

National Planning Framework 4

Edinburgh

Minimum All-Tenure Housing Land Requirement

ASSESSMENT REPORT

Scottish Government

Planning & Architecture Division and Housing & Social Justice

September 2021

CORE OUTPUTS ASSESSMENT

1 Locally Adjusted Estimate

	Initial Default Estimate	Locally Adjusted Estimate
City of Edinburgh	27,550	36,900* or 48,150**

*preferred scenario based on 35% affordable housing provision.

**alternative scenario based on 25% affordable housing provision.

The Council initially presented two locally adjusted estimates; the preferred scenario is 36,900 and the second scenario is 48,150. Whilst both include newly-forming households, existing need and a flexibility allowance they also include an additional step to the methodology. This is called the 'affordable requirement plus additional market supply'. For the preferred scenario this additional element equates to 5,460 whilst for the second scenario it is 14,460.

The Council take this additional step in order to factor in differences in tenure, split between affordable and market housing. They believe that the initial default estimate does not factor in the need for affordable housing as set out in Housing Need and Demand Assessment (HNDA) 2 and the commitment to affordable homes in the Council's Housing Revenue Account.

The range of figures is based on a land supply delivering either 25% affordable housing (the general contribution promoted in Scottish Planning Policy) or 35% affordable housing (the aspiration set out by the Council in its proposed City Plan 2030). The 25% scenario equates to the higher figure of 48,125, whilst the 35% scenario equates to the lower figure of 36,900.

The Council include a final breakdown of the initial default and locally adjusted estimates as set out in the extract below. The Excel Calculator has not been designed to accommodate this element and the Council have used Step 13 to make the figures 'fit' within it as follows: the existing housing need can be input as standard, then the newly-forming households and affordable and market requirement figures are added below and entered as newly-forming households. The calculator as submitted requires to be read in conjunction with the explanation to be transparent in this respect.

Extract from the Council's Response Template

Input	SG		CEC	25% AH	35% AH
	Annual	Cumulative	Annual	Cumulative	Cumulative
Newly forming households	1,990	19,905	1,990	19,905	19,905
Existing Housing Need	2,140	2,140	4,135	4,135	4,135
Affordable requirement + additional market supply	-	-	-	14,460	5,460
Subtotal	-	22,045		38,500	29,500
Flexibility Allowance		25%		25%	25%
Total		27,555		48,125	36,875

The Council indicate that Housing Land Audit (HLA) completions over the last five years (2015/16 to 2019/20), average 2,540 with the latest year being just under 3,000.

2 Household Projections (Newly-Forming Households)

The National Records of Scotland (NRS) 2018-based principal household projection has been used by the Council and no adjustment is proposed. The single year data is generated correctly within the Excel calculator (19,905).

The Council indicate that work is on-going for the next HNDA (3) and that it can use the high migration household projection variant. They note that the NPF4 work uses the principal projection as it is to calculate a minimum land requirement and the variance between this and the higher variant is only 1%. They therefore consider it to be a reasonable approach.

As indicated in the section above, the authority initially proposed an additional step in arriving at the locally adjusted estimate. In a supplementary submission, the Council indicate that this can also be read as evidence of additional household formation. They note that this ultimately changes where the numbers slot in rather than the numbers themselves.

In the supplementary submission the Council also outline that through previous Strategic Development Plan and Structure Plan spatial strategies significant amounts of their demand for housing has been met elsewhere in the 'functional housing market area' (in neighbouring authorities) with the result that the Council area hasn't grown as it might. They therefore consider that the trends which the latest NRS projections are based on have been affected by past regional policy.

The Scottish Government agrees with the authority's view that the additional market supply to deliver affordable housing can be viewed as a different

expression of potential household growth. In view of this and comments on the projection trends, the NRS 2018-based high migration variant is used, 24,090, to arrive at the MATHLR, which supports consistency with the Scottish Government methodology.

Household Projection: Default Compared to Adjusted Estimates

	Default	Adjusted	MATHLR
Edinburgh	19,900	25,350/ 34,350	24,100

3 Existing Housing Need

Existing Housing Need: Default Compared to Adjusted Estimates

	Default	Adjusted	MATHLR
Edinburgh	2,150	4,150	8,950

The Council propose an alternative existing housing need estimate using figures taken from the Rapid Rehousing Transition Plan for the period to 31 March 2020. The estimate equates to the number of homeless cases where the Council has a duty to provide settled housing. The Council indicate that they are assessing changes to homelessness legislation and the effect of the pandemic for consequences to existing housing need figures.

In a supplementary submission it was advised that the Council had updated its Rapid Rehousing Transition Plan and the figure for duty to provide settled housing is 4,766. They indicate that they consider this to be a conservative estimate.

The last HNDA(2), confirmed as robust and credible (2015), established in-house existing need at 8,942 units. The Scottish Government consider this to be a more appropriate estimate, given information in the authorities responses and acknowledging the next HNDA is progressing..

4 Flexibility Allowance

City of Edinburgh use the default flexibility allowance of 25%.

CORE PROCESSES ASSESSMENT

1 Using the Response Template and Excel Calculator

The Response Template has been used to make the case for change, word limits are not exceeded substantially and its completion is correct.

A copy of the Edinburgh council adjusted Excel Calculators have been provided.

<p>2</p>	<p>Housing Market Partnership (HMP) and Stakeholders Involvement</p> <p>The HMP members comprise: Fife Council, West Lothian Council, City of Edinburgh Council, East Lothian Council, Midlothian Council, Scottish Borders Council, Scottish Government, Health and Social Care. A general view of HMP members is a concern at under provision and that the initial default estimate figures are too low.</p> <p>The authority indicate a response was also received from Homes for Scotland (HfS), a community group and an individual. HfS provide their view of the minimum figures required for Edinburgh, and the community group and individual support a focus on brownfield rather than greenfield.</p>
<p>3</p>	<p>Joint Housing and Planning Senior Official Sign-Off</p> <p>Senior planning and housing officers have signed-off the submission.</p>
<p>4</p>	<p>Statistical Evidence</p> <p>The Council has used some robust sources of statistical evidence to support their case including:</p> <ul style="list-style-type: none"> • NRS 2018-based household projection (principal) • SG default estimate of existing housing need <p>They have also used some in-house administrative sources of data and care has been taken to avoid double counting and over-estimation. These include:</p> <ul style="list-style-type: none"> • an alternative existing housing need estimate using figures taken from the Rapid Rehousing Transition Plan
<p>5</p>	<p>Policy Evidence</p> <p>The authority note that Edinburgh remains a strong attractor to potential new households through its economic growth as well as having its own demographic changes and housing pressures with affordability being limited due to high prices. They continue that economic success, particularly in the post Covid era requires a housing supply that can properly support the workforce in all sectors of the economy. Reference is made to recent research on affordable housing need and demand for social rent and mid rent homes. The strength of the market sector is also highlighted.</p> <p>The authority refer to the City Region Deal and the current preparation of the next Local Development Plan. They also highlight that the Council maintains its commitment made in 2017 to build at least 20,000 affordable homes by 2027. Reference is made to the preferred policy option of the Main Issues</p>

Report for 35% affordable housing on market sites, Housing to 2040 and significant Built to Rent investment in the city as mechanisms to deliver homes quickly without mortgage constraints and enable higher rates of completions than has been to date.

Proposed City Plan 2030 and the associated Housing Technical Note sets out that its proposed housing land requirement under current SPP is 44,293 and that there is a total land supply of 57,428. This would be sufficient to meet the proposed HLR of 44,293 and proposed MATHLR of 41,300.

It should be noted that the plan is still subject to consultation and examination under current policy requirements. The approach taken to establishing the MATHLR does not prejudge any changes to national policy prior to NPF being finalised.

MINIMUM ALL-TENURE HOUSING LAND REQUIREMENT (MATHLR)

For the reasons specified above the proposed MATHLR is:

	MATHLR
Edinburgh	41,300