

# **National Planning Framework 4**

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

### **Highland Council RESPONSE – Additional Information**

**August 2021**

## 1. Request for additional information

### Background Information

1.1 On 18<sup>th</sup> August – representatives from Scottish Government met with officials from the Highland Council to discuss and clarify specific elements of our submission to this request for information.

1.2 Specifically, a request was made for additional information on the quoted **ineffective stock levels** (paragraphs 3.7 to 3.12 in the original submission) at sub council area and any wider information on the availability of this information.

1.3 A request was also made to **include the “in-year arising need” we described in para 2.11 and Annex 2. into the household projections** used in the calculation spreadsheet.

1.4 The final request made was to attempt to **incorporate all calculations in the supplied spreadsheet** – giving the calculated output in tab [STEP 14 – FINAL] rather than the alternative approach we described in para. 4.6 in that submission

## 2. Additional Information on Ineffective Stock

2.1 The biggest component of our ineffective stock calculation is taken from the existing analysis and return made each year to NRS - Household Estimates and Projections Branch. This is created using council tax registered properties and relevant discounts applied to them. This allows identification of "Second Homes", "Long Term Empty" Homes and "Exempt - Unoccupied Homes" and can be measured as a proportion of the total council tax registered stock. Aggregating these categories returned a Highland Council area total of 6.9% of all council tax registered stock from the September 2020 snapshot.

2.2 Across the 10 Housing Market Areas (HMAs), the proportion varies considerably from 4.0% in Inverness HMA (with Long Term empty being the largest category) to 14.6% in Ross and Cromarty West (with nearly 9% registered as "second homes"). 10% of Badenoch and Strathspey Council Tax registered properties are "second homes". More detail of the breakdown of these properties not in use as residential stock is included in the Table 1. Below

HMA	Exempt Unnoc	Long Term Empty	Second Homes	Grand Total	Total Residential Dwellings Points	Percentage Ineffective	Exempt Unnoc	Long Term Empty	Second Homes	Total Residential Dwellings Points
Badenoch and Strathspey	100	193	743	1036	7452	13.9%	1.3%	2.6%	10.0%	7452
Caithness	452	352	189	993	13297	7.5%	3.4%	2.6%	1.4%	13297
East Ross	137	185	118	440	10581	4.2%	1.3%	1.7%	1.1%	10581
Inverness	497	659	441	1597	39580	4.0%	1.3%	1.7%	1.1%	39580
Lochaber	127	223	449	799	10349	7.7%	1.2%	2.2%	4.3%	10349
Mid Ross	165	207	101	473	11188	4.2%	1.5%	1.9%	0.9%	11188
Nairn	72	94	117	283	6305	4.5%	1.1%	1.5%	1.9%	6305
Ross and Cromarty West	101	210	486	797	5444	14.6%	1.9%	3.9%	8.9%	5444
Skye and Lochalsh	111	190	531	832	7458	11.2%	1.5%	2.5%	7.1%	7458
Sutherland	186	282	614	1082	8264	13.1%	2.3%	3.4%	7.4%	8264
<b>Grand Total</b>	<b>1948</b>	<b>2595</b>	<b>3789</b>	<b>8332</b>	<b>119918</b>	<b>6.9%</b>	<b>1.6%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>119918</b>

**Table 1. Council Tax data at Sept 2020 (Source: Highland Council)**

2.3 **Further additional ineffective stock.** We have strong evidence and examples of housing built initially as residential dwellings moving into categories NOT becoming council tax registered properties. Some initially residential properties appear on the Non-Domestic Rateable (NDR) list – often typically classified as "Self-Catering Property" (or similar) by the Assessor in this list. Proportions vary in different HMAs with higher numbers in popular holidaying areas such as Badenoch and Strathspey and Ross and Cromarty West.

2.4 There is a total in the Highland Council area of almost 5000 properties falling in these categories. It is recognised that many of these were not built as residential stock and never were considered to be part of that land supply however quite a number of these are within housing estates expected to provide residential stock. In addition, we have found that some properties listed on short-term letting sites actually appear on the Council Tax list (these are not included in the "ineffective categories" returned for the NRS annual return described above) and are therefore further additions to the properties not available as effective residential housing.

2.5 There continues in Highland Council area to be significant pressure in some areas for short-term letting properties from stock built on Housing Land. Using the NDR data and selecting those records classed as Bothy/Timeshare/Self-Catering Unit etc. a proportion of these could become or could have been built as residential properties. Our estimate is around 50% of these properties which, added to the council tax derived data creates a total proportion of 8.9% of all stock across Highland Council area being unavailable (ineffective Council tax and NDR stock).

2.6 The original submission para 3.10 sets out why we consider this should be included as part of the overall Minimum Housing Land Requirement figure, to ensure the additional housing AND the component of ineffective stock which will also be delivered can be accommodated. This would compensate for the additional proportion of stock required to be built that will not become available for residential use.

2.7 We propose that this uplift should **only be applied to the stock delivery for "private rental" and "owner occupier" tenures** - not to "affordable tenures" as these tenures of residential property are not typically found to be "ineffective stock" counts used in our methodology.

2.8 Attempts to incorporate this adjustment into the spreadsheet methodology have not been successful, and therefore, as discussed in the meeting, it may be more appropriate to incorporate this adjustment after the overall calculation in Step 14 of the spreadsheet.

### 3. Ineffective Stock - why is only Highland commenting upon this issue?

3.1 Each September - Household Estimates and Projections Branch, Demographic Statistics team at NRS request a breakdown from each Local Authority in Scotland for neighbourhood level information on occupied and vacant dwellings from Council Tax systems. This request typically appears to go to Council Finance teams who return at postcode level - counts of properties in the categories seen in the table above in each postcode area.

3.2 At Highland Council this request comes to the research team in Development Plans who also carries out the housing analysis meaning awareness and a clear understanding of the easy availability of this information (covering the distribution and classification of ineffective stock counts) is available.

3.3 The aggregated totals by Datazone (latest Sept 2020) are available here:

<https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-estimates/small-area-statistics-on-households-and-dwellings>

3.4 Data available here at Local Authority level is summarised in Table 2. below (red text indicates figures or proportions HIGHER than those in Highland Council Area:)

Local Authority Area	Exempt Unnoc	Long Term Empty	Second Homes	Grand Total	Total Properties	Percentage Ineffective	Exempt Unnoc	Long Term Empty	Second Homes	Total Properties
Aberdeen City	2186	4535	850	7571	120981	6.3%	1.8%	3.7%	0.7%	120981
Aberdeenshire	2491	3207	1193	6891	119833	5.8%	2.1%	2.7%	1.0%	119833
Angus	1214	1498	430	3142	57205	5.5%	2.1%	2.6%	0.8%	57205
Argyll and Bute	928	1313	3123	5364	48176	11.1%	1.9%	2.7%	6.5%	48176
City of Edinburgh	3127	7153	1745	12025	254860	4.7%	1.2%	2.8%	0.7%	254860
Clackmannanshire	335	201	44	580	24854	2.3%	1.3%	0.8%	0.2%	24854
Dumfries and Galloway	1358	1909	1394	4661	75297	6.2%	1.8%	2.5%	1.9%	75297
Dundee City	1656	1418	542	3616	75023	4.8%	2.2%	1.9%	0.7%	75023
East Ayrshire	1218	838	136	2192	58814	3.7%	2.1%	1.4%	0.2%	58814
East Dunbartonshire	508	136	71	715	47288	1.5%	1.1%	0.3%	0.2%	47288
East Lothian	551	488	500	1539	49633	3.1%	1.1%	1.0%	1.0%	49633
East Renfrewshire	420	170	72	662	39468	1.7%	1.1%	0.4%	0.2%	39468
Falkirk	962	875	91	1928	75595	2.6%	1.3%	1.2%	0.1%	75595
Fife	3167	2969	2397	8533	179237	4.8%	1.8%	1.7%	1.3%	179237
Glasgow City	3888	3536	570	7994	317333	2.5%	1.2%	1.1%	0.2%	317333
<b>Highland</b>	<b>1948</b>	<b>2593</b>	<b>3785</b>	<b>8326</b>	<b>119888</b>	<b>6.9%</b>	<b>1.6%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>119888</b>
Inverclyde	1237	653	133	2023	39091	5.2%	3.2%	1.7%	0.3%	39091
Midlothian	448	386	50	884	41633	2.1%	1.1%	0.9%	0.1%	41633
Moray	855	1009	787	2651	45835	5.8%	1.9%	2.2%	1.7%	45835
Na h-Eileanan Siar	563	629	788	1980	14770	13.4%	3.8%	4.3%	5.3%	14770
North Ayrshire	1185	1162	1539	3886	68826	5.6%	1.7%	1.7%	2.2%	68826
North Lanarkshire	2482	1787	78	4347	157498	2.8%	1.6%	1.1%	0.0%	157498
Orkney Islands	440	200	484	1124	11385	9.9%	3.9%	1.8%	4.3%	11385
Perth and Kinross	1295	1653	1170	4118	73774	5.6%	1.8%	2.2%	1.6%	73774
Renfrewshire	1630	719	164	2513	88623	2.8%	1.8%	0.8%	0.2%	88623
Scottish Borders	1285	1614	981	3880	58814	6.6%	2.2%	2.7%	1.7%	58814
Shetland Islands	208	592	173	973	11374	8.6%	1.8%	5.2%	1.5%	11374
South Ayrshire	893	928	490	2311	55790	4.1%	1.6%	1.7%	0.9%	55790
South Lanarkshire	2279	1552	206	4037	153876	2.6%	1.5%	1.0%	0.1%	153876
Stirling	784	605	337	1726	41948	4.1%	1.9%	1.4%	0.8%	41948
West Dunbartonshire	608	434	48	1090	45114	2.4%	1.3%	1.0%	0.1%	45114
West Lothian	952	630	86	1668	81685	2.0%	1.2%	0.8%	0.1%	81685
<b>Grand Total</b>	<b>43101</b>	<b>47392</b>	<b>24457</b>	<b>114950</b>	<b>2653521</b>	<b>4.3%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>0.9%</b>	<b>2653521</b>

Table 2. Scotland Wide Ineffective Stock (from Council Tax data) Sept 2020

3.5 From this data we can see that 4 local authorities have higher ineffective stock counts than in Highland Council area however the makeup of these counts differs quite considerably from that in the Highland Council totals.

3.6 In Argyll and Bute, 6.5% of Council Tax stock is registered as a "Second Home" (although the total number of dwellings at 3142 is much lower than the 3785 registered in Highland Council area).

3.7 In addition, only Fife with 2397 has more than half the number of "Second Homes" found in the Highland Council area.

3.8 Orkney and Na h-Eileanan Siar along with Inverclyde both have high proportions of "Exempt Unoccupied" properties. Long Term empty properties are a higher in proportion than Highland in Shetland Island Council area, Na h-Eileanan Siar and a number of other authority areas (perhaps oil industry downturn connected - other in the more rural areas).

3.9 As described above, this analysis only applies to records **on the Council Tax** list at each authority. It seems reasonable to assume that, as in Highland Council area, there are in addition to the above, numbers of short-term letting properties which appear on the Non-Domestic Rateable (NDR) lists of each of these authorities which would have been built as residential dwellings but never became part of the effective stock. Other authorities where pressures for such accommodation exist may be able to extract information from their Assessor on properties taken out of "effective stock" and used as "Self-catering accommodation" and similar classifications.

#### **4. Request to incorporate "in-year additional need" in the Household Projections and use the standard supplied spreadsheet**

4.1 We were asked to consider including this identified additional need (described in detail in Annex 2 of the original submission) that is over and above the population projection derived High Migration projection into the tool supplied. Previously we carried out our own modified approach described in Tables 7 and 8 in Annex A of our original submission.

4.2 By adding the additional 194 per year (Highland Council area wide) to the High Migration based Household Projections in STEP 1, we have created a further version of the spreadsheet attached to this submission [**UPDATED\_V2\_chma-planning-review-initial-default-minimum-all-tenure-housing-land-requirement-excel-calculator\_HIGH\_MIG.xlsx**].

4.3 For the Cairngorm National Park Area - the "in-year additional need" has been calculated as 14 per year for the Highland HMA of the Cairngorm National Park - (see Supporting Paper Annex 2. - "In year arising need" Appendix C. from our original submission).

4.4 Using these inputs, the following table summarises the results from [Step 14 – FINAL] in the UPDATED\_V2 spreadsheet submission attached.

Area - Highland Council Area Excluding Cairngorm National Park - Highland HMA	NPF4 - Minimum All Tenure Housing Land Requirement	NPF4 - Minimum All Tenure Housing Land Requirement	NPF4 - Minimum All Tenure Housing Land Requirement	NPF4 - Minimum All Tenure Housing Land Requirement
	10 Years Totals	10 Years Totals	10 Years Totals	10 Years Totals
	Existing Housing Need	Newly Forming Households	Flexibility Allowance (25% urban, 30% Rural)	Minimum All Tenure Housing Land Requirement
Highland (ORIGINAL Supplied by SG - Principal Projection based)	700	2,650	1,000	4,350
<b>Highland (High Migration Projection) First Submission</b>	<b>2,100</b>	<b>3,350</b>	<b>1,650</b>	<b>7,100</b>
<b>Highland (High Migration Projection based incorporating "in-year additional need")</b>	<b>2,100</b>	<b>5,200</b>	<b>2,200</b>	<b>9,500</b>

**Table 3. Comparison of original supplied figures, First Submission calculations and Updated Submission.**

4.5 This figure of 9500 compares with the total House Completions delivered (Highland Council completion and Temp Occupation certificates issued) of 9460 over the 10-year period 2010 to 2020.

4.6 NOTE: The ineffective stock component has NOT been applied to these figures to avoid amending the supplied formulae in the spreadsheet as requested.

4.7 If we apply the 8.9% uplift across the Highland Council area – we would propose only uplifting the “Arising Need” element as this is expected to be delivered for private rental and purchase. This would result in:

- 5200-1800 (10-year total for Highland Council Area minus Cairngorm National Park Highland HMA in year need) =3400 (“Arising Need” element)
- $3400 \times 0.089 = 302.6$
- Rounded to nearest 50 (as in the methodology used in Step 14 – FINAL) this results in an additional 300 to add to the 9500 calculated in Step 14 – FINAL gives a total figure of 9800 over 10 years for the Highland Council Area

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Highland Council 26 August 2021