

Gary Templeton  
Moray Council

01 June 2021

By email only

Dear Gary

## **NATIONAL PLANNING FRAMEWORK 4 (NPF4) – INITIAL DEFAULT ESTIMATES FOR MINIMUM ALL TENURE HOUSING LAND REQUIREMENTS (HLRs)**

Thank you very much for inviting Homes for Scotland (HFS) to comment on Moray Council's proposed response to above consultation, as agreed by your Planning and Regulatory Services Committee on 18 May.

All local authorities received a set of resources from HFS in April to help you consider your desired delivery levels and corresponding HLRs. In this letter (which is consistent in format and content with letters to other local authorities across Scotland) we have added some locally specific information that looks at:

- the gap between the Scottish Government's initial default estimates and where HFS thinks Scotland as a whole and its constituent authorities should be aiming; and
- some of the economic benefits to be gained through a modest increase on current delivery levels, and what would be at risk if the initial default estimates did go on to be included in NPF4.

The figures we present on the former are modelled on our manifesto 'ask' for a pan-Scotland, all-tenure aspiration to deliver at least 25,000 homes each year. We have looked at how those 25,000 homes might be distributed across Scotland if each authority made the same percentage contribution to that target as it did to the 22,596 homes delivered in 2019.

The HFS position on the three components of the Scottish Government calculations can be summarised as follows:

- We believe the Scottish Government's **existing household need counts** are too low. Detailed information, and potential solutions, are included in the second of the four papers which we issued to Councils in April (overcoming HNDA limitations).
- We do not think the principal projection of the 2018-based household projections provides a good basis for **estimates of newly forming households** to be planned for. Again, detailed information, and potential solutions, are included in the second of the four papers which we issued to Councils in April (overcoming HNDA limitations).

- We accept the Scottish Government's **flexibility allowance** levels.

Additionally, we believe it is the 2019 **completion figures** that should be considered, rather than the 10-year average suggested by the Scottish Government and included in your table. This is because the 10-year average takes Scotland halfway back to the depth of the post-global financial crisis recession and does not serve the policy objective of increasing housing delivery. HFS notes that Moray Council's own completion figure for 2019 (at 443) was quite like the 2010-19 10-year average of 451.

Turning to the figures for Moray, we hope the additional tables in this letter are of use on top of the resources already provided.

You are proposing to increase the Scottish Government figures as follows:

**Table 1: Scottish Government and Moray Council Figures and HFS Model**

	<b>A</b> Existing Need Count	<b>B</b> Newly forming households Estimate	<b>(A+B)</b> Need + Demand Estimate	Adjustment to reflect 2019 completions and policy aspiration to increase delivery	Flexibility allowance (25% or 30% in with Scot Gov levels)	<b>Minimum HLR</b>
Moray IDE	200	1,200	1,450	-	400	1,850
Moray LAE	480	2,180	2,660	-	798	3,458
HFS model <sup>1</sup>	480 +	2,180 +	2,660 +	4,901	1,471	6,372

HFS welcomes your willingness to challenge and amend the Scottish Government's individual default estimates and agrees that they would inhibit you in planning for positive outcomes for your area.

HFS would support significant further upward adjustments of the initial default estimates of need and demand, as your proposed locally adjusted estimate is still falling short of your 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 delivery 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. Corresponding minimum all-tenure HLRs are shown, for contrast. The HFS excel spreadsheet, circulated previously, holds our workings on this.

## Moray Existing Need Count:

Like you, HFS believes the Scottish Government's existing household need counts are too low. We support your willingness to increase the Existing Need Count. Whilst it is not clear from your committee report what local information the proposed increase from 200 to 480 is based on, HFS is in no doubt that there will be significantly more households in existing housing need that are accounted for by the Scottish Government, given their count reflects on the very most acute forms of need (homeless households in temporary accommodation and households that are both overcrowded and contain at least one concealed family (excluding single people)).

As you will have seen in the papers we circulated to all authorities in April, we advocate the use of household surveys to rectify this evidence gap. A general position which we are taking at this stage is that HFS cannot support any MATHLRs that are not based on fuller evidence of need and demand in individual authority areas and across Scotland as a whole. In short, this means that whilst HFS strongly supports your recognition that the Scottish Government existing need count figure is much too low, and your willingness to promote a higher figure, we cannot endorse your specific figure of 480 at this stage. It is however a positive step in the right direction.

The HFS paper on overcoming HNDA limitations (as previously circulated) identifies reasons why the Scottish Government existing need counts have come out so low. The primary issue is the very narrow definition of existing household need. The Scottish Government only counts:

- homeless households in temporary accommodation; and
- households of more than 1 person which are both overcrowded and concealed.

Table 2 gives examples of other types of existing household need that the HNDA toolkit does not acknowledge or attempt to count, and which local authorities may wish to make provision for in their locally adjusted estimates. Your proposal to increase the existing need count from 200 to 480 is a positive step in the right direction. Subject to any further information you can provide on the information sources used so far, HFS considers there is likely to be a robust case for a much greater increase to that figure to account for wider existing need.

**Table 2: Households Excluded from the HNDA Existing Household Need Count**

Type of Existing Household Need	Description and Example
An <b>overcrowded</b> (but not concealed) household.	A household living in a home that has too few bedrooms for the family members (for example a family with a boy and a girl but only 2 bedrooms).
Households that are <b>concealed</b> (but not overcrowded).	A household that wants but does not have a home of their own (for example a young family living with grandparents).
<b>Single person households in need</b> (even if both overcrowded and concealed) (e.g. adults living in HMOs or with friends / parents / other relatives).	For example, an adult son or daughter forced by circumstance to be still living with a parent. If they wanted to form a home with a partner they would be 'counted', as a single person they are not.

Those living in homes that are <b>physically unfit</b> .	For example, a family living in a home with very poor condition roof / walls / ceiling.
Households in homes that are <b>not affordable</b> to them.	For example, a family that is struggling financially and spending more than 50% of their income on housing costs.
Households in <b>unsuitable</b> homes.	For example, a family with children living in a home with no private outdoor space.

### Moray Newly Forming Households Estimate:

HFS does not think the principal projection of the 2018-based household projections provides a good basis for estimates of newly forming households to be planned for. Detailed information, and potential solutions, were included in the second of the four papers which we issued to Councils in April (overcoming HNDA limitations).

HFS welcomes the Moray Council's proposal to increase the estimate of newly forming households, to reflect past completion rates, in-migration, and the Council's positive policy intentions for the area. This is something few other authorities have done and HFS will highlight this to the Scottish Government as a positive. However, and as above, whilst HFS strongly supports your view that the Scottish Government estimate of newly forming households is too low, and your willingness to promote a higher figure, we do not have enough information to endorse your specific figure of 2,180 at this stage. It is however a positive step in the right direction.

### Policy Thinking:

As well as the HNDA paper already mentioned, the resources distributed in April included a paper on Policy Thinking for Locally Adjusted Estimates. One area of policy thinking we have highlighted is around the economic benefits of housing delivery. The table shows a selection of the benefits that were achieved through home building in Moray in 2019, and the benefits that would be lost (by comparison) if delivery levels dropped to 140 (the annualised Scottish Government need and demand initial default estimate) or even 266 (the annualised Moray Council locally adjusted estimate of need and demand).

**Table 2: Economic Benefits of Home Building in Moray**

<b>Moray Measure</b>	<b>Per Home</b>	<b>Achieved 2019 (443 homes built)</b>	<b>Uplift at 490</b>	<b>At risk at 140</b>	<b>At risk at 266</b>
Jobs	4	1,772	188	1,212	708
GVA	205000	90,815,000	9,635,000	62,115,000	36,285,000
Local Spend	5000	2,215,000	235,000	1,515,000	885,000
Council Tax	990	438,570	46,530	299,970	175,230
S75	5378	2,382,454	252,766	1,629,534	951,906

We very much hope this letter, and the more detailed information in the resources which we shared earlier, help your thinking on inputs and locally adjusted estimates. If there is anything at all that you want to ask us, including anything in this letter or the wider resources that need to be clarified, please do not hesitate to get in touch with me.

HFS wrote to the Scottish Government on 29 April to ask that they give local authorities more time to report back on their Locally Adjusted Estimates. It is clear local authorities have had a lot of thinking and preparation to do ahead of commencing stakeholder engagement, and the 6 June deadline is fast approaching. With many authorities wanting to do their own HNDA work and/or being required to seek committee sign-off for their locally adjusted estimates, the time available feels just too squeezed for such an important and complex collaborative exercise. We are aware that, whilst the Scottish Government has not agreed to a blanket extension, some authorities have been given additional time in response to individual request. If Moray has been granted an extension, please let HFS know as this could provide scope for more joint working and consensus-building.

As we made clear in the set of resources we circulated in April, HFS has strong concerns about the process used by the Scottish Government to generate the MATHLRs and with the MATHLRs themselves. We want to keep working with local authorities and the Scottish Government beyond the current 4 June deadline to ensure NPF4 plays its part in planning positively and proactively for all parts of Scotland. You will receive a separate letter from HFS to all local authorities on this.

### **Summary on points of agreement and disagreement:**

#### Agreement:

- The Scottish Government initial default estimate of existing household need is too low.
- The Scottish Government initial default estimate of newly forming households is too low.
- The Moray Council should promote higher figures that support positive outcomes.
- 30% is an appropriate flexibility allowance for Moray.

#### Disagreement:

- Specific figures proposed as locally adjusted estimates, though they are positive steps in the right direction there is insufficient information available to fully review them, and the revised estimate of need and demand remains short of completion levels.

Thank you again for sharing your locally adjusted estimates with HFS for comment. Please continue to liaise with us as you finalise your return and copy us in when you do response to the Scottish Government. We would be happy to look at and comment on any revised figure or to provide any other assistance required.

Yours sincerely

*Tammy Swift-Adams*

Tammy Swift-Adams  
Director of Planning

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<sup>i</sup> The HFS model figures in Table 1 are taken from a theoretical HFS model of how a national delivery target of 25,000 might be distributed, based on each authority's share of 2019 completions. As we have highlighted to authorities wherever we have had discussion, these are not figures that HFS is specifically promoting as the right NPF4 targets for every local authority. They do not work everywhere. In Moray, however, they do reflect a modest increase on both to the 2019 and 10-year average completions, so would be compatible with national policy in increasing delivery.