



The Strategic Development Planning Authority
for Dundee, Perth, Angus and North Fife

Housing Needs and Demand Assessment

TAYplan
Strategic Development Plan Authority

**(Full HNDA has been submitted to the Centre for
Housing Market Analysis, The Scottish Government-
awaiting feedback)**

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Introduction

1. This paper briefly outlines the relationship between the TAYplan Housing Needs and Demand Assessment (HNDA) and the identification of the housing land requirement for the TAYplan Strategic Development Plan (SDP).

Housing Needs & Demand Assessment

2. Consultants Arneil Johnston were commissioned to prepare a TAYplan-wide assessment of housing need and demand. The assessment was led through a steering group involving representatives from both housing and planning services from each of the TAYplan authorities and Scottish Government Housing Investment Division, and TAYplan officers. The assessment was undertaken in accordance with the HNDA guidance but taking a pragmatic approach for this first SDP.

Identification of the Housing Land Requirement

3. The Arneil Johnston study provides an understanding of the total needs and requirements for affordable housing and market housing across the TAYplan area based on a selected set of data inputs. However the HNDA study does not in itself identify the housing land requirement in land supply terms and further work was therefore necessary to set the housing land supply targets for the SDP Main Issues Report (MIR). The findings of the HNDA study have however informed this process to arrive at a HNDA for the SDP.
4. The HNDA suggested significantly high levels of housing need across the TAYplan area. A review of the methodology and outputs of the study revealed that a major contributory factor to this was the high household formation rates which were derived from the use of survey data in the study. In preparing the housing land requirement for the SDP MIR the decision was taken to instead primarily use the household formation rates within the GROS 2006-based household projections to assess the future net change in households which the planning system can realistically provide for, whilst planning for growth in Dundee. This approach is set out in detail in the attached extract from the TAYplan Background Technical Paper chapter 3: Quality Places – People (Appendix 1).
5. A second issue relates to the identification of the existing backlog of housing need. As for the new household formation, the HNDA relied heavily on survey data in the identification of existing need. This again resulted in high levels of backlog need across the TAYplan area. However, as above-mentioned the decision was taken to base the calculation of the housing land requirement for the MIR on GROS data. Identifying the number of current households in need of a home for both affordable and market housing without using survey data would require an assessment of the proportion of the housing stock that is not currently operational i.e. vacant and second / holiday homes.

6. Comparable statistics were not available to adequately separately identify the vacant stock in each housing market area. Instead a single allowance has been added to the requirement for vacant properties and second / holiday homes together. Whilst this does not therefore directly relate to any existing backlog in individual housing market areas, adding this allowance means that more homes are planned for overall than the projected change in households alone would require. In addition, a flexibility allowance has been added which allows for extra housing to be identified should some existing identified sites not come forward. More houses may therefore be delivered than is required for the projected net additional households. In this case any excess may go some way towards meeting any existing backlog, albeit over the duration of the SDP.
7. Partly in light of the above the SDP MIR expresses the housing land requirement as a range rather than a fixed target. The other reason for expressing it as a range is to take into account the expectation that the 2008-based GROS figures will be higher for TAYplan than the 2006-based. This approach is designed to allow considerable flexibility whilst at the same time being realistic in terms of what the planning system can deliver. It is also important to note that no decisions on the housing land requirement have as yet been taken – the purpose of the MIR rather is to identify the options for discussion and debate. In conclusion therefore there are considered to be valid methodological and practical reasons for the approach taken in the identification of the housing land requirement in the SDP MIR, particularly in relation to the decision to use some alternative data inputs in the calculation to those used in the HNDA study.

HNDA submission

8. This HNDA submission consists of the following documents:
 - Appendix 1 – Extract from the TAYplan Background Technical Report setting out the calculation of the housing land requirement as informed by the HNDA study.
 - Appendix 2 – Assessment of Housing Need and Demand by Arneil Johnston.
 - Appendix 3 – Detail in respect of the consultation process throughout the HNDA setting out how stakeholders were involved, the comments which were received and how the assessment responded to these. A half day session with a presentation on the HNDA study followed by a question and answers session was held and details are included within the Appendix.
 - Appendix 4 – Detail on how the HNDA methodology was arrived at and the reasoning behind the approach taken. Key decisions relating to these aspects were taken through meetings.

APPENDIX 1 – Extract from the Background Technical note to the Main Issues Report

3 Quality Places – People

Introduction and Context

3.1 People are the lifeblood of any region. Services and facilities must be provided for the current and future population, so understanding the changing population structure will allow authorities to plan for their changing needs. Population sustains the region, providing the labour force to produce goods and services and the market that needs or demands them. Understanding population change can also help understand the future potential of the region and inform how much land is required for housing and where this should be.

3.2 There is a need to quantify how much land is required for housing, so this chapter also provides the evidence base used to inform the Housing Land Requirement and sets out how this has been derived. As some of the statistics feeding into this calculation are from 2008, the detailed calculations have been made for the period 2008-32. However, as the Plan period is 2012-32, some key statistics are restated for the Plan period, for use in the Main Issues Report and other supporting documents.

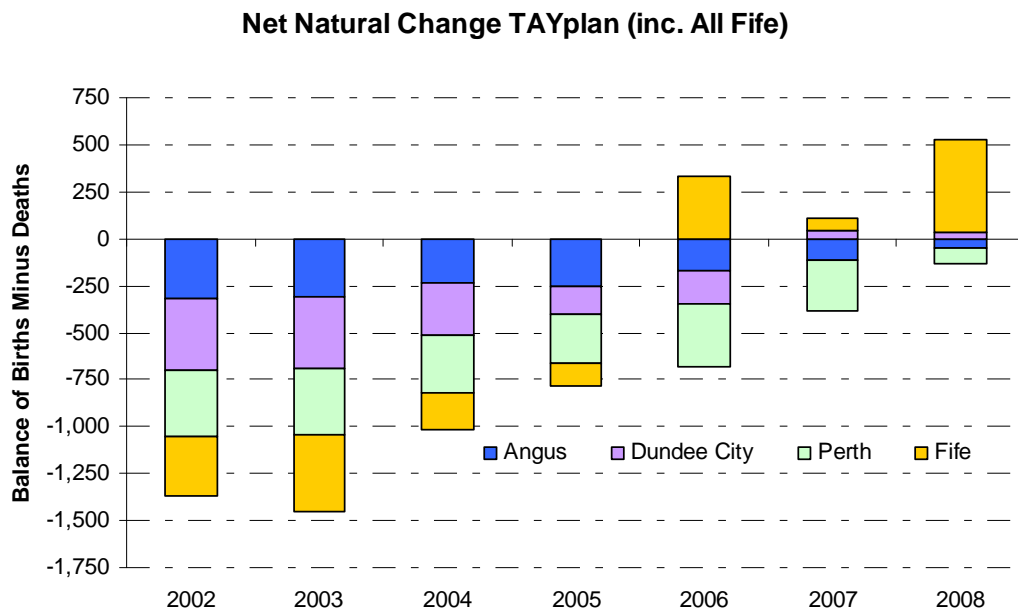
Demographic Changes

3.3 Population changes naturally through births and deaths (natural change) and as individuals make choices about where they work and live (migration). These factors can influence the age structure of the population and social trends will affect how people live their lives. Assessing recent trends in these factors indicates the underlying direction of population change for the TAYplan area.

Births & Deaths

3.4 GROS mid-year population estimates show that births have, on average, been around 1% of the population, with deaths higher at between 1.1% and 1.2% of the population. While negative natural change is prevalent, births have been increasing and deaths reducing (Figure 3.1), so the net effect has been an improving situation. Dundee City and North Fife have more recently seen positive natural change. This improving situation is not fully reflected in the 2006-based population and household projections, which use data up to 2006 and continue to show negative natural change in all authorities except Fife.

Figure 3.1: Net Natural Change in TAYplan Local Authorities



Source: GROS mid-year population estimates

Migration

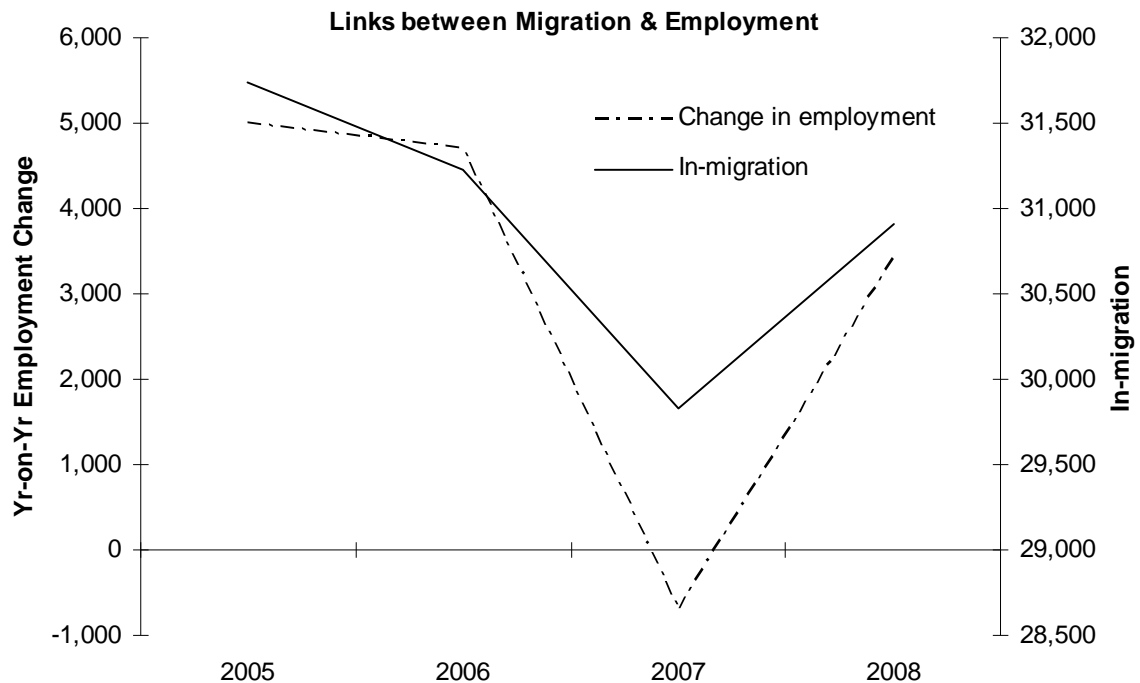
3.5 The natural change situation, described above, shows that the TAYplan area has been reliant on inward migration to sustain and grow its population. This is reflected in Figures 5.5 to 5.8 of the Monitoring Statement which also shows that there is a strong correlation between net migration and population growth. Both show that migration has been, and continues to be, the main driver of population change.

3.6 Understanding the drivers of migration is helpful in understanding what the potential population could be like in the future. Figures 5.11 to 5.14 of the Monitoring Statement, and the Environment and Settlements chapter of this Technical Note, point to possible factors influencing individual's choices about where to live. In each authority, there are some linkages with neighbouring localities, suggesting some moves relate to moving to towns that people want to live in.

3.7 Furthermore, the comparatively high migration to and from locations outside Scotland indicates that individuals also move for work/study reasons. This is confirmed with analysis of student numbers and in-migration statistics. Figure 5.16 of the Monitoring Statement shows a significant number of foreign students study at the region's four universities. Figure 3.2 shows a strong correlation between in-migration and employment growth across the TAYplan area. In-migration is higher than net employment growth, partly due to workers migrating with partners and families. But it is also partly due to some in-migrants moving to fill positions where they are replacing existing workers who leave the workforce (for example, retirees who may stay within the region). Some of this replacement demand will be filled by the economically inactive and some by migrants.

3.8 Consequently, even with modest economic growth, there will be a need to attract workers to the region, who in turn, will need accommodation and services. If economic growth is higher, more migration might be reasonably expected.

Figure 3.2: Links between Migration and Employment



Source: GROS population estimates & Annual Population Survey

Age Structure

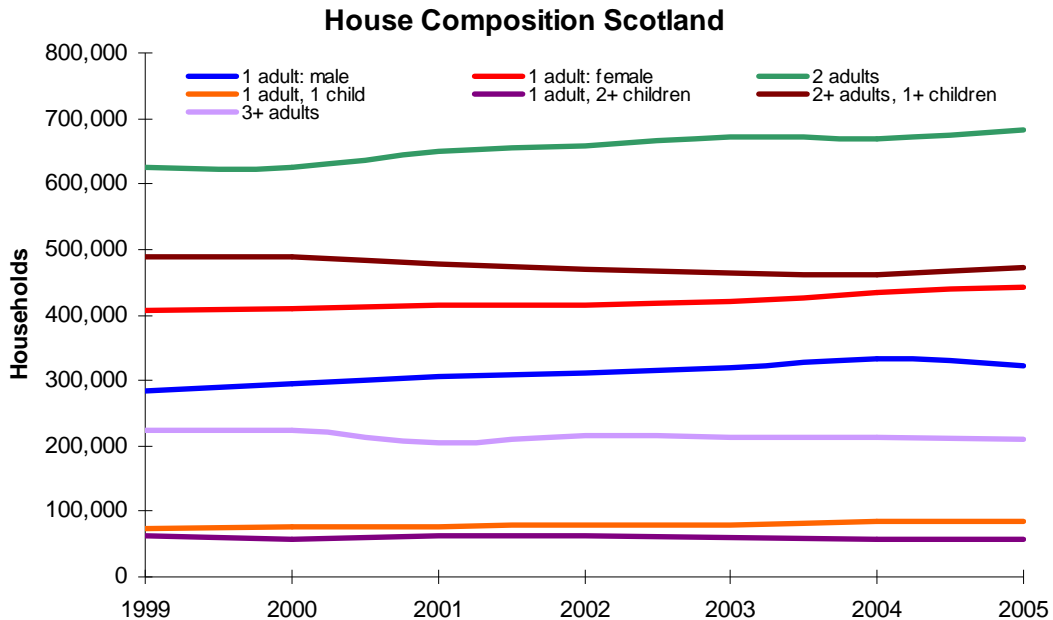
3.9 Distinct age groups access different services, for example, nurseries and social care. So knowing what the age profile of the population is (and is likely to be) can help in the provision of facilities and services. While numbers of those aged under 5 years has been increasing; the number of school age children has been reducing, as more move into the 16-24 age group. Figure 5.20 in the Monitoring Statement indicates the working age population is ageing somewhat, with the smaller numbers of 25-49 year olds offset by the increasing numbers of 50-64 year olds. Those of pensionable age now account for 18.9% of the population in the TAYplan area.

3.10 Increasing births rates mean in future the workforce is replenished; however the falling death rate (i.e. an ageing population) may mean there are more pensioners needing supported. GROS projections reflect this with Figure 5.24 in the Monitoring Statement indicating that those over retirement age may increase by one third, while the workforce could, after rising somewhat, return to similar numbers as in 2006. If the planning system were to provide for net in-migration (and these migrants are economically active), any increase in the worker to dependents ratio might slow somewhat and potentially ease the per capita tax burden.

Social Changes

3.11 Finally, in tandem with changes in the numbers of people, social trends have impacted on households. Figure 3.3 shows the change in households across Scotland.

Figure 3.3: Household Composition Changes 1999-2005



Source: GROS Household Estimates

3.12 As people grow healthier, the chance of individuals living long after their partner dies (on their own) increases. Changing attitudes to marriage, divorce and bringing up children out of marriage also impacts on the number of single parent households. Factors like these have slowly increased the number of households across Scotland. The chart indicates an upward trend in the number of small households (1 and 2 persons, of varied types) with larger households remaining fairly static. Official projections reflect these trends continuing, within the TAYplan area. Figure 5.26, in the Monitoring Statement, highlights, for example, single person households might increase by more than 40% between 2006 and 2031. This evidence points to fewer and fewer people in each household, and with any given population more houses will be needed to accommodate these lifestyle preferences.

3.13 Bringing natural change, migration and household composition together allows the change in the population and households to be assessed. Figure 5.21 in the Monitoring Statement highlights that the TAYplan area's population has been increasing and official projections suggest this will continue. The extra population will require housing, so it is likely that the TAYplan area will have to allow some new development.

3.14 However, local authority based statistics reiterates the impact of migration. Dundee City, in contrast to other constituent authorities, has experienced net out- migration (Figure 5.6 of the Monitoring Statement). This has meant low household growth. The Main Issues Report considers how to account for local demographic considerations, and in Dundee City's case, whether planning for these continued trends is desirable.

3.15 In setting any strategy, TAYplan has allowed for official projections being based on assumptions (that can be varied) and for evidence showing projections are rarely shown to be precise forecasts of the actual population in the long-term. Various alternative outcomes have been analysed in support of the Plan.

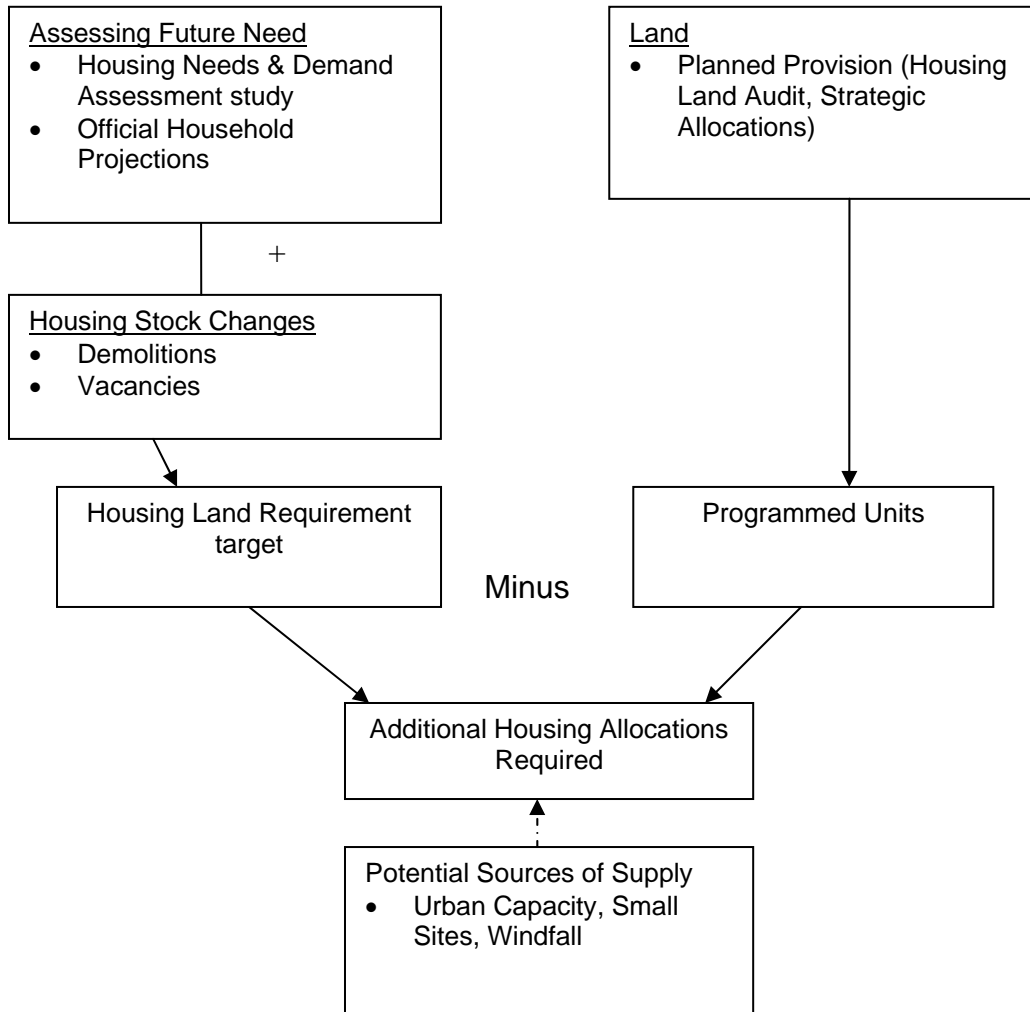
Assessing what to plan for

3.16 The Housing Needs and Demand Assessment guidance outlines a process that planning authorities can use to understand the local housing market and inform the setting of housing supply targets in the Strategic and Local Development Plans. TAYplan commissioned a TAYplan-wide refresh HNDA study to assist with this aim. The outputs of this study inferred setting significantly higher housing supply targets than the net additional households implied in the 2006-based GRO population and household projections. Before finalising the HNDA assessment, TAYplan therefore undertook a review of the study methodology and found that this large difference was in part due to the use of survey based evidence to calculate household formation rates. The HNDA study report also indicated that while the study was there to identify needs and demand, it also inferred that other interventions over and above building new homes via the planning system may help meet this need and demand. In finalising the Housing Needs and Demand Assessment, the TAYplan authorities therefore took a decision to base the Housing Supply Targets on existing Housing Land Requirement methodologies, which includes assessing the net additional households that require homes.

3.17 In delivering the Housing Land Requirement, many of the issues outlined above have been assessed and compared with other known influences via what is happening in land allocations, the house building industry and changes in the housing stock. The process undertaken to analyse this evidence and derive the Housing Land Requirement is outlined in Figure 3.4 below. The remainder of this chapter explains this process in more detail and presents the outcomes of the preferred Housing Land Requirement targets.

3.18 The Housing Land Requirement calculations have been made for the period 2008-2032 because the most recent data is only available to 2008. However, the Main Issues Report needs to reflect the scale of possible population and housing change for the Plan period which is for the 20 years from 2012 to 2032. Therefore the detailed calculations presented in this chapter are for the 24 year period of 2008-2032, which are then presented again for the 20 year Plan period (2012-32) to ensure comparability between this Technical Background Paper and the Main Issues Report.

Figure 3.4: Housing Land Requirement stages



Assessing the future outcomes

3.19 A substantial analysis of evidence has been gathered on demographic change, house building and programmed housing supply, to feed into the tried and tested approach to calculating the Housing Land Requirement outlined in Figure 3.4.

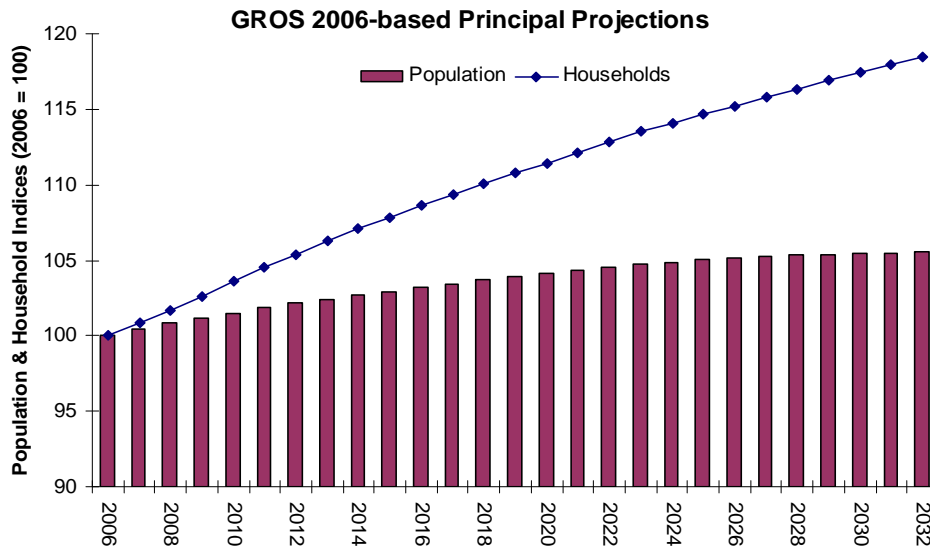
3.20 The Housing Needs and Demand Assessment guidance suggests that the latest GROS projections can be referred to in assessing future need, in line with standard practise in calculating the housing land requirement. The suggested Housing Land Requirement has therefore used GROS projections as a starting point and also used information on recent and planned building to assess what household change is feasible. Rather than relying on survey evidence, the housing land requirement has been based on what is known from official government statistics and Local Authorities’ publications, and as such these calculations are robust and credible.

GROS Projections

3.21 Paragraphs 3.3 to 3.15 highlight the demographic trends that can influence population size and the number of households. The GROS use the detailed information on all of these trends to present projections of population and household numbers by local authority and Strategic Development Planning Authority areas for a 25 year time horizon. Based on population and

social trends, these projections look at the net effect on the number of households in any given area rather than the gross need for housing. The 2006-based projections have been extrapolated by TAYplan from 2031 to be consistent with the end of the Plan period in 2032. This is presented in Figure 3.6 for the period 2006-32, which includes the Plan period (2012-32).

Figure 3.6: TAYplan Population and Household projections



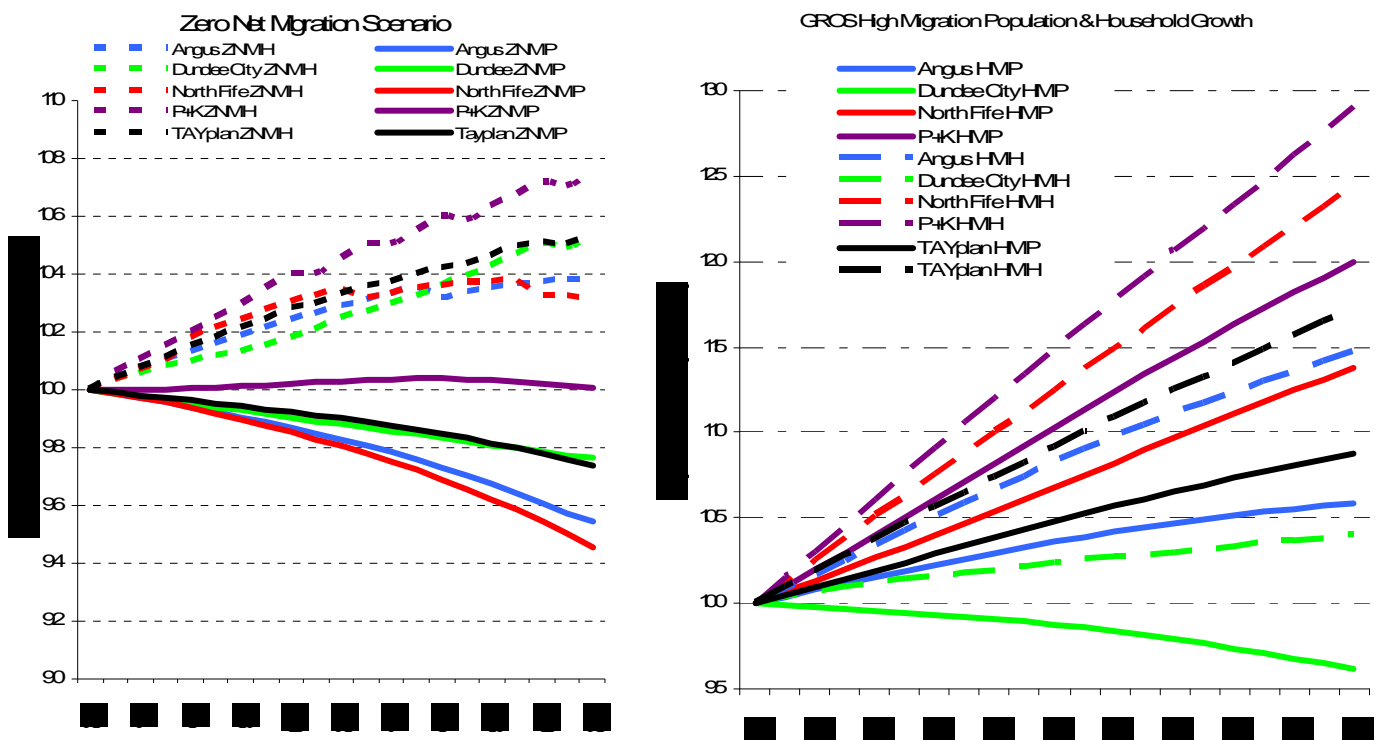
Source: GROS' SDPA Population & Household Projections, 2006 based, extrapolated to 2032 by TAYplan

3.22 The 2006-based principal projections suggest that the TAYplan area population will grow by 5.5% rate (2006-32), however the changing household structure, highlighted in section one, suggests a higher growth (18.5%) in the number of projected households. During the Plan period (2012-32) this suggests lower growth of 3.3% in population and 12.4% in households. These trends of higher household growth than population are also reflected in the local authority based statistics in Figures 5.22 and 5.25 of the Monitoring Statement. But while the differential exists in each authority area, the Monitoring Statement highlights that the position of Dundee City is in contrast to that of the other authorities. Over the Plan period (2012-32), Dundee City's population and households would fall, and other authorities' population and households increase. Perth & Kinross would become the largest Local Authority in terms of population and households.

3.23 However, GROS principal projections are based partly on assessing the future population and household numbers should recent trends continue. If individuals make different choices in the future, then outcomes may vary from these projections in the long-term. GROS themselves produce a variety of (published and unpublished) variant projections allowing some assessment of what difference changing birth, death or migration rates will have on population and households in each Local Authority.

3.24 TAYplan have analysed GROS's published migration variant projection and derived a population and household projection based on the assumption in and out migration will balance out within each authority (the zero net migration scenario). The zero net migration projection goes some way towards assessing what levels of household growth is needed to sustain the existing population and the high migration variant suggesting what impact higher population growth has in constituent Local Authorities. The zero net migration variant suggests that while there would be household growth in each of the authorities, the excess of deaths over births would mean falling population in each Local Authority except Perth & Kinross.

Figure 3.7: Variant Population & Household Projections (2012-32)



Source: GROS 2006 based projections & mid year estimates, modelled by TAYplan

3.25 While the high migration scenario highlights uplifts in population and household growth rates when compared with the zero net migration and principal projections for Angus, North Fife and Perth and Kinross, the outcome for Dundee City is in contrast.

3.26 In GROS's best assumption of a high migration scenario, Dundee City's population is still projected to fall, at a faster rate than the zero net migration scenario, albeit a slower rate than the principal projections. Household numbers would increase, but to plan for this would mean planning for net out-migration. This does not present a positive aspirational growth perception for in-migrant (workers) or businesses and investors thinking of locating in the TAYplan area. These outcomes (Figure 3.7) partly inform assessments of potential for future development, along with main the main principal projections and the other evidence available.

3.27 Evidence on more recent natural change (paras 3.3 – 3.4), recent housing development (Figure 3.12 below) and future planned development (via the effective land supply and the urban capacity study) highlights that there has been, and is capacity for future population growth and new housing within Dundee City. And with the Government Economic Strategy aspiring for population growth, there is the opportunity to target greater growth in the TAYplan area generally, but Dundee City in particular.

The base source of these calculations is GROS's 2006-based population and household projections. The GROS published the 2008-based population projections on 3 February 2010. However, the population projections for the TAYplan area and the associated household projections are not yet available. Therefore these calculations will need to be considered during the production of the Proposed Plan. The 2008-based Population Projections suggest more significant increases for both Angus and Perth and Kinross. Consideration will have to be given, in preparing the Proposed Plan, to whether the Housing Land Requirement is increased further to take account of these projections. This Main Issues Report seeks views on the upper range and whether this should be higher.

3.28 The planning system, whilst accounting for demographic trends, and evidence on the need for extra housing considers what land is available for future development and also what changes in the housing stock are. While included within the final calculations, an assessment of their contribution is set out below.

3.29 The Housing Land Requirement calculations have been made for the period 2008 to 2032 because the most recent data is only available to 2008. However, the Main Issues Report needs to reflect the scale of possible population and housing change for the Plan period which is for the 20 years from 2012 to 2032. Therefore the detailed calculations presented in this chapter are for the 24 year period of 2008–2032, which are then presented again for the 20 year Plan period (2012-32) to ensure comparability between this Technical Background Paper and the Main Issues Report. This includes the expected annual build rate, expressed in the Main Issues Report to cover the Plan period of 2012 to 2032.

Land Availability

3.30 Any strategy to deliver housing will be dependent on sufficient land being available to build homes (of the number and in the places which fulfil the objectives of the chosen strategy). There are a variety of sources of land supply.

The Housing Land Audit

3.31 The Housing Land Audit is the main source of statistics on the current supply – showing what has planning permission and is programmed to be built. Figure 3.8 indicates that there various levels of current supply across the region in 2008.

3.32 In addition there are some Strategic Land Allocations that while not deemed fully effective to be counted in the Housing Land Audits are expected to gain full planning permission and be built out during the Plan period. Between the Effective Supply and the Strategic Allocations, some 17,185 units are expected to be built across the region between 2008 and 2032.

Figure 3.8: Sources of Current Supply

Local Authority	HMA	Units Effective Supply 2008+	SLA Units 2012 onwards
Angus	Arbroath (East Angus)	615	--
	Forfar / Kirriemuir & Glen (West Angus)	1,095	--
	Montrose / Brechin (North Angus)	950	--
	South Angus	290	--
	Total	2,950	--
Dundee City		4,920	--
North Fife	Cupar and North West Fife	240	1,400
	St. Andrews and East Fife	385	2,220
	Total	625	3,620
Perth & Kinross	Eastern	370	--
	Highland	245	--
	Kinross	360	--
	Perth	2,450	--
	Strathearn	1,645	--
	Total	5,070	--
TAYplan region		13,565	3,620

Sources:

- Effective Land Supply - Housing Land Audits for Dundee City & Angus Council, Fife and Perth & Kinross, 2008, (the latest available audit when drafting this document
- Strategic Land Allocations: Fife Council & Perth & Kinross Council

Flexibility

3.33 Some sites that have planning permission may not come forward, for a variety of reasons. As planning authorities have an obligation to deliver a generous supply of housing land, and at least a 5 year housing land supply (when compared with the minimum Housing Land Requirement), at all times, it is prudent to have some flexibility so other sites can be used to ensure the overall requirement is delivered. A 10% reduction has therefore been applied to the programmed units in the effective supply and strategic allocation, boosting the remaining sites to be found, to cover the possibility that not all currently planned sites are delivered.

Urban Capacity & Small Sites / Windfall Completions

3.34 In addition to sites identified in the effective supply of the Housing Land Audit and strategic allocations, other sites within settlement boundaries may come forward for housing development. These urban sites can include sites allocated for housing but where delivery is constrained, for ownership, financial or site specific reasons. They may include vacant sites, derelict sites or sites allocated for other uses, which might be considered for housing during the duration of the Plan.

3.35 Each authority has carried out an initial assessment of these types of sites via a 2009 Urban Capacity Study utilising an universal methodology agreed by TAYplan and all 4 Local Authorities. The study numbers indicate a potential number of units that could come forward during the Plan period. The Urban Capacity Study is not a policy document and sites included do not gain additional weight, rather it is a list of evidence of where housing could be accommodated. As they do not qualify as effective housing land, urban capacity sites are not considered when calculating the additional allocations required to meet the Housing Land Requirement. However, as a potential source of supply, these sites will be considered by Local Development Plans when assessing how to meet shortfalls in planned provision against the requirement in each Housing Market Area¹.

3.36 While most authorities Housing Land Audits primarily record the planned supply from sites with 5 or more housing units on them, sites where less than 5 units are planned can also be expected to contribute towards the delivery of the housing targets. Records of completions on sites of less than 5 units are presented and a potential allowance, based on the recent trends, is presented for each Housing Market Area. However, as it is just an allowance, they are not included in calculations of the additional allocations required within the Plan. It will be up to local authorities to decide what reliance on small sites they wish to allow for when allocating sites in the Local Plan.

Figure 3.9: Urban Capacity Study & Small Sites

Local Authority	Housing Market Area	Urban Capacity Units	Average Small sites p.a.	Potential 24 year Small Sites Allowance
Angus	Arbroath (East Angus)	110	21	504
	Forfar / Kirriemuir & Glen (West Angus)	235	40	960
	Montrose / Brechin (North Angus)	415	27	648
	South Angus	165	27	648
Dundee City		4,870	40	960
North Fife	Cupar and North West Fife	165	20	480
	St. Andrews and East Fife	350	30	720
Perth & Kinross	Eastern	120	19	456
	Highland	100	28	672
	Kinross	65	18	432
	Perth	1,290	43	1,032
	Strathearn	50	20	480

* Rounded to the nearest 5 units

3.37 Windfall sites are those which are not specifically allocated for development in Local Development Plans but for which planning permission is granted. Windfall sites have played a part in house building to a varied extent over the TAYplan area. In addition, as not all authorities have completed an Urban Capacity Study until 2009, to some extent the Urban

¹ Links to the full Urban Capacity studies will be available at the TAYplan website www.tayplan-sdpa.gov.uk when reports are published

Capacity Study may include some sites that would have previously been treated as windfall. Figure 3.9 above shows, the extent of potential supply from other sources varies by Housing Market Area, so the need to call on windfall sites to meet the additional allocations required is not necessary in some areas.

3.38 Consequently, there is no intention to suggest that a windfall allowance is made by the Strategic Development Plan for each Housing Market Area. The Local Development Plans should instead consider whether it is appropriate to allow for windfall sites to meet the shortfall.

Location of future supply

3.39 House purchasers have preferences over where to live, however purchases will be constrained to where there is available properties. Target properties will be in new stock and existing properties for sale. As a proxy for future availability, the proportionate share of where housing stock is located can be considered when formulating the Housing Land Requirement at Housing Market Area. This has guided where the share of development is located to meet mobile demand from in-migrants in Angus, Perth and Kinross and North Fife.

Figure 3.10: Share of Dwelling Stock in each Housing Market Area

Local Authority	HMA	% Dwellings in HMA
Angus	Arbroath (East Angus)	24.6%
	Forfar / Kirriemuir & Glen (West Angus)	26.7%
	Montrose / Brechin (North Angus)	23.5%
	South Angus	25.1%
	Total	100.0%
North Fife	Cupar and North West Fife	36.9%
	St. Andrews and East Fife	63.1%
	Total	100.0%
Perth & Kinross	Eastern	13.3%
	Highland	8.7%
	Kinross	7.4%
	Perth	57.0%
	Strathearn	13.7%
	Total	100.0%

Source: Scottish Neighbourhood Statistics, 2008

Housing stock changes

Demolitions

3.40 An assessment of the planned demolitions of housing stock reveals Dundee is the only location with programmed demolitions (1,447 units). No demolitions are yet programmed beyond 2012, however, after discussion with Dundee City Council, a liberal allowance of 1,000 units has been made should ongoing regeneration schemes allocate further demolitions in the Plan period. Adjustments (outlined in Figure 3.11) have therefore been made to the calculations for the Preferred Option.

Vacancies & Second Homes

3.41 The GROS projections are of people and households in each Local Authority, not of the dwelling stock. At any one time, there may be a backlog, where existing households wish a separate home, but cannot gain access to housing, whether affordable or market housing. On the supply side, a proportion of the housing stock will be vacant or used as a second / holiday home, and therefore not contributing to meeting the needs and demands for housing of current or future permanent residents in each HMA. It is desirable to fully assess the extent of non-operational stock, and backlog and adjust the requirement upwards. Insufficient comparable statistics were available to identify separately the vacant stock for each HMA to allow this calculation. Instead, a single allowance for vacant and second homes together (as a proportion of the requirement) has been added to the requirement.

3.42 TAYplan will not be able to control the proportions of the private stock that, is vacant or used as a second / holiday home, particularly as new builds are resold by their initial owners. Instead, by adjusting the requirement upwards, the change in the dwelling stock can be boosted, over and above the implied net additional households. Should these new homes prove attractive for use as permanent homes, lower proportions of the new builds might remain vacant or be bought as second / holiday homes than in the housing stock generally. Consequently, this extra allowance may go somewhat towards addressing any current backlog in housing numbers. In addition, should all the existing sites with planning permission actually be delivered, the earlier noted flexibility applied to the contributing supply might mean more homes are delivered than is required for the net additional households, again meaning the backlog may be eroded over time.

Figure 3.11. Demolition Allowances and Proportion of Properties Vacant or Second homes 2008

Local Authority	Housing Market Area	Potential Demolitions Allowance 2008 +	% Properties Vacant/2 nd Homes
Angus	Arbroath (East Angus)	0	4.7%
	Forfar / Kirriemuir & Glen (West Angus)	0	6.1%
	Montrose / Brechin (North Angus)	0	6.5%
	South Angus	0	3.4%
Dundee City		2,445	7.0%
North Fife	Cupar and North West Fife	0	1.7%
	St. Andrews and East Fife	0	9.7%
Perth & Kinross	Eastern	0	5.2%
	Highland	0	11.9%
	Kinross	0	2.5%
	Perth	0	3.5%
	Strathearn	0	6.1%

Sources: TAYplan Local Authorities & Scottish Neighbourhood Statistics, 2008

* Rounded to the nearest 5

Capacity to build

3.43 Providing homes needs land but also sufficient capacity within the house building industry to deliver the required build rates. A good indicator of what could reasonably be built in the future is recent build rates. If housebuilders have had the capacity to build a given number of homes in the past, they may be able to build similar numbers in the future. While the current economic climate will mean that build rates may be lower in the next few years, the recession will not last for the duration of the Plan. In addition Housing Land Audits show varying build rates even during periods of sustained economic growth. Whilst acknowledging that build rates may be low in the short-term due to the recession, the recovery of the economy is likely to support an improvement in the rate of housebuilding. As a proxy for future build rates, the housing land requirement calculations have also considered the recent build rates (Figure 3.12 below).

Figure 3.12: Build Rates (sites of 5 units or more)

Local Authority	Housing Market Area	Average Build rates 1998-2008	Percentage of Local Authority Total
Angus	Arbroath (East Angus)	92	22.9%
	Forfar, Kirriemuir & Glen (West Angus)	68	17.0%
	Montrose & Brechin (North Angus)	70	17.5%
	South Angus	172	42.9%
	Total	401	
North Fife	Cupar and North West Fife	82	32.8%
	St Andrews and East Fife	168	67.2%
	Total	250	
Perth & Kinross	Eastern	66	10.0%
	Highland	51	7.7%
	Kinross	39	5.9%
	Perth	426	64.5%
	Strathearn	78	11.8%
	Total	660	
Dundee City		608	
TAYplan region		1,919	

Source: 2008 Housing Land Audits

What to plan for

3.44 Considering all the strands of evidence together suggests that there is a need to plan for a growth in the number of houses to reflect existing population dynamics and to support economic and population growth. The Strategic Development Plan needs to take a longer-term view to 2032 and consider what can be delivered through planning system.

3.45 In summary, the evidence of household change and migration highlights a potential increase in the number of households. The 2008 Housing Land Audits indicate there is significant land with planning permission, and other sites have been identified in the interim Urban Capacity Studies that could come forward for housing. Housebuilders have delivered on average approximately 1,900 homes per annum. As the economy recovers, there is the potential for housebuilding to increase again. Following

the standard Housing Land Requirement process set out in Figure 3.4 two options have been derived and are summarised below.

Option A: Growing the TAYplan area in line with GROS 2006 - based projections

3.46 The first option uses GROS’s 2006-based projections, applying this projection of recent population and household trends forward to 2032, applied at Local Authority level. Figure 3.13 also expresses the associated housing requirement as an annual figure to enable comparison over the Plan period (2012-32).

3.47 This scenario, would lead to a significant redistribution of population and households. While Dundee City’s households would stay relatively static the population would fall, and other authorities’ population and households increase. Fundamentally, TAYplan must consider if planning for a continuation of recent trends is both realistic and consistent with the thrust of a preferred strategy to provide for growth in all parts of the Strategic Development Plan area.

Figure 3.13: Option A GROS 2006-based population and household projections²³

	TAYplan region	Angus	Dundee City	Perth & Kinross	North Fife
Households 2008	215,760	49,940	68,470	64,080	33,270
Extra Households by 2032	35,660	7,415	330	20,685	7,230
Extra Homes	39,975	7,800	2,775	21,680	7,720
Growth 2008-32	16.53%	15.62%	4.05%	33.83%	23.20%
Annual Requirement	1,666	325	116	903	322

Source: GROS 2006-based household projections, extrapolated to 2032 & adjusted by TAYplan

* Rounded to the nearest 5 except for the annual requirement

3.48 The evidence of significant land availability⁴ and recent building suggests that there is capacity to accommodate building in Dundee City. Alternative options were considered.

Option B: Growing Dundee & GROS Growth Elsewhere

3.49 The preferred strategy therefore provides for a growth strategy in Dundee City, as well as the other local authorities. While planning for growth in Dundee may draw in migrants from elsewhere in the region, the recent GROS projections for Angus, North Fife and Perth & Kinross are nonetheless used to enable their continued household and population growth.. In Dundee City this strategy plans to sustain recent build rates. The impact on households and building is presented in Figure 3.14 below. Figure 3.14 also

² Extrapolated 1 year to 2032 by TAYplan

³ Please note that while Perth & Kinross have some evidence of varied household sizes in Kinross-shire and Highland Perth, sufficient comparable evidence is not available for the HMAs in Angus and North Fife to allow differentiated modeling at this stage. Housing Land Requirements in option 1 and 2 therefore use local authority household composition statistics.

⁴ Some 7,089 units in Dundee City’s Housing Land Audit and Urban Capacity Study

expresses the associated housing requirement as an annual figure to enable comparison over the Plan period (2012 – 2032).

Figure 3.14: Option B Growing Dundee & GROS Growth Elsewhere*

	TAYplan region	Angus	Dundee City	Perth & Kinross	North Fife
Households 2008	215,580	49,940	68,290	64,080	33,270
Extra Households by 2032	46,460	7,415	11,130	20,685	7,230
Extra People by 2032	41,285	4,155	5,875	28,865	2,390
Extra Homes by 2032	51,790	7,800	14,590	21,680	7,720
Houses built as % of 2008 Households	24.0%	15.6%	21.4%	33.8%	23.2%
Annual Requirement	2,158	325	608	903	322
Previous Annual Build rate	1,919	401	608	660	250

*Accounting for demolitions allowances and vacant properties

** Rounded to the nearest 5 except for the annual requirement

3.50 Earlier analysis has implied a wide variety of outcomes may arise, many of which have been considered. GROS's high migration variant projection and zero net migration for Dundee were considered. However neither of these options adequately reflect the available land and building capacity. The high migration scenario did suggest increases in the number of households, but population decline. The zero net migration projection suggests that a net additional 306 households p.a. would form in Dundee over the Plan period. However building rates indicate that house builders have built an average of 608 units p.a.⁵ and earlier analysis suggests there is capacity for 11 years of building at the same rate as recent years. With ongoing redevelopment in Dundee City, further capacity may be added in due course.

3.51 Another option is one where growth in Dundee City is balanced out by reducing the housing land requirement in adjacent local authorities. It is true that retaining people in Dundee City who may have otherwise migrated to adjacent authorities would mean displacing some of potential the growth in Angus, North Fife and Perth and Kinross. However, recent population projections suggest even higher population growth may occur, so there is the potential for the 2006-based projections to be met in other local authority areas, whilst still reducing net out-migration from Dundee.

3.52 In addition, while the strategy is about retaining people in Dundee City, it is also about attracting new people in. The Plan aims to support the sustainable economic growth of the TAYplan area. Many of the existing economic development schemes outlined in chapter 4 are located in Dundee City and their success aims to bring in-migrants to live and work in Dundee City, whilst the current out-migration trends to Angus, North Fife and Perth and Kinross are sustained, or at best reduced.

⁵ Between 1998 and 2008: source Angus & Dundee City Housing Land Audit, 2008

3.53 The Preferred Option suggests attracting approximately 7,370 net in-migrants to Dundee City between 2008 and 2032, (307 per annum). Analysis of mid-year estimates, in particular recent migration flows, suggests only small changes, when compared to recent in and out migration flows, could be capable of delivering this change.

3.54 While Figure 3.15 shows that in-migration to Dundee City has increased by 18% (2003-08), out-migration has been fairly stable with an increase of only 1.1% over the same 5 year period. It cannot be said for certain that these trends will continue, and if they did, with what magnitude and for how long. However, if out-migration stayed at 2008 levels, it would only take a 0.24% (17 people) increase in the annual in-migration rate (to 7,108 p.a) to deliver the 7,370 net migrants required (2008-2032) to fulfill the option. From the alternative perspective of reducing out-migration, if annual in-migration stayed at 2008 levels, the 17 persons would equate to only a 0.25% reduction in annual out-migration. In either case, the magnitude of change is lower than the change experienced over the last 5 years. While the migration outcome may vary year-on-year during the Plan, this indicates that only small changes in in-migration and/or out-migration over the duration of the Plan will be required to deliver growth for Dundee.

3.55 This positive outlook for Dundee City is based on an analysis of the migration trends between 2003 and 2008. These trends are not reflected in the 2006-based projections for Dundee City, which only uses data up to 2006, a period where most of the population decline occurred.

Figure 3.15: Dundee Migration Flows

	Inflow	Outflow	Balance
2003-04	5,991	6,729	-738
2004-05	6,691	6,305	386
2005-06	6,606	6,569	37
2006-07	6,442	6,508	-66
2007-08	7,091	6,801	290
% Change 2003 - 2008			
	18.4%	1.1%	
Average Annual % Change 2003 - 2008			
	3.7%	0.2%	
Further increasing in-migration: 1 year % Change			
	0.24%	0.0%	
Further Reducing out-migration: 1 year % Change			
	0.0%	0.25%	

Source: GROS & TAYplan

3.56 The strategy to support the economic development of key sectors through safeguarding existing employment land sites and allocating new sites where appropriate, in addition to current economic development initiatives already underway (see chapter 4) aims to create further employment opportunities. The analysis of migration flows suggests that even limited success would bring the marginal improvements to in and out migration. If successful this could enhance population growth in Dundee City without adversely impacting on the growth potential of Angus, North Fife or Perth and Kinross.

3.57 Dundee, as Scotland's fourth largest city, has an important role in attracting people from outwith Scotland to come and live and invest, and from other parts of Scotland. One of the key focuses for the city is to deliver a better range of housing types to ensure that the supply is there to help facilitate a population growth. The existing strategic housing allocation at Dundee West plays an important role in this respect.

3.58 Paragraph 3.33 also indicates a national requirement to provide a generous supply of housing, allowing greater numbers of people to locate in Scotland in support of the Government Economic Strategy's aspiration for population growth. It therefore seems prudent to ensure that, where growth is projected (i.e. Angus, North Fife and Perth and Kinross), the Plan provides housing for at least this level of growth should this population growth strategy be successful.

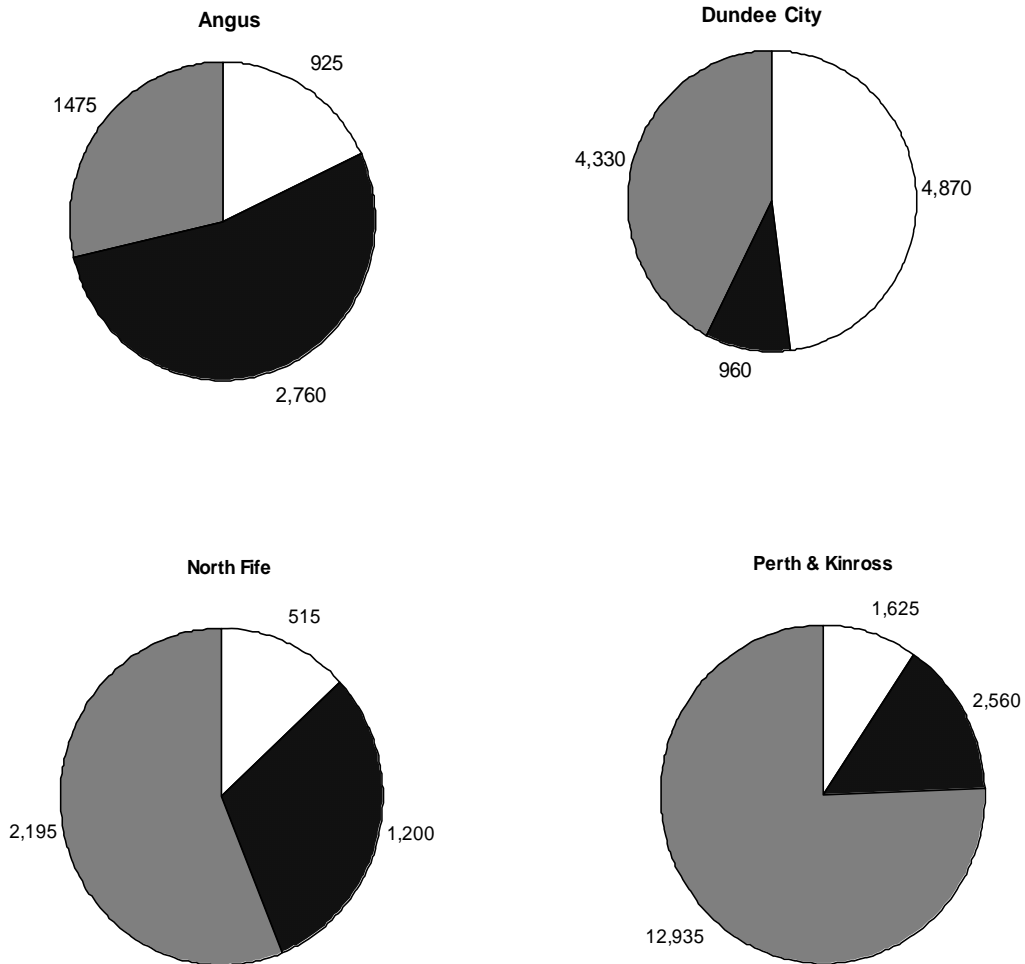
3.59 On balance, Option 2 is the preferred strategy in part because it is believed that the growth of Dundee will not necessarily come at the expense of reduced growth in Angus, North Fife and Perth and Kinross. Indeed providing higher numbers of houses extends an important signal to investors and in-migrants alike that all of the TAYplan area is a place where people and business are welcome. As the Dundee population grows over coming years and more new housing is provided, this will be monitored, including population movements within the TAYplan area, to inform future Development Plans.

Assessing the Requirements for Additional Land

3.60 Paragraphs 3.31 to 3.42 highlight the various adjustments and supply elements that could contribute to meeting the requirements for additional housing land for each Local Authority and constituent Housing Market Area. Figure 3.16 identifies potential additional sources of land that have been identified. The "Other Land" category is not land that has been identified. These statistics instead relate to the number of units were land for development still has to be identified, even after the potential for urban capacity sites and small sites are considered.. Local Development Plans will subsequently allocate new sites to meet the additional requirements and consider how well the sources of land identified in Figure 3.16 can contribute to this whilst reflecting their strategy objectives.

Figure: 3.16: Potential Additional Sources of Housing Land Supply

□ Urban Capacity ■ Small Sites ▒ Other Land



3.61 For the preferred strategy, Figure 3.17 below summarises assessment of the potential housing supply targets required for the Housing Needs and Demand Assessment. In particular, it shows the supply position, when compared with the baseline Housing Land Requirement (2008 – 2012) and indicates the additional housing land allocations required⁶. To account for a greater potential housing requirement that is likely to be derived from GROS's soon to be published 2008-based household projections, an upper range Housing Land Requirement⁷ is also expressed. As outlined in Figure 3.16 a summary of where some of the supply could come from is also presented. The Development Plan will use this as a base for deciding on any new strategic allocations or Local Plan allocations that are required during the Plan period.

⁶ based on the requirement minus the contributing supply

⁷ assuming an additional 10% at this stage for Angus, Perth & Kinross and North Fife

Figure 3.17: Requirements and Sources of Supply at Housing Market Area (2008-32) *

	Housing Market Area	Housing Land Requirement Range		Contributing Supply 2008+	Additional Allocations Required		Potential Sources of Supply	
		Baseline	Upper		Compared with baseline	Compared with upper range	Urban Capacity ⁺	Small Sites
Angus	Arbroath (East Angus)	1,890	2,080	550	1,340	1,530	110	504
	Forfar / Kirriemuir & Glens (West Angus)	2,110	2,320	990	1,120	1,330	235	960
	Montrose / Brechin (North Angus)	1,820	2,000	850	970	1,150	415	648
	South Angus	1,990	2,190	260	1,730	1,930	165	648
	Total	7,810	8,590	2,650	5,160	5,940	925	2,760
Dundee City		14,590	14,590	4,430	10,160	10,160	4,870	960
North Fife	Cupar and North West Fife	2,710	2,980	1,470	1,240	1,510	165	480
	St. Andrews and East Fife	5,010	5,510	2,340	2,670	3,170	350	720
	Total	7,720	8,490	3,810	3,910	4,680	515	1,200
Perth & Kinross	Eastern	2,870	3,160	330	2,540	2,830	120	380
	Highland	1,950	2,150	220	1,730	1,930	100	560
	Kinross	1,620	1,780	330	1,290	1,450	65	360
	Perth	12,210	13,430	2,200	10,010	11,230	1,290	860
	Strathearn	3,030	3,330	1,480	1,550	1,850	50	400
	Total	21,680	23,850	4,560	17,120	19,290	1,625	2,560
TAYplan Total		51,800	55,520	15,450	36,350	40,070	7,934	7,480

* Requirement, contributing supply and additional allocations rounded to nearest 10, Potential sources of supply to the nearest 5.

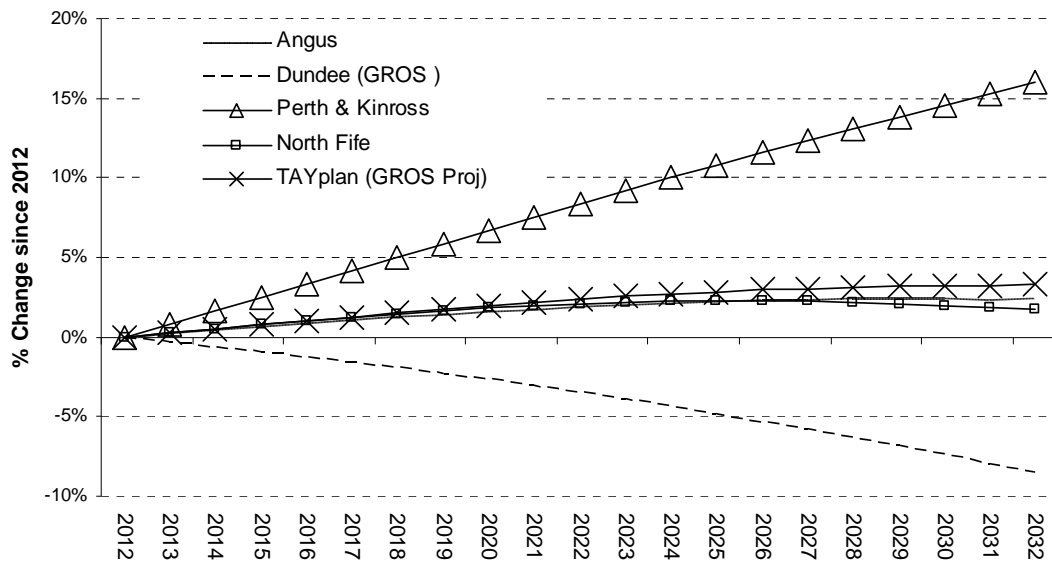
⁺ Initial assessment of urban capacity – full site by site phasings to be delivered. Actual numbers likely to reduce

The Housing Land Requirement during the Plan period

3.62 While the Housing Land Requirement has been calculated for the period 2008 – 2032, the Main Issues Report is required to express the level of housing development during the Plan period (2012-32). Consequently, this section expresses the level of population change, household change and the number of new homes required during the Plan period, for reference in the Main Issues Report. (The numbers expressed below equate to a pro-rata share of 20 years of the 24 Housing Land Requirement expressed in Table 3.17. Statistics have been rounded to the nearest 10 at each stage).

3.63 Figure 3.18 illustrates the population and household change for Option 1, during the Plan period. Across the TAYplan area, the population would grow by 3.3%. In Angus it would grow by 2.4%, in North Fife by 1.8% and Perth and Kinross by 16%. Dundee City would see the population reduce by 8.5%.

Figure 3.18: Option A: (GROS- 2006-based population and household projections) Population Growth 2012-32



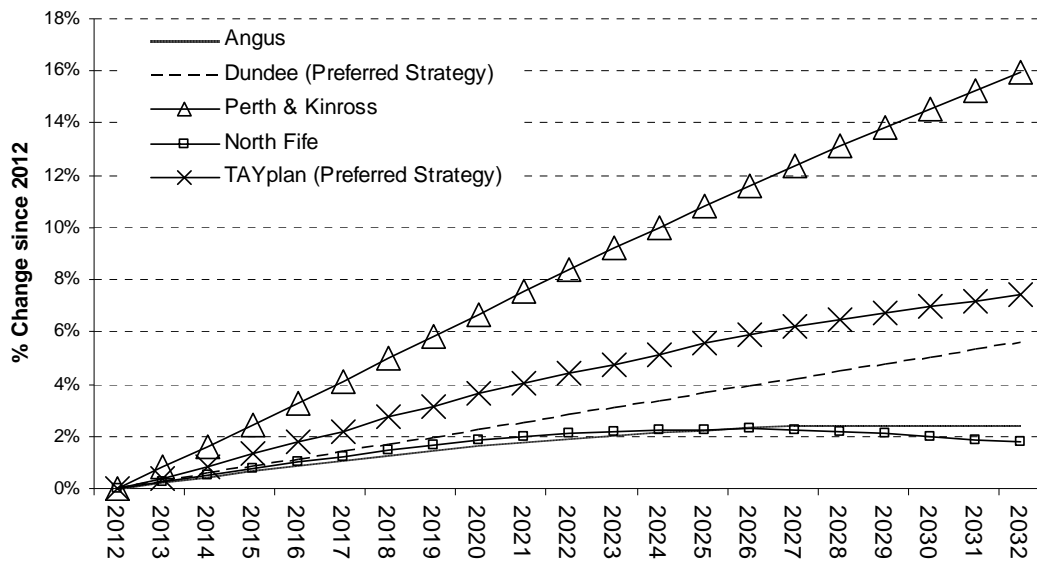
3.64 The associated change in the households and house building for Option A over the 20 years of the Plan is expressed in Figure 3.19 below for reference by the Main Issues Report.

Figure 3.19 Option A: Summary Population, Households and house building 2012-32

Area	Average annual Net Migration	Average annual Population Change	Average annual Household Change	Actual annual build rate 1998 - 2008	Homes Built over 20 year of the Plan 2012 - 2032	Range of expected annual build 2012-32	Estimated Population in 2032
Dundee City	-480	-555	15	610	0 - 2,000	0-100	128,400
Angus	460	175	310	400	6,600 - 7,200	330-360	114,400
Perth & Kinross	1,275	1,205	860	660	18,200 - 19,800	910-990	172,200
North Fife	315	100	300	250	6,400 - 7,000	320-350	80,900
TAYplan region	1,570	925	1,485	1,920	31,200 - 36,000	1,560-1,800	495,900

3.65 Figure 3.20 highlights that the preferred strategy would alter the trend in population change in Dundee City. Under this Option population growth (at a rate of 5.6% (2012-32) would be provided for in Dundee City. The population growth for the TAYplan area would rise to 7.4% over the 20 year Plan period. All other authorities would experience the same population growth as expressed in Option 1.

**Figure 3.20 Option B: (Dundee grows and GROS projections elsewhere)
Population growth 2012-32 (Preferred Strategy)**



3.66 The associated change in the households and house building for Option B over the 20 years of the Plan is expressed in Figure 3.21 below for reference by the Main Issues Report.

Figure 3.21: Option B: Summary Population, Households and house building 2012-32

Area	Average annual Net Migration	Average annual Population Change	Average annual Household Change	Actual annual build rate 1998 - 2008	Homes Built over 20 year of the Plan 2012 - 2032	Range of expected annual build 2012-32	Estimated Population in 2032
Dundee City	330	245	465	610	12,200 - 12,200	About 610	147,500
Angus	460	175	310	400	6,600 - 7,200	330-360	114,400
Perth & Kinross	1,275	1,205	860	660	18,200 - 19,800	910-990	172,200
North Fife	315	100	300	250	6,400 - 7,000	320-350	80,900
TAYplan region	2,380	1,725	1,935	1,920	43,400 - 46,200	2,170-2,310	515,000

Delivering affordable units

3.67 Local Authorities presently set affordable housing targets for their Housing Market Areas; these vary as each area is different. Some affordable housing policies are under review during 2010. Given the significant variations in need across the region and the possible role of other organisations/measures, it is unlikely that the Proposed Plan would set affordable housing targets. These are not strategic and cross-boundary in their application and the Local Development Plan's will consider what provision is required in each Local Housing Strategy Area and Housing Market Area.

APPENDIX 2 – Consultation

1. The following paragraphs outline the consultation process undertaken on the TAYplan HNDA.

Project Steering Group

2. A Project Steering Group was established at the outset of the project, chaired by a local authority planning officer working on behalf of the Strategic Development Plan Authority (SDPA) and involving representatives from both Housing and Planning Services from each Authority, TAYplan officers and a representative from the Scottish Government Housing Investment Division. The full list of Steering Group members can be found on p.3 of the HNDA report.
3. At various points throughout the project advice and input was also received from the Centre for Housing Market Analysis.

Housing Market Partnership

4. For the purposes of this HNDA the TAYplan Joint Committee effectively forms the Housing Market Partnership with the HNDA Project Steering group performing the role of a working group for the HMP. Work on determining the approach was led by the SDPA Manager following discussion with the Directors / Heads of the local authority Housing and Planning Services at a meeting on 6 May 2009.

Involvement of Stakeholders

5. At an early stage in the process Homes for Scotland (the representative body for the housing building industry) was identified as a key stakeholder. Prior to the letting of the contract to Arneil Johnston a meeting was held with Homes for Scotland (May 2009) to discuss the proposed approach of combining the four individual Authorities HNDAs. Homes for Scotland generally agreed with the principle of this approach.
6. At the Project Inception meeting it was agreed that external stakeholders would have the opportunity to influence the final HNDA report. Given the very tight timescale for completing the project it was agreed to limit this to Homes for Scotland and representatives from the Registered Social Landlord sector. More importantly however for at least some of the individual HNDAs wider stakeholder participation had already been carried out by Local Authorities.
7. Consideration was also given to including Homes for Scotland and RSL representation on the Project Steering Group but this was decided against for the following reasons: firstly, the nature of the TAYplan HNDA being a 'pulling together' of the data from existing HNDAs rather than the preparation of a TAYplan-wide HNDA from scratch meant that the majority of the work of the Project Steering Group was in managing identified inconsistencies and risks; secondly, Homes for Scotland and RSL representatives had been involved in the Project Steering Groups

(or equivalents) for individual HNDAs and had therefore had the opportunity to input into the individual HNDAs.

Stakeholder presentation

8. A half day session was held in October 2009 prior to the preparation of the final report. This consisted of a presentation of the results by the consultants followed by a question and answer session. A note of this session is included at Appendix 3a.
9. Representatives from Homes for Scotland and the RSL sector were invited to attend. The invitation was also extended, through Homes for Scotland, to developers expressing a particular interest in the HNDA.
10. The RSL representatives attending were agreed through the Tayside Housing Forum.
11. A copy of the draft HNDA report was sent to attendees one week before the presentation. Following the presentation attendees were invited to submit their comments / views on the HNDA. Due to the very tight timescale a period of one week was given for comments to be returned.

Stakeholder Comments

12. Two sets of comments were received: one from Home Scotland RSL and the second from Homes for Scotland. These are summarised in the paragraphs below.
13. Home Scotland RSL raised the specific issue that whilst the demand for and supply of social rented housing in Dundee appears to be broadly in balance this could be masking an imbalance in the quality and type of housing which is required within the City. Whilst this concern was discussed and acknowledged by the Project Group on 15 Sept the preparation of a disaggregated calculation was not part of the commission for the TAYplan HNDA.
14. Homes for Scotland (HfS) comment that they have been involved in the preparation of the HNDAs for the four individual Local Authorities. Significantly they confirm they are broadly happy with the methodology used in the preparation of the TAYplan HNDA. Furthermore no concerns are raised about the geographical boundaries for market housing areas proposed in the HNDA.
15. In relation to meeting the need for affordable housing, HfS comment that the private house building sector will not be capable of delivering high levels of affordable housing for some time. They therefore agree that alternative delivery mechanisms will also need to be considered as acknowledged in pages 27 & 43 of the HNDA. HfS do not dispute that it is unlikely that demand for affordable housing in Perth & Kinross, Fife and Angus will be met by potential supply in Dundee.

16. HfS also agree that there is an issue with supply of lower value market properties. They comment that forthcoming development plans will need to make better provision for intermediate market solutions.
17. There is however concern from HfS members that the data sources used to inform the HNDA do not reflect the market trends within the current economic downturn. HfS consider that survey feedback collected prior to 2008 and sasines data will not provide an accurate picture of market trends and they are of the view that the assumptions about affordability will need to be revisited in light of the current economic climate.
19. NHBC data is said to be a good indicator of the market. Detailed information on the significant reduction in completion rates and in sites starts in each of the local authority areas is given. These are summarised in the table below.

Authority Area	Q3 & Q4 of 2008 % drop from corresponding period 2007	
	Completions	Site starts
Perth & Kinross	42% drop	87% drop
Fife	51% drop	72% drop
Dundee	10% drop	58% drop
Angus	43% drop	82% drop

20. The best indicator of where trends may go in 2009 and beyond is considered to be the second half of 2008 and early 2009. The time lag between declining starts and completion levels is explained by builders finishing off houses that were started before the recession took hold. HfS are concerned that the Scottish Government's figures for 2008 are unrealistically high and this is an issue which is currently being taken up with them.
21. Whilst some commentators are highlighting improved house sales these are said to only be modest improvements from a low base and are also disproportionately arising in the second hand market. Recovery within the new build housing market is said to be slow and this is being compounded by rising construction costs, infrastructure requirements and a lack of available bank finance.
22. HfS however believe that demand for new housing still exists and for development to be stimulated new sites which are deliverable and which have low start up costs must be brought forward.
23. The TAYplan HNDA has sought to take account of the current economic situation by introducing an alternative scenario which has a reduced supply projection. This is set out on p.35 of the report and assumes a 33% reduction in supply from 2007 to 2009. Current levels of supply are assumed to remain until 2011 with an annual increase of 6% until supply returns to 2007 levels around 2019. Whilst HfS

concerns regarding the use of data sources which pre-date the recession are acknowledged, further sensitivity testing can be carried out and alternative scenarios prepared as required from the model supplied by Arneil Johnston to the Strategic Development Plan Team. The issue of identifying deliverable housing sites is for the Development Plan rather than the HNDA.

TAYplan Housing Needs & Demand Assessment

Presentation of Results Question & Answer Session

Friday 23 October 2009
Enterprise House, Dundee

Present:

Representatives from Arneil Johnston, the RSL sector, the development industry including Homes for Scotland, and TAYplan and Local Authority Housing and Planning Service staff.

Donna Milton and Douglas Johnston of Arneil Johnston gave a presentation on the Housing Needs & Demand Assessment (HNDA) final outcomes

Question & Answer Session

Bruce Forbes, Angus Housing Association – questioned the assumption that the market will recover

Answer – The Scottish market is very different from other markets. There has been a 30% drop in values in England in the last two years only a 9% reduction in Scotland. During the 80s crisis the prices in Scotland stuttered then stayed stable and there are signs that there is a similar pattern this time. It is the lack of lending that has stopped movement. Market entry costs are fairly static although there are hotspots. In Dec 2006 Bramley predicted a 15% reduction in values within 5 years but there was an increase in this period so there would have to be a significant drop now to make the 15% happen. Don't think this will happen – the Scottish market is not as volatile.

David Horsfall, Homes for Scotland – re the market supply comparison 07-08. The NHBC figures give a different picture to sasines. Also sasines only looks at the second hand market. Even if the market does recover there will be a lead in time.

Answer – This would require further analysis. The market has nearly halted so the reduction could be largely in new sales rather than in the second hand market. The AJ model assumes the market will take a further 3 years to recover but accept that the new build element of the market has been disproportionately hit by the reduction.

Andrew Kilpatrick, Service HA – would it be worth doing further analysis of the split between new build and second hand stock?

Answer – There is the capability within the model to continue the analysis. Have to account for the impact of the new build market on supply. Can do further sensitivity testing looking at the proportion of activity relating to the new build market because it could be different to the second hand market.

Manus McGinty, Hillcrest HA – on what basis has the 25% reduction in affordable housing funding been assumed? Also a straight line has been assumed but funding

levels go up and down.

Answer – Difficult to predict actual funding levels as it is likely there will be peaks and troughs in the SHIP. Have tried to build in a realistic approach. This isn't a Scottish Government assumption but was arrived at collaboratively by the steering group. 2010 programme is heavy because of the amount of front loading. Scottish Government can't give a definite answer at the moment. Live model allows this assumption to be adjusted. Accept have used a level profile but there is no evidence to suggest what the peaks and troughs might be.

Manus McGinty, Hillcrest HA – have LCHO and mid-rent been taken into account?

Answer – the baseline looked at traditional forms of supply but acknowledge there is a range of interventions which need to be considered not just investment in housing. Important to note that the figures in the HNDA don't translate to required supply.

Bruce Forbes, Angus HA – has the impact of Council new build been taken into account?

Answer – considered but didn't include because the levels are very low so it would have a small impact. Also, there is no evidence it will continue in the longer term. Could be part of the strategy for meeting the need.

Manus McGinty, Hillcrest HA – overcrowding could be addressed by the better matching of supply against needs

Answer – this is the type of intervention that needs to be considered.

Peter Marshall, Perth & Kinross Council – is there a danger of supplying land on the basis of recovery restricting supply?

David Horsfall, Homes for Scotland – if there is a reliance on a large level of affordable housing coming through the private sector may not be able to deliver it or will take a long time. Major infrastructure costs etc will potentially stop delivery.

Answer – assumed recovery will take at least 3 years. Had been concerns that this would be thought too pessimistic.

David Horsfall, Homes for Scotland – the demand is there for things like mid-market rent but it is a question of this can be funded.

Alison Crook, Perthshire HA – are the assumptions consistent with the levels people can afford to buy at?

Answer – yes, assumptions are based on market entry level prices and the ability to buy at lower quartile. Have used gross income but there will be variances due to differences in prices and income levels.

Bruce Forbes, Angus HA – there is no clear definition / guidance as to what is actually affordable in the social market rented sector

Answer – the guidance focuses on the ability to access the social rented sector but not on assessing the affordability of the sector.

John Wolstencroft, Dundee City Council – this is about the next debate, both locally and nationally.

Andrew Kilpatrick, Servite HA – has internal migration within TAYplan been taken into account in the in-migration calculation?

Answer – have used gross supply so recognising there will be in and out flows and there might be an equalising effect. There are detailed figures on this.

Alison Crook, Perthshire HA – what impact would the HNDA figures have on affordable housing policies?

Answer – development plans will need to look at this, it's a question of how much of the need identified can be met through the planning system. There will need to be a whole set of interventions considered through the LHS. Mustn't assume the HNDA figures will translate into the housing requirement – rather it gives a common platform and database for local housing strategies and development plans. Also will need to consider whether this is a strategic issue for the TAYplan. In some areas a much higher affordable housing policy could be justified but have to take account of overall economic viability of sites and of the amount of funding likely to be available. There isn't a direct relationship between the affordable policy percentage requirement and what the needs actually are.

Andrew Kilpatrick, Servite HA – would changes to affordable housing policies be included in the TAYplan?

Answer – decision has still to be taken as to whether affordable housing will be included as a strategic issue

Nick Smith, TAYplan – baseline for the plan is 2012 but the HNDA is dated from now

Answer – the model can be updated as housing market activity changes. Acknowledge it is a long term process.

Pam Ewen, SDP Manager invited any comments on the HNDA to be submitted to TAYplan within one week.

David Horsfall, Homes for Scotland indicated broad support for the methodology used and welcomed the continuity in commissioning AJ for the TAYplan HNDA.

APPENDIX 3 – Methodology

1. In arriving at the approach used for combining the four individual Authorities HNDA's the following process was undertaken:
 - Remitted to the Strategic Development Plan (SDP) Housing and Planning Group to consider the impact of the HNDA guidance and recommend to the SDP Steering Group an approach for the achieving TAYplan-wide HNDA coverage.
 - Given that they were in the process of preparing the HNDA for Perth & Kinross Council and had previously carried out the Housing Needs Assessment for Fife Council, an approach was made to Arneil Johnston for an initial discussion of how an HNDA for the TAYplan area might be taken forward (Arneil Johnston were also subsequently commissioned by Angus Council to prepare their HNDA).
 - On the basis of these discussions Arneil Johnston submitted an initial proposal. Following discussion on this between the four Authorities and advice from CHMA / HID a research brief was prepared.
 - Arneil Johnston subsequently revised their proposal. This was then subject to yet further refinement following further consultation with CHMA / HID.
 - The SDP Joint Committee agreed in May 2009 to commission to produce 'a combined and broad picture of housing needs and demand across the Strategic Development Plan Authority area'.
 - Arneil Johnston was subsequently appointed in June 2009.

Reasoning for the approach used

2. The reasoning behind the approach used to prepare the TAYplan HNDA was threefold:
 - Firstly, whilst it was acknowledged that the ideal scenario would have been the preparation of an HNDA covering the TAYplan area from scratch, in reality the first Strategic Development Plan has to be progressed within a very short timescale. Results from the TAYplan HNDA are needed to feed into the preparation of the SDP Main Issues Report, which is currently under preparation and due for publication in Spring 2010. As such the timescales simply did not permit the 'ideal scenario'.
 - Secondly, all four Authorities had already or were in the process of undertaking work of some form or another on individual HNDA's.

To replicate this work by carrying out a TAYplan-wide HNDA from scratch would have been a duplication of effort.

- Thirdly, the HNDA process is both complex and lengthy. With the exception of Fife Council, Authorities had already or were in a position where they were likely to commission consultants to prepare individual HNDAs at a considerable combined expense. The TAYplan budget did not allow for a repeating of this process.
3. Scottish Planning Policy 3: Planning for Homes (paragraph 30) recognises the need for a pragmatic approach where local authorities have already commenced or recently completed HNDAs and advises that in such cases authorities should use the best existing evidence to inform their local housing strategies and emerging development plans. A pragmatic approach of assimilating the data for core outputs 1-4 of the HNDA Guidance from the four individual HNDAs and then using this to produce outcomes that met the requirements of core outputs 5-8 was therefore considered appropriate.
 4. From the outset the TAYplan HNDA has been based on the HNDA Guidance. As outlined above Arneil Johnston's proposal was refined numerous times prior to the letting of the contract. CHMA / HID were involved throughout this process.

Key Decisions

5. Minutes of the Project Steering Group were taken and submitted to CfHMA. These identify the key decisions that were taken at each stage of the process including:
 - Determination of methodology for conducting the TAYplan HNDA (SDPA Manager and Directors / Heads of local authority Housing & Planning Services with detail agreed by the Project Steering Group.
 - Identification of spatial boundaries for the study at TAYplan, local authority and functional HMA level.

Note: Consideration was given early in the process to the inclusion of the Greater Dundee Housing Market Area, as defined in the Dundee HNDA, as a functional HMA. Whilst the GDHMA is a long established boundary the Dundee HNDA proposed amending the boundary with the result that it would extend further into a number of adjacent HMAs. To date this revised boundary has not been agreed by either Dundee City Council or any of the adjoining local authorities. Furthermore there were concerns that the inclusion of a GDHMA without similar consideration being given to the influence of other major settlements within the TAYplan area may not give an accurate reflection the true picture. In light of the above, and concerns as to the potential implications of the revised GDHMA boundary, the Project Steering Group agreed to exclude the GDHMA as a functional HMA from this TAYplan HNDA although it

is recognised that this is an issue which will require more detailed consideration in subsequent TAYplan HNDA.

- Involvement of key stakeholders.
- Agreement that the affordable housing calculation would be carried out at local authority level not at functional HMA level given that each authority will be responsible for meeting the affordable housing needs within their area.
- Identification and resolution of inconsistencies – it was agreed that a risk matrix would be maintained identifying any potential inconsistencies. Several inconsistencies were identified through the process relating to the Dundee and Fife information and the resolutions to these were agreed with individual Authorities concerned, taking on board CHMA / HID advice where appropriate.

**APPENDIX 4 – Assessment of Housing Need and Demand
by Arneil Johnston.**