

# **National Planning Framework 4**

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

### **RESPONSE FROM PERTH & KINROSS COUNCIL**

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

Over the last 10 years National Records of Scotland (2012,2014, 2016 and 2018 based projections) population and household projections for the Perth & Kinross Council area (PKC) have been projecting a fall in the growth rate. Comparing the 10 year periods, population growth has fallen from 9% in 2012 based figures to 1% in 2018 based figures and household growth has fallen from 11% in 2012 based figures to 5% in 2018 based figures. Yet over the same period house completions, as recorded by the annual housing land audit, have been steadily increasing as the market began to recover from the financial crisis in the late-2000s. The birth rate has continued to fall and we are still to fully understand the impact that Brexit and the pandemic will have on future inward migration, yet there is an inherent difficulty in relying purely on a projection of past trends as these take no account of policy ambition in the area, or make any allowance for potential post pandemic changes within society. They also become increasingly unreliable the further they are from the Census date.

Completions recorded through the annual housing land audit show that house building on all sites exceeded 900 in the mid 1990s and again in 2003, 2004 and 2008. The financial crisis in the late-2000s obviously impacted significantly on completions post 2008 reaching a low of around 340 in 2014 but completions since then have been rising steadily and had very nearly reached 900 again in 2020. Despite the restrictions of the Covid pandemic, which resulted in supply shortages in some building materials as well as the periods of lockdown, the initial results from the 2021 Housing Land Audit Survey show a healthy number of completions for the 2020/21 period on sites of 5 or more. 607 units were completed compared with 724 in 2019/20 and 657 in 2018/19 with many developers on site. The under construction totals seen during the survey are similar to previous years, so the activity level remains constant and there are several large capacity sites either under construction or with full consent or a current planning application awaiting a decision. Based on the house building activity seen during the 2021 survey, future completions are likely to increase in line with those programmed in the 2020 Housing Land Audit, at a rate of approximately 800 per year in the medium term.

Looking at population projections, in the past migration has been responsible for most of the population increase in PKC. The 2019 migration figures show that about 70% of PKC migration comes from either Scotland or the rest of the UK with 30% from overseas. There are limited migration figures available for 2020 so the effect of the Covid pandemic is still unclear at PKC level but there may be potential for an increase on the UK side given the change to flexible homeworking which is now evident and the popular draw of PKC as a place to live. Indeed there is anecdotal evidence from housebuilders within PKC that they are experiencing an increase in buyers desiring to live in the area, particularly from younger families. This is an important potential change as historically in-migration in some parts of PKC have been dominated by retirement age households. This has the potential to change the population composition with knock-on impacts on the demand for housing, particularly as the area may become a more realistic option for families, attracted by the quality of life on offer and the flexibility offered by homeworking meaning more people can choose to live in less populated areas.

The PKC area is also well placed to generate additional growth and jobs. The Council's Corporate Plan 2018-2022 includes the strategic objective to promote a prosperous, inclusive and sustainable economy with an emphasis on supporting businesses to grow and attract investment and higher value jobs, deliver new investment to the Tay Cities Region, and develop the workforce and retain and attract young people to the area. This follows through to the PKC Local Development Plan 2 which has the key objective to support local businesses to ensure economic growth in the region and the Economic Wellbeing Plan 2020-2028 setting out a strategy and actions for economic recovery and sustainable growth.

45% of the total registered enterprises in 2020 were in Growth sectors – an overall increase of 12.5% over the period 2008-2020 with £1,147m of turnover and £511.3m Gross Added Value generated in 2018, an increase of 70% and 51% respectively over the period since 2008. The Tay Cities Deal (signed in December 2020) will also invest more than £150m over 15 years in Perth & Kinross with key projects bringing additional benefits. For example, the Cross Tay Link Road project will generate significant benefits up to 2035:

- 9,200 housing units
- 117.4 ha of employment land
- £966 million of private sector investment – £792 million in housing (82% of total) and £174 million in employment floorspace (18%)
- 5,359 net additional FTE jobs (per annum, once fully developed and occupied)
- 9,156 net additional person years of construction employment

These elements will contribute to at least a modest real growth scenario, possibly even strong growth, and a greater equality of income distribution with more people accessing job opportunities in sectors with higher paid jobs.

A housing land requirement figure which is significantly below what has been delivered even in the past three years runs the risk of a serious under supply of housing land for the next Local Development Plan. With an undersupply comes higher house prices and an increased difficulty for some households in Perth & Kinross to be able to access the type of housing they need. Reduced build rates will also impact on the construction industry and ultimately the ability of the economy of Perth & Kinross to grow in the future.

In light of the above, there is concern that even the NRS 2018-based high migration projection will not satisfy demand and will risk stifling the market in PKC. In-house projections based on 0.5% growth over 15 years (which results in a figure higher than the high migration projection) are therefore proposed (see Annex).

Historic completions figures, both from the Scottish Government and the Council's own housing land audit data, are lower than the proposed locally adjusted estimate of the minimum all tenure housing land requirement of 8,500. The fact that completions last year would have exceeded the annualised figure of 850 however demonstrates that the use of these in-house projections, based on 0.5% growth over 15 years, to derive a locally adjusted estimate is ambitious yet achievable and

reflects the growth agenda promoted by the Council. Equally importantly it will help avoid the serious risks associated with under-supplying land for housing.

## **PART 2 – Existing Housing Need**

A revised existing need estimate had been calculated through the housing need and demand assessment (HNDA) process. This incorporates results from a telephone and online survey which was carried out as part of the HNDA.

### Homeless households and those in temporary accommodation

This figure has been replaced by information drawn together as part of our HNDA. An estimate of households in housing need has been put together by taking an average of the number of households currently in temporary accommodation and information drawn from the HL1 returns = 130

Respondents to the HNDA survey clarified that households in insecure tenure who were under threat of eviction / repossession quantifies households in need of a move. This includes homeless households who are not yet in temporary accommodation (i.e. people who are unintentionally homeless but have not identified themselves to and/or been placed in temporary accommodation by the housing authority) who are also excluded from the Scottish Government count = 332

### Concealed households and overcrowding

Responses to the HNDA survey identified households who share rooms with another household or who identified overcrowding as the main reason as wanting or need to move. The results from these questions were cross tabulated to avoid double counting = 403

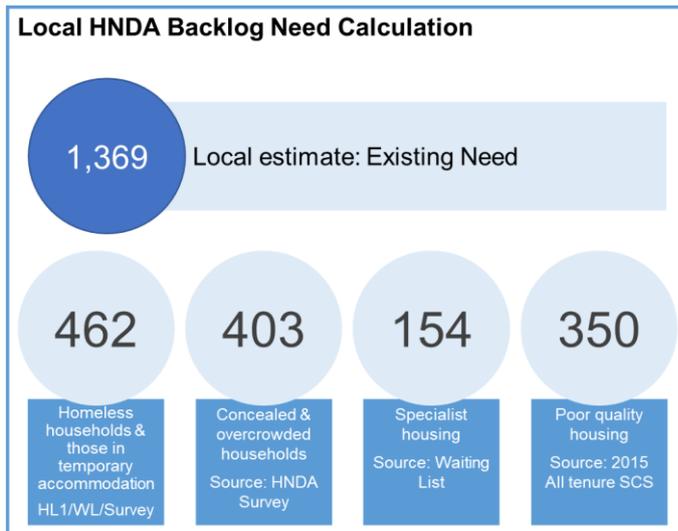
### Specialist housing and housing related services

Waiting list information on households needing to move due to their house being unsuitable to meet specialist needs and newly forming households requiring specialist housing. There is an increasing number of applicants on the housing waiting list who require housing which can only be provided through new provision = 154

### Poor quality housing

All tenure stock condition survey outcomes from 2015 whereby 0.5% of stock was deemed below tolerable standard. In these houses the house is likely to fall out of use due to high repair costs rendering it unviable to bring it back into use = 350

Combining these requirements results in a local existing need estimate of 1,369.



Housing to 2040 includes an ambitious programme of increased affordable housing provision with a target of 100,000 over the next 10 years. This appears at odds with the initial default estimated housing land requirement proposed for NPF4. For example, assuming 3% of the 100,000 affordable home target would be allocated to PKC (based on the PKC share of the national population), the target for PKC would be 2,763. This is already higher than the initial default estimate and excludes private tenure development. Should the initial housing land requirement figures prevail therefore this would bring into question the ability to achieve the 100,000 target given that much new affordable housing is reliant on delivery through the affordable housing policy and the requirements placed on market housing sites. Furthermore the 2021-26 SHIP projects 1,270 affordable housing completions which is half the initial default estimate but covers only five years.

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

No change proposed.

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

Initial Default Estimate = 2,650

Adjusted Estimate = 8,500

Newly-forming households  <b>5,200</b>	+	Existing housing need  <b>1,350</b>	+	Flexibility allowance (%)  <b>1,950</b>	=	Minimum all-tenure housing land requirement  <b>8,500</b>
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Scottish Government's past housing completions 2010 -2019 figure is 5,560. The PKC housing land audit figure for the same time period based on an annual survey is 4,861 (although it should be noted that the figure for 2010 is only 9 months rather than a full year due to a change in the recording period). There is clearly an issue to be investigated as to why the discrepancy between the two is so large but, for the purposes of this exercise, both figures are considerably higher than the initial default estimate of 2,650. It must also be borne in mind that for the first half of this accounting period the market was heavily depressed by the impact of the financial crisis.

Completions recorded through the annual housing land audit show that completions on all sites, i.e. including sites of <5 units which are determined using completion certificates, exceeded 900 in the mid 1990s and again in 2003, 2004 and 2008. The financial crisis in the late-2000s obviously impacted significantly on completions post 2008 reaching a low of around 340 in 2014 but completions since then have been rising steadily and had very nearly reached 900 again in 2020. Indeed completions in the 10 year period to 2020 averaged 5,404 which is much closer to the Scottish Government's 10 year completions figure. Whilst this is still lower than the proposed locally adjusted estimate of 8,500 the fact that completions last year would have exceeded the annualised figure of 850 is considered to demonstrate that the locally adjusted estimate is ambitious yet achievable and reflects the growth agenda promoted by the Council.

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

HMP members were contacted for initial views on the interim default housing land requirement figures. This was followed up by an online engagement event. Due to the time constraint it was decided to hold one workshop event and invite all partners and additional stakeholders to attend. This workshop session format had the added benefit of allowing the exchange of views from a wider range of interests. The combined responses from the engagement event are given below.

### List of HMP members

Perth & Kinross Council	GS Brown
Caledonia Housing Association	Taylor Wimpey
Kingdom Housing Association	Hadden Homes
Hillcrest Housing Association	Juniper Residential
Ark Housing Association	Allanwater Homes
Atholl Estates	King Group
Caledonian Trust plc	Morris Leslie
Scottish Land and Estates	Muir Homes
Forestry Land Scotland	Ogilvie Homes
Health and Social Care Partnership	Persimmon Homes
Homes for Scotland	Springfield Homes
A&J Stephen	Stewart Milne Homes

HMP members who attended the PKC workshop sessions at the engagement event:

- Perth and Kinross Council
- Caledonia Housing Association
- Hillcrest Housing Association
- Allanwater Homes
- Persimmon Homes
- Ogilvie Homes
- Stewart Milne Homes

Homes for Scotland was unable to attend the stakeholder event but some of its member companies were present. Homes for Scotland has clarified in a letter dated 1 June that it has not been able to endorse the locally adjusted estimates produced by any authority, in most cases due to the timescales and constraints of the process. As noted below, Homes for Scotland member companies who attended the stakeholder engagement event were in agreement with the locally adjusted estimates proposed in this response.

### List of Additional Stakeholders

Additional stakeholders who attended the PKC workshop sessions at the consultation event:

- Barratt Homes
- Scotia Homes

- Discovery Homes
- Richard Street Ltd
- Robertson Construction
- Nastech Construction

### Summary of HMP and additional stakeholders' views

From the feedback sessions there was unanimous agreement on the 8,500 MATHLR total and arguments for this included:

- 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 including primary research
- The 2021-26 SHIP projects 1,270 affordable housing completions which is half the initial default estimate but covers only five years
- Assuming 3% of the Scottish Government 100,000 affordable home target based on P&K share of national population, the target for P&K will be 2,763. This is already higher than the initial default estimate and excludes private tenure development
- PKC's housing supply target is currently 900 per annum so much closer to the revised MATHLR being preferred
- The Tay Cities deal will see key projects bringing additional benefits such as employment and housing land to the P&K area, with 9,200 housing units projected to 2035
- While there was one view that the 30% allowance could be too generous as the estimates are refined and increased, the opposing views were this allowance is reasonable to reflect issues with site/legal constraints and 30% is not too far from what has been experienced locally. In addition, the P&K area has many small rural sites (10-15% of total) and these could merit a higher allowance than 30% so overall the 30% is reasonable
- PKC is supportive of growth and believes the preferred estimate of 8,500 is achievable given current demand, reasonable population growth and historic completions.
- The 8,500 is deliverable based on PKC's ambitions for growth and the housing land audit from 2020
- The P&K area is a highly desirable area attracting inward migration from the rest of Scotland and the UK but also larger proportions from overseas than is experienced elsewhere in the country
- The higher estimate is in line with current deliverables so is favoured and achievable
- There has been a recent trend of households moving from cities to rural locations and the expectation is that the P&K areas will continue to be a draw given the desirability of the area and particularly following the Covid-19 pandemic where more households looking to commute less and locate to rural areas with the ability for more homeworking

**“The Perth and Kinross area is a highly desirable area to stay, attracting inward migration from Scotland, the UK and overseas. We expect the area to continue to be a draw and especially so post pandemic”**

- The Housing Market Area assessment of housing need will be a crucial next step to assessing the deliverability of the 8,500 MATHLR estimate. This will also be the time to assess any local restrictions that need to be overcome such as school placements, medical centre provision and infrastructure such as alternatives to gas supply. There was strong opinion that public services and infrastructure need to be tailored to housing demand for the area as opposed to being used to restrict demand which in turn drives up house prices and impacts on affordability for local people.

***“we need to work out where people want to live and then ensure public services meet the demand rather than tailoring housing need to the restricted amenities which in turn pushes prices up and impacts on affordability”***

- Section 75 contributions will be a continuing assistance with the provision of the public services such as schools
- There is some evidence that P&K could support a higher figure still, given most recent completions, demand, desirability, growth projections and impact from the Tay Cities Deal. However, the point was stressed that this is a starting point and minimum for the LDP and there is a need for ongoing monitoring of the housing market and a suggestion for a mid-term review of the LDP to check progress and ongoing assessment of reasonableness
- In addition, while the Council is supportive of growth, they are also mindful of a sizeable voice against growth

***“the council is supportive of growth but are also mindful of the sizeable local voice against growth – so this needs careful balancing”***

- The Home for Scotland (HfS) completions data from 2019 could merit a higher still figure however the Council’s view on this is that they could not reconcile to the HfS figure and that the 2019 completions were a record high and unlikely to be sustainable over the 10/15 years. Using the average of the three most recent years completions, the total is circa 700 so the 8,500 provides a generosity allowance.

In addition to the discussion on the revised MATHLR, a question was posed on whether there is evidence from historic HNDAs and comparison to actual outturns that could be used to argue for the higher figures. There was also a request about trying to establish better where people are coming from when they move into the area given the limitations of Sasine data. A suggestion was made this could be captured as part of establishing new council tax records (previous postcode) and also insight from developers (purchaser’s previous postcode) although that would not capture secondary sales.

HMP agreement

Has the HMP agreed your minimum housing land figure?

YES – There was agreement on the MATHLR proposed from those partners who attended the stakeholder engagement.

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

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Date: 04/06/2021

Signature:



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Signature:



**ANNEX – In-house projections based on 0.5% growth over 15 years**

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
70,841	71,563	72,251	72,879	73,459	74,012	74,595	75,116	75,637	76,167	76,678	77,215	77,776	78,287	78,445	78,606