusted MATHLR estimates
- attain stakeholder views on the preferred local MATHLR scenario

Partners were invited to discuss the alternatives, provide further evidence and support/challenge the assumptions. The Scottish Government requires each local authority to submit a template that captures the views of stakeholders in scrutinising and validating MATHLR assumptions. An interactive Whiteboard was used at each of the sessions to record the views and opinions of stakeholders.

Copies of the slides used at the breakout sessions will be made available to all delegates.

### 3. Initial Default Estimates: North Fife

The Scottish Government's initial default MATHLR estimates for North Fife:

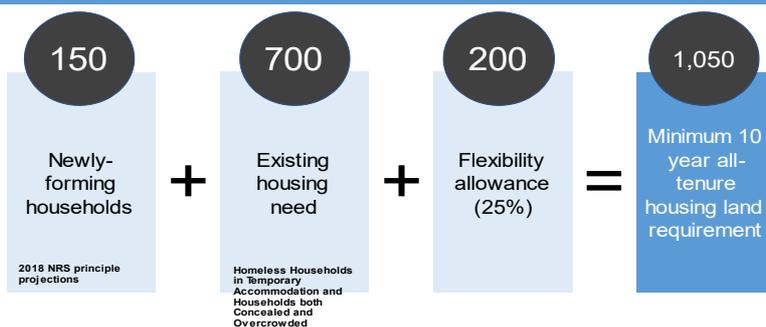
- use the 2018-based NRS principal household projections (equivalent to step 1 of the HNDA Tool) as a base to estimate the number of new households who will require housing in North Fife over a 10-year projection period
- include an estimate of existing housing need (equivalent to step 2 of the HNDA Tool). This includes homeless households in temporary accommodation (derived from HL1 statistics) and households who are both overcrowded and concealed (derived from Scottish House Condition Survey statistics)
- apply a 25 per cent flexibility allowance to a combined estimate of new and existing housing need. This allowance provides a contingency for the over programming of land to allow for changes in sites coming forward over the 10-year time frame of the local development plan. Aligned to the Scottish Government MATHLR guidance, North Fife is classified as an urban area, so a 25% flexibility is applied (the allowance is 30% in rural areas).

Combining these three components, creates the following initial default MATHLR estimate for North Fife:



NPF4: Minimum All Tenure Housing Land Requirement

### Initial Default Estimate using SG assumptions

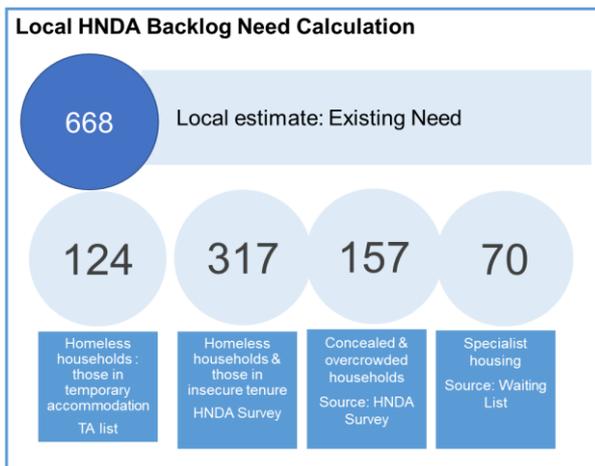


#### 4. Locally Agreed Estimates: Existing Housing Need

Working in partnership with Fife Council a revised existing need estimate had been calculated by Arnel Johnston, with the evidence and assumptions underpinning the existing need estimate shared with the delegates. The basis of the revised calculation used a mixture of:

- HL1 households in temporary accommodation = 124
- Respondents to the HNDA survey who were under immediate threat of eviction/repossession/ loss of housing status =317
- Households in the HNDA survey who identified as overcrowded **OR** sharing amenities with another household (with double counting eliminated from total household numbers) = 157
- Waiting list of households needing to move due to medical needs or requiring specialist housing = 70

Combining these requirements results in a local existing need estimate of 668, rounded to 650 for the purposes of the MATHLR calculation:



### 5. Locally Agreed Estimates: Newly Forming Households

In Fife, three scenarios are under consideration as an estimate of the number of new households who will require housing in the next 10 years using the 2018 NRS household projections as follows:

- Scenario 1: 2018 based Principal projections = 700 new households per annum
- Scenario 2: 2018 based High Migration projections = 900 new household per annum
- Scenario 3: 2018 based Principal projections (annualized to a 10-year average as opposed to 15-year average) = 750 new household per annum

Using these alternative household projections, the 10-year estimates for new households range from:

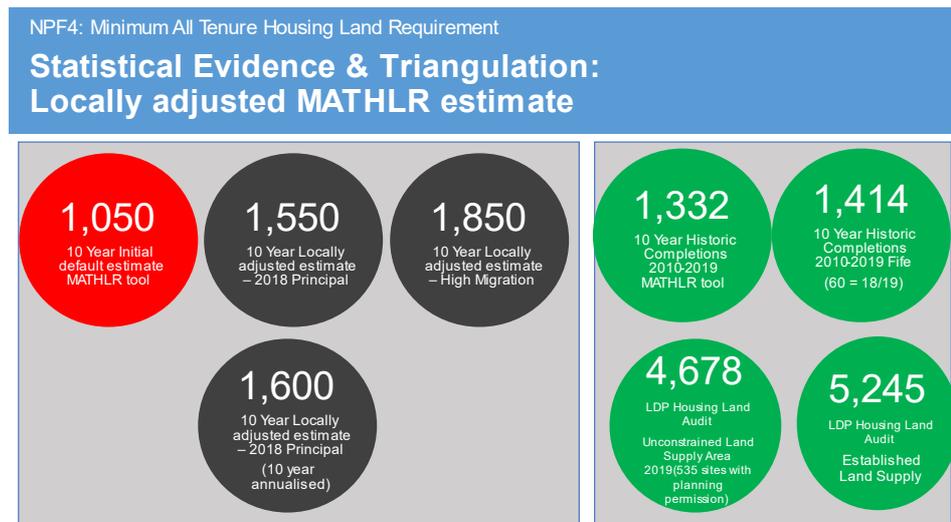




### 6. Locally Agreed Estimates: Scenario Outcomes

By adding the revised existing need total (650) to the three household projection scenarios (700–900) and applying a 25% urban flexibility allowance; partners were asked to provide scrutiny, validation, and challenge on their preferred MATHLR estimate from options below:

Commented [VK1]: I think the flexibility allowance wasn't adjusted for the totals in black? However we consulted on those so I don't think we should change the figures in this report



### 7. Locally Agreed Estimates: Consultation Feedback

Following a presentation outlining the local evidence and the assumptions used to develop the three local MATHLR estimates for Fife Council, stakeholders were asked the following three questions?

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Of the locally adjusted scenarios we have presented, which estimate should be selected as the preferred MATHLR?

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Do you have any challenges to the assumptions we have made to derive local estimates?

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Does the preferred MATHLR estimate allow us to achieve an ambition to grow housing provision in the North Fife area?



From both feedback sessions there was unanimous agreement that the default estimate for Fife of 1,050 was too low, the primary reasons for this were as follows:

- The existing need figure provided by the Scottish Government is way below all partners assessment of backlog need.
- The methodology to arrive at the revised existing need is robust and more credible than the Scottish Government figure given the data sources used include primary research.
- The 2021-26 SHIP projects 986 affordable housing completions which significantly more than the initial default estimate over this period (1,050 @ 5 years = 525)
- Assuming 1% of the Scottish Government 100,000 affordable home target based on North Fife share of national population, the target for Fife North will be 1,407. This is already higher than the initial default estimate and excludes private tenure development.
- North Fife's housing supply target is currently 200 per annum, which again is around half of the initial default estimate.
- The 2019 Housing Land Audit figure for unconstrained Land Supply is 4,678, this is significantly above the default estimate of 1,050.
- The North Fife area is a highly desirable area attracting inward migration from the rest of Scotland and the UK.

Of the three locally adjusted scenarios presented, there were differences of opinion from each of the groups as to what the preferred Minimum All Tenure Housing Land Requirement scenario should be. The outcomes were as follows:

- Group 1: around 50% of stakeholders selected Scenario 1 (1,550) and the other 50% of stakeholders selected Scenario 2 (1,850) as their preferred MATHLR estimate
- Group 2: around 90% of stakeholders selected Scenario 1 (1,550) and 10% stakeholder selected Scenario 2 (1,850) as their preferred MATHLR estimate

Combined engagement outcomes across both Groups therefore confirm that stakeholders support the selection of Scenario 1 (1,550 over the next 10 years) as the local Minimum All Tenure Housing Land Requirement estimate for North Fife.

Whilst clear support was expressed for Scenario 1, alternative perspectives on the most appropriate local MATHLR estimate were expressed by some stakeholders. Those who supported the selection of Scenario 2 believed that this scenario was even on the low side and the anecdotal evidence suggests that the figures should be higher.

"The covid pandemic has accelerated technology, with more people working from home and moving away from cities therefore the high migration estimates should only be the starting point, the inward migration will put pressure on housing supply and create problems those that live in North Fife and are struggling to get on the housing ladder"

"Figures are too low, there is evidence of growth in school role numbers and evidence of house price pressures in the area."

"Whilst there will be a requirement for significant amounts of infrastructure/utilities investment in order to achieve this target – a more ambitious target should be presented to encourage this type of much needed investment in the area."

"Setting a lower target will further widen the gap between demand and supply – a lower target will suppress the need; we need to support rather than threaten construction jobs and the wider economic benefits of home building."



“Even the high migration scenario is too low and does not present a true picture of need – I don’t believe the evidence presented demonstrates the true scale of need in the area.”

“Despite the target of releasing larger properties within the North Fife area by providing retirement properties in St Andrews, evidence shows that demand has come almost entirely from out with the area”

However, this positivity was tempered by recognition that delivery of a MATHLR target of 1,850 will ‘depend on managing some of the development constraints that currently make housing delivery more challenging in the North Fife Area’.

For those supportive of selecting Scenario 1, it was acknowledged that the local estimate ‘is a minimum figure, which would make the 1,850 estimate an ambitious target when we consider some of the challenges which may be met in delivering the target. It was suggested that the ‘1,550 estimate is perhaps more realistic and achievable’.

Some of the comments in support of the lower figure of 1,550 present in Scenario 1 were as follows:

“Need to consider education capacity and education provision needs to be reviewed in line with the targets set”

“We need to consider the infrastructure constraints in the North Fife area, the geography is more challenging in this area and this may result in a cost premium.”

“Consideration needs to be given to the financial capacity to deliver the higher target., particularly given that there may be an additional cost premium in the North Fife area.”

“The current LDP shows higher rates of growth planned for South Fife”

“We have had to close a primary school in St Andrew’s due to falling rolls as a result of the University increasing its student roll”

“I think the change to social care has enabled more people to stay in their own homes so negating the need to downsize”

“there is a risk of the target being too high, given the impact of the COVID pandemic is still unknown”

Furthermore, in validating the selection of the MATHLR estimate, stakeholders were asked:

“...Do you have any challenges to the assumptions we have made to derive local estimates?”

Firstly, stakeholders considered the local estimate of existing need (650) which is significantly higher than the Scottish Government’s default estimate of 150. Unanimously, stakeholders agreed that the default estimate is a significant underestimation of the housing needs of the existing Fife North population.

It was felt by some members of the group that the existing need calculation is still too low. However, in validating the figures, most stakeholders sought and attained assurance that:

- the figures derived from the HNDA survey had eliminated any potential double counting across need categories



- the figures utilised from other sources (waiting list, HL1 etc.) provide a credible and comprehensive measure of expressed demand for alternative housing across the Fife North Area.

Stakeholders supported the principle that the estimate of existing need should extend beyond temporary accommodation, overcrowded and concealed households to measure the needs of those with (i) immediate insecure tenure and (ii) specialist housing needs.

Having scrutinised the evidence utilised, the suggested local estimate of existing need was assessed by most stakeholders as robust and credible. However, with the view being from some stakeholders that the figure is still too low.

In addition, stakeholders were asked to consider the range of policy drivers which should be considered in selecting a local estimate of new need. Stakeholders agreed that the level of investment through the Tay Cities Deal will attract households moving into the North Fife area, however, it was felt by some stakeholders that there is not sufficient evidence to justify the high migration scenario being applied in the Fife North area and that given the target is a "minimum target", the principal projection is a more credible option until the impact of Covid is known.

Finally, stakeholders were asked to consider:

Does the preferred MATHLR estimate allow us to achieve an ambition to grow housing provision in the Fife Council area?

Whilst a higher proportion of stakeholders agreed that selection of the lower of the MATHLR scenarios (1,550) should be selected; mainly given the infrastructure and financial constraints which may impede housing development if the higher MATHLR scenario of 1,850 was to be selected. There, were several stakeholders who felt that this target does not provide an ambitious enough target to grow housing in the Fife North Council area.

'The figures are not acceptable and are just far too low.'

'There is significant investment planned for the area which will stimulate further economic growth.'

'Minimum requirements are met and sometimes not exceeded, and they then become a target. We should set to achieve the highest minimum possible.'

'We cannot separate ambitions for economic growth with housing delivery ambitions. We should opt for the higher estimate – there needs to be as much joint working and planning as possible.'

## 8. Next Steps

Having now agreed the preferred local estimate with partners and stakeholders, Fife Council are required to submit their response to the Scottish Government's consultation on the initial default MATHLR estimates by Friday 4th June 2021.

As part of the evidence to support the acceptance of local MATHLR estimates, feedback from Fife stakeholders in the Tayside NPF4 stakeholder engagement event will be incorporated into the return template.