TAYplan Housing Provision Analysis Paper

Executive Summary

i. The Main Issues Report (2010) consulted on two options in planning for the level of growth in population and housing. These were informed from the TAYplan-wide Housing Need and Demand Assessment (2010). This and other supporting work was summarised in the Technical Background Note to the Main Issues Report (2010). The Main Issues Report asked for views about which of the two housing growth options should be planned for. It also asked whether the lower or upper range of the chosen option should be planned for given the then emerging 2008-based population projections and the recession/emerging recovery.

ii. This paper considers the exercise undertaken for the Housing Need and Demand Assessment (2010) and the Main Issues Report in light of the recently published General Register Office Scotland (GROS) 2008-based population and household projections. It also considers other social, economic and environmental policy issues, themselves initially part of the background work supporting the Main Issues Report. This is consistent with paragraphs 67 and 70 of Scottish Planning Policy (2010).

iii. The process is about identifying a broad scale and distribution of additional housing for the TAYplan Strategic Development Plan (2012-32) rather than deriving an exact housing provision figure. This is based on understanding which Main Issues Report Option, and within this which range, can most effectively contribute to delivering the strategy of the Plan and how realistically this could be delivered. The considerations covered in this paper are:

- Background work already undertaken
- Unmet and Anticipated Need and Demand
- Recent trends and changes
- Economic factors
- Demographic implications
- Land supply implications
- Build rates
- Phasing
- Strategy and housing distribution

iv Main Issues Report Option 2 upper range presents the best opportunity to meet much of the identified unmet and anticipated need and demand through additional house building. However, the associated levels of affordable housing are not deliverable through the planning system alone. The availability of funding for alternative solutions will also be tighter given present public finances. Therefore it is best to plan for build rates which support delivery of the Plan's objectives but which offer the best chance to meet unmet and anticipated needs and demand as far as possible. The remainder will need to be met through other measures and Local Housing Strategies will play a key role in providing these. Main Issues Report Option 2 lower range offers the best opportunity to do this within the conclusions of the TAYplan-wide HNDA and this paper, the anticipated limits of output and Scottish Planning Policy.

v. In the early years of the 21st Century the economy and house building rates all grew. Following the credit crunch in late 2007 there was a lag before these fell. However, having come through the recession and into the emerging recovery both the Office for National Statistics and Scottish Government report growth in the economy in 2010 and in particular within the construction sector at both UK and Scotland levels. However, for build rates to return to pre-recession levels there will need to be improvements in the willingness of banks to lend money. There will also need to be an improvement in the availability and security of jobs. Nevertheless the Strategic Development Plan covers a 20 year period during which

time there should a transition through the recovery and beyond. Main Issues Report Option 2 lower range is considered to offer an optimistic and achievable position from which to support a growing economy through a period of recovery to growth.

vi The demographic changes associated with Main Issues Report Option 2 lower range are considered achievable for all of the TAYplan local authorities. It reflects the objective for growth across the region, and in Dundee City, but is considered to be more achievable than Main Issues Report Option 2 upper range. The assessed upper range of unmet and anticipated housing need and demand and the 2008-based projections all rely on further population growth through migration. Given the recent economic and financial climate and the housing market slow down it is unlikely that the levels of migration needed for these would be achieved within the first twelve years of the Plan.

vii There is already sufficient land to support the delivery of Main Issues Report Option 2 lower range for the majority of the first twelve years of the Plan (2012-24). Some land will need to be identified for the later eight years (2024-32). Providing for higher build rates would require more land and more infrastructure investment sooner. If the economic recovery is slower or unevenly distributed it could be as damaging to the Plan's location objectives to provide for too much housing as it would be to provide for too little. It is more appropriate to provide a generous land supply for Main Issues Report Option 2 lower range and achieve the objectives of the strategy first than to plan for higher build rates from the outset.

viii The illustrative trajectory shows that achieving the two ranges in Main Issues Report Option 2 requires a transition from present low build rates to return to and then exceed pre-recession build rates. It is more realistic to plan for Main Issues Report Option 2 lower range as this will be reached first. Similarly the next review of the Strategic Development Plan will be timed to complete one year ahead of the 2018/19 date when the TAYplan-wide HNDA considers the recovery in housing demand likely to have completed. This review would provide an adequate basis to evaluate how well the build rates set out in the first Strategic Development Plan have been met. Should the recovery progress then build rates will reach Main Issues Report Option 2 lower range before reaching Main Issues Report Option 2 upper range. Phasing would most reasonably be based on supporting the recovery and subsequent growth by allocating sufficient effective housing land to enable the levels of build in Main Issues Report Option 2 lower range (2,170 units per year) prior to any re-evaluation. The corresponding first round of Local Development Plans could then provide sufficient effective housing land to meet these levels from the start to support investment and the recovery. This recognises that the timing and length of the recovery may vary between different parts of the region, but, ensures that land is not a barrier.

ix Therefore Main Issues Report Option 2 lower range would provide for 2,170 of the unmet or anticipated need and demand for market and affordable housing solutions of between 2,045 and 3,590 per year to be met through new build over the period 2012-32. Given the conclusions of the TAYplan-wide Housing Need and Demand Assessment (2010) and the conclusions of this paper Main Issues Report Option 2 lower ranges is the most rational level of housing provision to plan for. However only monitoring will show how successfully the public and private sectors have delivered new build and other housing solutions.

1. Introduction

1.1 The Main Issues Report (2010) asked for views about which of the two housing growth options should be planned for. It also asked whether the lower or upper range of that option should be planned for given the then emerging 2008-based population projections and the recession/emerging recovery.

1.2 The process does not reveal an exact number of housing units for the Strategic Development Plan (2012-32); instead it suggests a broad scale and distribution of additional housing for the TAYplan area. It is therefore important to determine this scale with some understanding of its implications; to see how effectively additional housing could contribute to the strategy of the Plan; and, how realistically this could be delivered. This paper updates the qualitative and quantitative considerations taking account of the new 2008-based population and household projections. These considerations further contribute to understanding which Main Issues Report Option, and within this which range, is the most appropriate for the TAYplan Strategic Development Plan.

1.3 The level of additional house building at regional and local level (2012-32) will be the product of the following considerations covered by the TAYplan-wide Housing Need and Demand Assessment (2010) and subsequently in this paper:

- It must be sufficient to support the housing requirements of a growing economy and population and fulfil the proposed strategy objective to grow the population of Dundee City;
- It must be sufficient to accommodate all outstanding planning permissions and present development plan allocations;
- There must be either sufficient land available to accommodate the levels of development for the majority of the Plan period or a thorough understanding of what additional land is required; and,
- There must be an understanding of how the implied requirements for the construction industry in delivering the level of additional housing in the Proposed Plan are affected by recent levels of house building.

1.4 The level of house building planned for must recognise, as far as possible, the anticipated need and demand for housing in the future, as identified as part of the work for the TAYplan-wide Housing Need and Demand Assessment (HNDA).

2. Background

2.1 The TAYplan Main Issues Report (2010) is the first stage in the production of the TAYplan Strategic Development Plan. It consulted on two possible options in planning for the level of growth in population and housing (Figure 1, below). These were informed by the TAYplan wide Housing Needs and Demand Assessment (2010).

2.2 This exercise included a needs assessment and a demand assessment carried out by consultants Arneil-Johnston to identify unmet and anticipated need and demand for market and affordable housing. These were presented as upper and lower ranges of need and demand for the ten year period 2009-18. The upper range was based on the assessment and the lower range on the sensitivity test. The sensitivity test used lower ranges for some elements of the backlog of need compared with the assessment. The TAYplan-wide Housing Need and Demand Assessment (2010) brought together the existing Housing Need and Demand Assessments for each of the four council areas. It also considered wider factors such as the availability of land and the relationship of the needs and demand with the General Register Office Scotland (GROS) 2006-base population and household projections. This is consistent with paragraphs 67 and 70 of Scottish Planning Policy (2010).

2.3 The work was summarised in the Technical Background Note to the Main Issues Report (2010) and presented in the Main Issues Report as the two options. Each of the two options also had an upper and lower range. The lower range reflects the conclusions of the HNDA and GROS 2006-based population projections. The upper range was added to reflect then anticipated 2008-based population and household projections; which at that time had only been released in part. This also supported the work of the Strategic Environmental Assessment (SEA).

2.4 In considering wider factors identified in Scottish Planning Policy (2010) TAYplan examined various population and housing scenarios. These were modelled by projecting variations of the GROS 2006-based population and household projections (at that time the most recent). TAYplan examined the principal, high and low migration variants of the GROS 2006-based projections, and also a zero-net migration scenario in order to understand the impacts of indigenous growth alone. This exercise provided a consistent set of scenarios linking demographic and housing outcomes. It also showed where scenarios had similar outcomes or implications and where these were more extreme.

2.5 This was accompanied by a thorough analysis of GROS migration data for origin and destination (2001/02 to 2007/08) presented in the TAYplan Monitoring Statement (2010). This showed the migration relationships between individual TAYplan local authorities and others both within and outwith TAYplan.

2.6 Other wider factors considered included land availability and recent build rates. These are outlined in the Technical Background Note to the Main Issues Report (2010) and updated in this paper.

2.7 Collectively these elements formed the TAYplan-wide Housing Needs and Demand Assessment. They assisted in developing the two options that were included in the Main Issues Report. The options were:
Option 1. the GROS 2006-based projections; and
Option 2. a variation on this for Dundee City to grow (Figure 1).

Figure 1: Main Issues Report Population and Housing Options (2012-32) – annual average figures for the 20 year plan period

	Net Migration	Population Change	Household Change	Assumed Housing Provision	
				Lower range	Upper range
MIR Option 1	1,570	925	1,485	1,560	1,800
MIR Option 2	2,380	1,725	1,935	2,170	2,310

Source: TAYplan Main Issues Report (2010)

2.8 When the Main Issues Report was published in March 2010 only one part of the 2008-based projections had been released. Therefore figures were presented as a range with the lower end reflecting the 2006-based projections and the upper range making assumptions for the 2008-based projections. Option 2 varied the figures for Dundee City to show the outcomes of planning for population growth, rather than a continuation of past trends which saw the City's population fall.

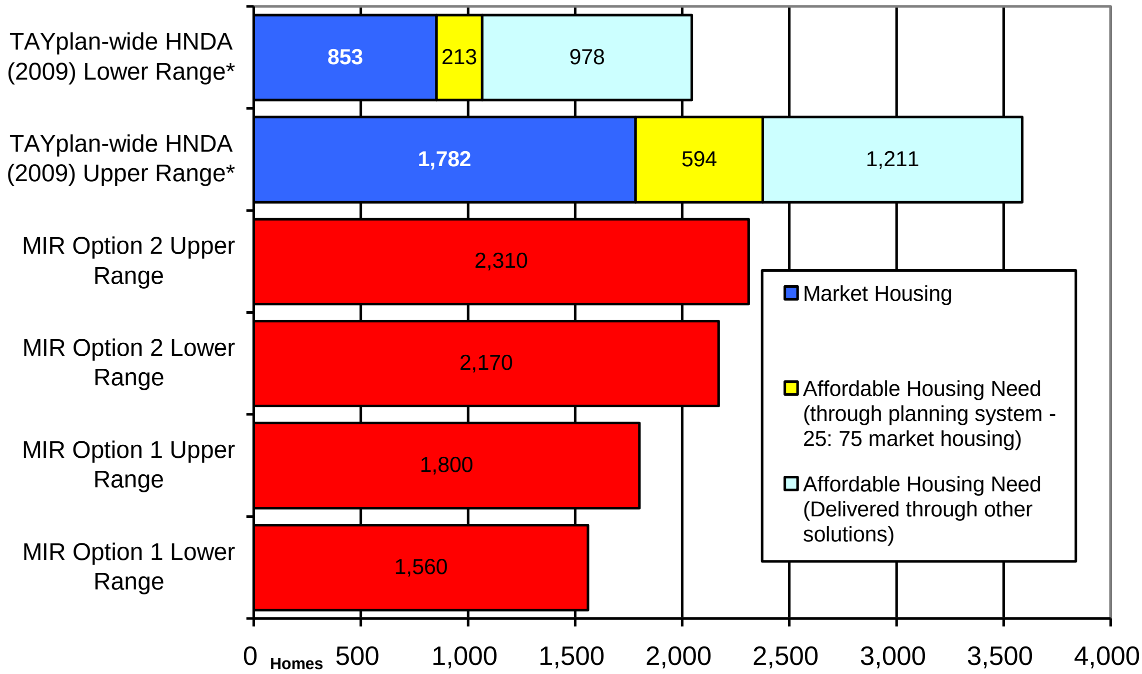
2.9 GROS released the final elements of the 2008-based population and household projections in July and August 2010, after completion of the Main Issues Report consultation.

3. Unmet and Anticipated Need and Demand

3.1 The backlog of unmet and anticipated future need and demand for market and affordable housing forms one element of the TAYplan-wide Housing Need and Demand Assessment (2010). This element was produced by consultants Arneil-Johnston during 2009. The figures were reported for the ten year period 2009-18. This has been annualised for this paper and applied to the 2012-32 plan period, which, although crude, gives an impression of the annual average level of unmet and anticipated need and demand for market or affordable housing during the Plan period. These figures represent the circumstances where a solution of some kind is anticipated or unmet rather than being targets for new house building.

3.2 Figure 2 compares annualised unmet and anticipated housing need and demand with the annualised MIR Options 1 and 2 lower and upper ranges. This illustrates the extent to which the TAYplan-wide Housing Need and Demand Assessment (2010) and associated work considered it possible to provide housing solutions through the planning system. In Scottish Planning Policy (2010) the ratio of market to affordable housing is set out as 75:25 (this may vary in some housing market areas subject to the conclusions of housing need and demand assessments and the subsequent provisions of the relevant local housing strategy and development plan). The ratio in Scottish Planning Policy recognises the likely viability of providing affordable housing as part of market development through planning proposals. The TAYplan-wide Housing Need and Demand Assessment concluded that the planning system will make a contribution to meeting some of the identified unmet and anticipated need and demand for market and affordable housing through new build along with other measures.

Figure 2: Comparing annualised unmet and anticipated housing need and demand with the MIR housing options (2012-32)



Source: TAYplan
Note: * Annualised figures for where housing solutions are required based on Arneil-Johnston work as part of the TAYplan-wide Housing Need and Demand Assessment (2010).

3.3 One reason for this, shown in Figure 2, relates to the ratio of identified unmet and anticipated need for affordable housing to unmet and anticipated demand for market housing. The ratio varies between the TAYplan-wide HNDA (2010) upper and lower ranges. The Upper range concludes a virtually 50:50 ratio of market to affordable housing solutions (slightly higher for affordable housing than market housing). The Lower range is about 70:30 affordable to market housing. Figure 2 separates the unmet and anticipated need for affordable housing using the 75 market:25 affordable ratio of Scottish Planning Policy (2010). This assumes that this approximate level of affordable housing would be delivered through the planning system as part of market housing proposals and/or social housing schemes. The residual affordable housing need would be met through alternative measures through the Local Housing Strategy process.

3.4 Figure 2 shows that MIR Option 2, and particularly the upper range, provides the most substantial scope to contribute to delivery of the upper ranges of unmet and anticipated need and demand through new house building; albeit at a slightly lower level. Under MIR Option 2 lower range there would be a slightly larger amount of unmet and anticipated need and demand where alternative solutions to new-build are required. Both ranges for Option 1 would result in a lesser contribution to meeting the unmet and anticipated need and demand for housing solutions through the planning system; relying to a greater extent on alternative measures. Under the lower range of unmet and anticipated need and demand each of the MIR Option could meet 100% of the identified need and demand for market housing with the remainder being affordable housing (assuming the 75:25 ratio of market to affordable housing – see paragraph 3.2). The remaining need and demand for affordable housing would need to be met by alternative measures. It is worth noting that Arneil Johnstone assumed that these levels would see the backlog of affordable housing need cleared within ten years or met over a slightly longer period after which the residual figure would reduce.

3.5 Whichever ratio of market to affordable housing is achieved the preferred Main Issues Report option (Option 2) presents the greatest opportunity to meet this through additional house building, whilst recognising viability and the other components of the Housing Need and Demand Assessment and environmental, social and economic policy issues covered elsewhere by this paper. It is not possible to deliver all of the unmet and anticipated need for both affordable and market housing through the planning system. Subsequent sections of this paper consider other factors that will combine to influence how well this achieves the strategy of the Strategic Development Plan and how deliverable this is.

4. Recent Trends and Changes

4.1 During the first decade of the 21st century the region experienced growth in employment rates, population and house building rates. However, following the credit crunch in late 2007 and subsequent recession, house sales and house building rates have fallen.

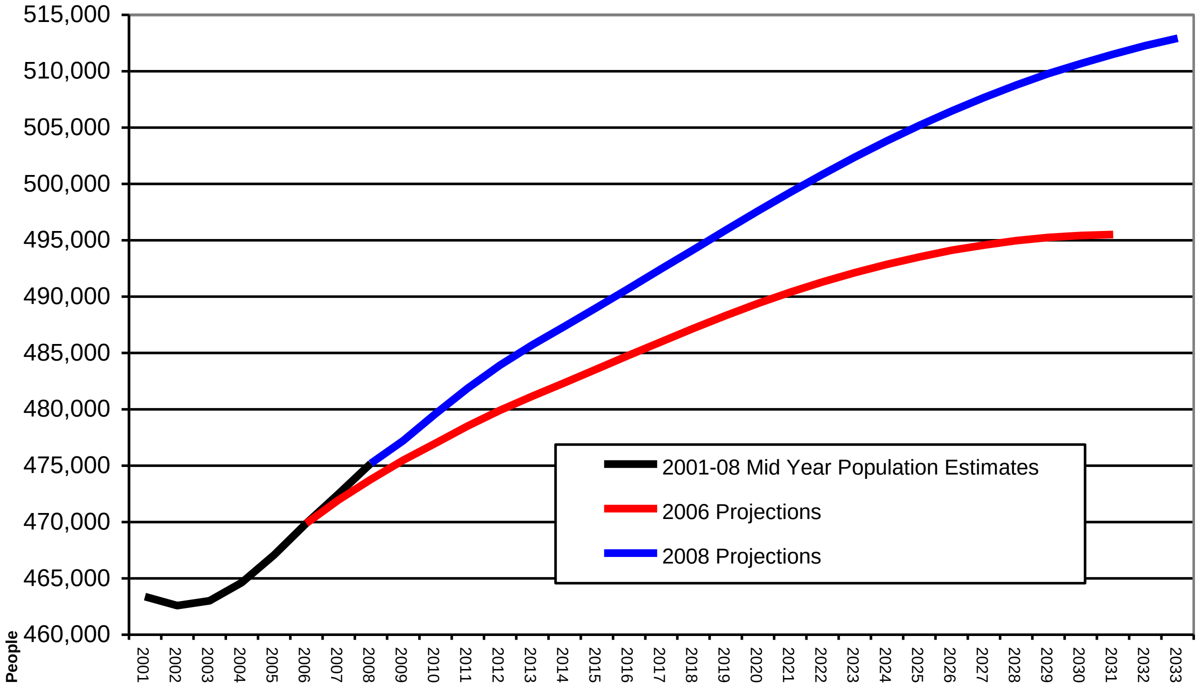
4.2 Local authority and Strategic Development Planning Authority-level employment statistics are only available to 2009 and these follow the national and UK-wide trends of increased unemployment. However, it is likely that this will be further affected by the anticipated cuts in public sector. This and other changes in the economy could influence personal spending power in the housing market and influence migration as more people become unable to sell up and seek new employment opportunities. However, it does not reflect the potential for growth in emerging sectors of the economy such as renewable energy and life sciences.

4.3 Despite the credit crunch in late 2007 the TAYplan population rose from 472,500 in 2007 to 475,190 in 2008; driven by continued migration. This single year represents 22% of the 11,800 growth in the TAYplan region for the whole period 2001-08. By 2009 the mid year population estimates showed continued growth in the TAYplan population despite a minor drop in that of some local authorities. These changes were due to:

- continued migration as fewer people left the region than arrived; and,
- more births and fewer deaths together reducing the natural decline of the region.

4.4 As part of the TAYplan-wide Housing Need and Demand Assessment (2010) the implications of the GROS 2006-based population and household projections were considered. GROS published the 2008-based population projections for Strategic Development Planning Authorities in June 2010 and the household projections in August 2010. These projections took the trend of the most recent five year period running to 2008 and projected it forwards to 2033. The five year period running to 2008 largely pre-dates the present economic situation and instead reflects the previous economic boom which saw significant growth and activity within the housing market. Consequently, the 2008-based population projections indicate substantially higher growth than the previous 2006-based projections (Figure 3, below).

Figure 3: TAYplan Population (2001-08) and GROS 2006 and 2008-based population projections



Source: GROS Mid year population estimates and 2006 and 2008-based population projections
Note: 2006-based population is only projected to 2031

4.5 Although recent events in the global economy suggest a deviation from the GROS 2008-based projection, the Strategic Development Plan is a long term plan covering 20 years, commencing in 2012. The time running up to this date and immediately beyond will be about the recovery from recession and the post-recovery economic climate. Recent evidence from the Office for National Statistics suggests that the UK economy grew in early 2010, including the construction sector. However, the next few years remain uncertain. Nevertheless, there is potential for emerging sectors of the economy to grow; particularly the renewable energy sector. Similarly the constraint on the housing market, as with business, has been the willingness of banks to lend rather than a collapse in demand. The number of households will continue to grow as people live longer and, in some areas, due to natural population growth. Given these circumstances it would be unrealistic to plan for no house building and no population change. Therefore the Strategic Development Plan must provide for some level of house building.

4.6 The regional population is less reliant on migration for stability and growth than in previous years and now exhibits positive or only marginally negative natural change. However, migration remains an important driver of change. The present statistical impact of the recession differs across the TAYplan area. Change will be determined by how effectively emerging sectors of the economy perform against the impact of public spending cuts.

4.7 Perth and Kinross became the most populous local authority in the TAYplan area in 2007/08 and continues to grow. The historic population decline of Dundee City has reversed and its population has begun to grow, albeit slowly.

5. Economic Factors
5.1 The city-region concept acknowledges that the region's functional urban areas; for housing markets, labour markets or retail catchments; stretch beyond settlements and, in some cases administrative boundaries. The Main Issues Report described these functional urban areas as the Dundee and Perth Core Areas and defined their constituent parts. As the region's economy changes, it is inevitable that the jobs markets for Dundee and Perth will continue to stretch beyond Dundee City's and, in some cases, Perth & Kinross's administrative boundaries. This, and similar relationships within and between the region's other principal settlements, reflects the interactions between places within and outwith the region.

5.2 Although a greater share of the population will continue to live and work within the Dundee and Perth Core Areas, the dynamics of the labour market mean that there will always be some in-commuting. Both of the spatial strategy options in the Main Issues Report are about offering people the choice to live in principal settlements in order to easily access jobs, services and facilities. However, the majority of choice in the housing market by the year 2032 will be provided by homes which already exist today. The wider challenge will be one of improving the quality of existing homes and neighbourhoods whilst simultaneously providing better quality new development.

5.3 The distribution of new housing at local authority level needs to recognise that in future more people will live and work in the principal settlements but that the economy will grow across the whole region and that the economic influence and job market of these settlements will not end at their administrative boundaries. The distribution housing to housing market area in Figure 18 below reflects the intentions of TAYplan's preferred spatial strategy but its success will also be dependent on development quality.

6. Demographic Implications
6.1 The TAYplan-wide Housing Need and Demand Assessment (2010) and the Technical Background Note (2010) considered the implications of housing and demographic change. During autumn 2010 TAYplan examined the population and housing implications from the 2008-based population and housing projections. The demographic and housing implications of Main Issues Report Option 2 for Dundee City were also updated.

2008-based projections and the Main Issues Report Options
6.2 Figure 4 compares the original two Main Issues Report Options 1 and 2 (Figure 4A and 4B below) and their implications with the 2008-based projections for all four authorities as well as the reworked figures for Dundee City under MIR Option 2 (Figure 4C). These should not be viewed too rigidly as the future population will be affected by the age structure of migrants; fertility and mortality rates; household formation rates; and, the size of households. Only monitoring will reveal the actual change.

Comparing implied demographic change
6.3 The TAYplan level totals differ in Figure 4C because of the effects of growing Dundee City versus the 2008-based projection which shows continued, albeit reduced rate of decline compared with the 2006-based projections.

6.4 In Perth and Kinross housing provision under the 2008-based projections would be higher than for the Main Issues Report Option 2 upper range by about 50 homes per year. This would have been higher still but for an increase in average household size compared with the 2006-based projections. Similarly for Angus this would be about 30 homes per year higher. Population growth in both Angus and Perth and Kinross is more substantial under the 2008-based projections than under the Main Issues Report options. This is driven by an assumed higher rate of positive net migration into both authorities, which more than makes up for negative natural change over the projection period.

6.5 In North Fife the 2008-based projections indicate a net decrease of 100 homes per annum compared with the Main Issues Report Option 2 upper range. This is partly explained by household formation rates, projected negative natural change throughout the Plan period and negative net migration in later years. Overall it suggests that higher levels of housing provision would be generated by larger changes in population.

6.6 The 2008-based projections show a reduced rate of decline for Dundee City compared with the 2006-based projections. This reflects recent positive net migration and positive natural change in some local authorities.

Figure 4: Technical Exercise - Annualised housing and demographic implications (2012-32) for GROS 2008-based projections compared with the original MIR Options

A – Original MIR Option 1 (2012-32)

	Net Migration	Population Change	Household Change	Assumed Housing Provision	
				Lower range	Upper range
Angus	460	175	310	330	360
Dundee City	-480	-555	15	0	100
North Fife	315	100	300	320	350
Perth and Kinross	1,275	1,205	860	910	990
TAYplan	**1,570**	**925**	**1,485**	**1,560**	**1,800**

B – Original MIR Option 2 (2012-32)

	Net Migration	Population Change	Household Change	Assumed Housing Provision	
				Lower range	Upper range
Angus	460	175	310	330	360
Dundee City	330	245	465	610	610
North Fife	315	100	300	320	350
Perth and Kinross	1,275	1,205	860	910	990
TAYplan	**2,380**	**1,725**	**1,935**	**2,170**	**2,310**

C - GROS 2008-based projections (2012-32) and rebased Option 2 Dundee City

	Net Migration	Population Change	Household Change	Assumed Housing Provision
Angus	555	345	370	390
Dundee City	-300	-280	160	90
North Fife	150	-80	235	250
Perth and Kinross	1,635	1,555	985	1,040
TAYplan	**2,045**	**1,545**	**1,750**	**1,760**

– Option 2

Dundee City	285	275	465	610
TAYplan	**2,624**	**2,097**	**2,052**	**2,280**

Source: TAYplan and GROS

The role of migration in changing the population

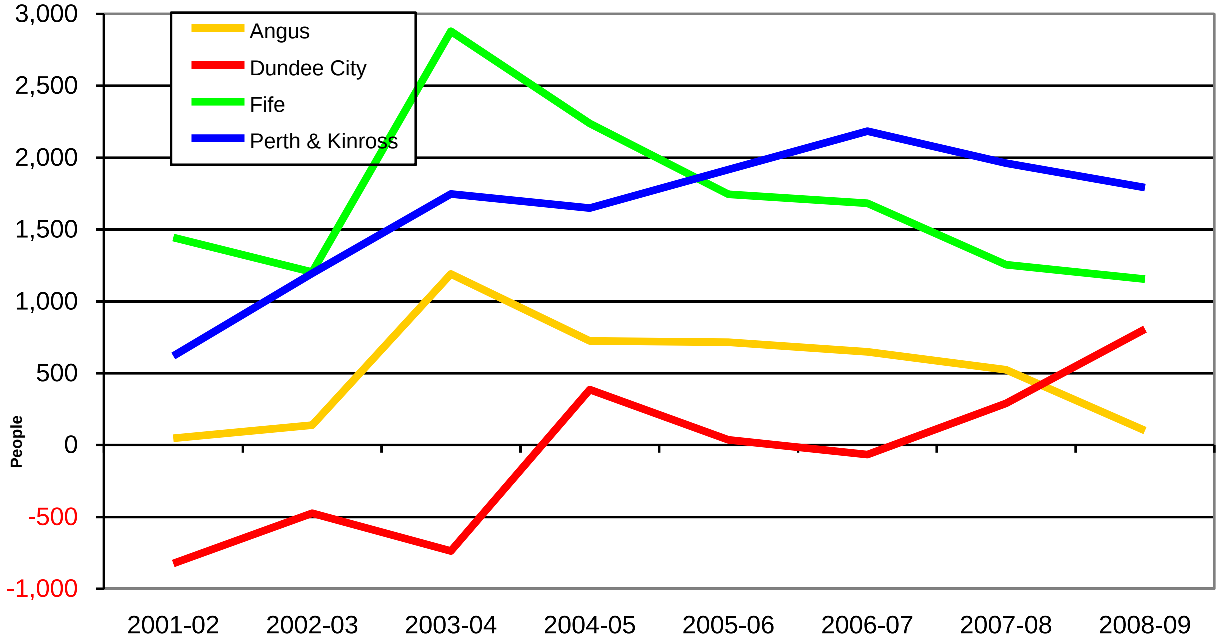
6.7 GROS data in the TAYplan Monitoring Statement (2010) shows that, until recently, all four local authorities experienced negative natural change (more deaths than births). Therefore each was reliant on inward migration to sustain and grow its population. More recently Dundee City and North Fife have experienced positive natural change; but this is yet to occur in Angus and Perth and Kinross. Nevertheless, all continue to generate new households.

6.8 The 2008-based population and household projections (Figure 4C above) project forwards the comparatively more positive trends of the five years to 2008. For Angus and Perth and Kinross especially this would suggest further growth in inward migration and therefore growth of their respective populations. In planning for housing a judgement must be made about the likelihood that these levels of migration continuing.

6.9 Figure 5 shows that overall annual net migration fell after 2008, particularly in Angus, although it continued to grow in Dundee City. Although migration inflows and outflows remain comparatively large both have fallen contributing to lower net migration (inflows minus outflows). In Dundee City the reduction in the number of people leaving was greater than the fall in the number arriving. This made net migration positive and higher.

6.10 Overall these observations appear to reflect similar trends elsewhere. Namely the 'credit crunch' and subsequent downturn in the economy have seen increased unemployment, fewer house sales, falling house prices and, importantly, less liberal financial lending. The combination of these factors means that would-be migrants, particularly home owners, can find it more difficult to leave one area and move to another. As a result, areas that have been reliant on migration to sustain and grow their populations may see lower levels of growth in the short term if this continues. This could diminish as the recovery progresses but the credit markets will play a key role in this. Conversely areas which historically saw large net outflows may well continue to see fewer people leaving. If, in the latter case, positive natural change is also experienced, as has been in Dundee City, this could have the effect of supporting population growth.

Figure 5: Net Migration rates (2001-02 to 2008-09)



Source: GROS
Note: Figures are for the whole of Fife

Migration relationships

6.11 The TAYplan Monitoring Statement (2010) shows average annual migration inflows and outflows (2001/02 to 2007/08) by origin and destination for the four local authorities. The difference between such inflows and outflows is net migration. It showed the relationships of each with the other TAYplan authorities, groupings of Scottish local authorities, 'the rest of Scotland' and 'outside of Scotland'. Data is only available for the whole of Fife.

6.12 All four authorities saw the largest relationships (net and gross) with areas outside of Scotland, perhaps related to migrant workers in the agricultural sector and students from other parts of the UK and the rest of the world. Figure 6, below, summarises the dominant relationships.

6.13 Angus and Perth and Kinross, with negative natural change, are reliant on inward migration to sustain their populations. In both cases Figure 6 shows that people leaving Dundee City for Angus and for Perth and Kinross have contributed to their recent population stability and growth. However, Figure 5 has already shown that fewer people are leaving Dundee City. If this happens during a period of economic downturn or times of growth then both Angus and Perth and Kinross would need to see fewer people leaving and more people moving in from other locations. As the region emerges through the recovery it may be that a stronger economy results in more people choosing to remain in all four local authorities and also more people choosing to move into them. Until the economic recovery is more fully underway in the jobs markets and the lending markets, it is unlikely that the rates of migration and population change, experienced prior to 2008 will continue in the short term. But it is possible that such levels may be reached later in the plan period if the economy grows.

Figure 6: Summary of strongest net migration relationships 2001/02 to 2007/08

Angus	-Overall net inward migration averaging 503 per year 2001/02 to 2007/08. -Dundee City origin of 462 arrivals of the 503 net inward migrants on average per year 2001/02 to 2007/08. -Outside Scotland area origin of -10 of the 503 net inward migrants on average per year 2001/02 to 2007/08. (second largest gross flows).
Dundee City	-Overall net outward migration averaging -260 per year 2001/02 to 2007/08. -Angus destination of 462 leavers of the -260 net outward migrants on average per year 2001/02 to 2007/08. -Outside Scotland origin for 289 arrivals of the -260 net outward migrants on average per year 2001/02 to 2007/08.
Fife (whole of Fife)	-Overall net inward migration averaging 1,564 per year 2001/02 to 2007/08. -Outside Scotland area origin of 857 of the 1,564 net inward migrants on average per year 2001/02 to 2007/08. -SESplan area origin of 741 of the 1,564 net inward migrants on average per year 2001/02 to 2007/08.
Perth and Kinross	-Overall net inward migration averaging 1,367 per year 2001/02 to 2007/08. -Outside of Scotland origin of 856 of the 1,367 net inward migrants on average per year 2001/02 to 2007/08. -SESplan area origin of 104 of the 1,367 net inward migrants on average per year 2001/02 to 2007/08. -Glasgow and Clyde Valley origin of 100 of the 1,367 net inward migrants on average per year 2001/02 to 2007/08. -Dundee City origin of 100 of the 1,367 net inward migrants on average per year 2001/02 to 2007/08. -Fife origin of 77 of the 1,367 net inward migrants on average per year 2001/02 to 2007/08.

Source: based on average annual migration origin and destination data 2001/02 to 2007/08 from GROS presented in figures 5.11 to 5.14 TAYplan monitoring statement (2010).

Demographic change in Dundee City for MIR Option 2

6.14 The historic trend of population decline in Dundee City began to slow from 2001/02. This was driven by both net migration and natural change becoming less negative and then positive by 2004/05 and 2005/06 respectively. Since 2004/05 Dundee City's population grew, except for one year, when it fell only slightly.

6.15 The Main Issues Report Option 2 varied from the 2006-based projections by seeking to grow Dundee City rather than plan for its continued decline. Continuing to deliver about 610 homes per annum (Option 2 lower and upper ranges) implies positive net migration and/or positive natural change. The Background Technical Note to Main Issues Report showed the level of change in migration inflows and outflows necessary to support Option 2.

6.16 Since then, an extra year's migration data has been released and the examination of the 2008-based projections applied to MIR Option 2 for Dundee City (see Figure 4C) have altered the associated demographic implications. Figure 4C shows that there would now need to be net migration averaging 285 people per year to deliver MIR Option 2 for Dundee City. This is lower than under the original Main Issues Report Options. The analysis of the Technical Background Note to the Main Issues Report has been reproduced in Figure 7 below. Although no one can predict if present trends will continue, and with what magnitude, Figure 7 provides some understanding of the levels of change in migration inflows and outflows required to deliver MIR Option 2 for Dundee City.

6.17 Figure 7 measures the average annual percentage change in migration inflows and outflows for Dundee City over the five most recent years.

- If outward migration during the plan period remained constant at 2004/05 to 2008/09 average levels then a fall 0.004% in the average amount inward migration in each year of the plan would continue to deliver a net migration of 285 per year.
- If inward migration during the plan period remained constant at 2004/05 to 2008/09 average levels then an increase 0.004% in the average amount outward migration in each year of the plan would continue to deliver a net migration of 285 per year.

6.18 Clearly the actual changes in population over time will be influenced by both migration inflows and outflows together. They will also be influenced by births and deaths. The number of homes will be influenced by these and household formation rates. Nonetheless these assumptions illustrate the changes necessary if migration inflows or outflows alone act as a driver and serve as a proxy to understand the significance of the change necessary to deliver MIR Option 2 for Dundee City.

6.19 This shows that a fall in either 2008/09 levels of inflow or growth in outflow would contribute to delivering Option 2 for Dundee City. Comparisons with 2007/08 also show that net migration was very close to the 285 per annum needed. Similarly net migration for the five years up to and including 2008/09 averages 291 per year. Collectively these factors suggest that Option 2 for Dundee City would be realised, if the recent changes in outflow and inflow were repeated throughout the Plan period. Taking into account analysis in Figures 5 and 6 (above) this suggests that the short term impact of the recession may contribute to raising net migration rates as fewer people leave (through choice or otherwise). From a demographic perspective therefore, it is not unreasonable or unrealistic to plan for this level of change in Dundee City. Similarly a better economy with more job opportunities and better quality homes and neighbourhoods could lead to a similar demographic outcome, dependent on the choices made by consumers in the housing market.

Figure 7: Migration changes required to support Option 2 lower range in Dundee City

	inflow	outflow	Net
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
2008-09	6,880	6,072	808
Average 2004-05 to 2008-09	**6,742**	**6,451**	**291**
Average % change 2004-05 to 2008-09	2.8	-3.7	
Average Annual % Change 2004-05 to 2008-09	0.56	-0.74	
Average % change 2012 to 2032	-0.09	0.09	
Average Annual % Change 2012 to 2032	-0.004	0.004	

Source: TAYplan and GROS

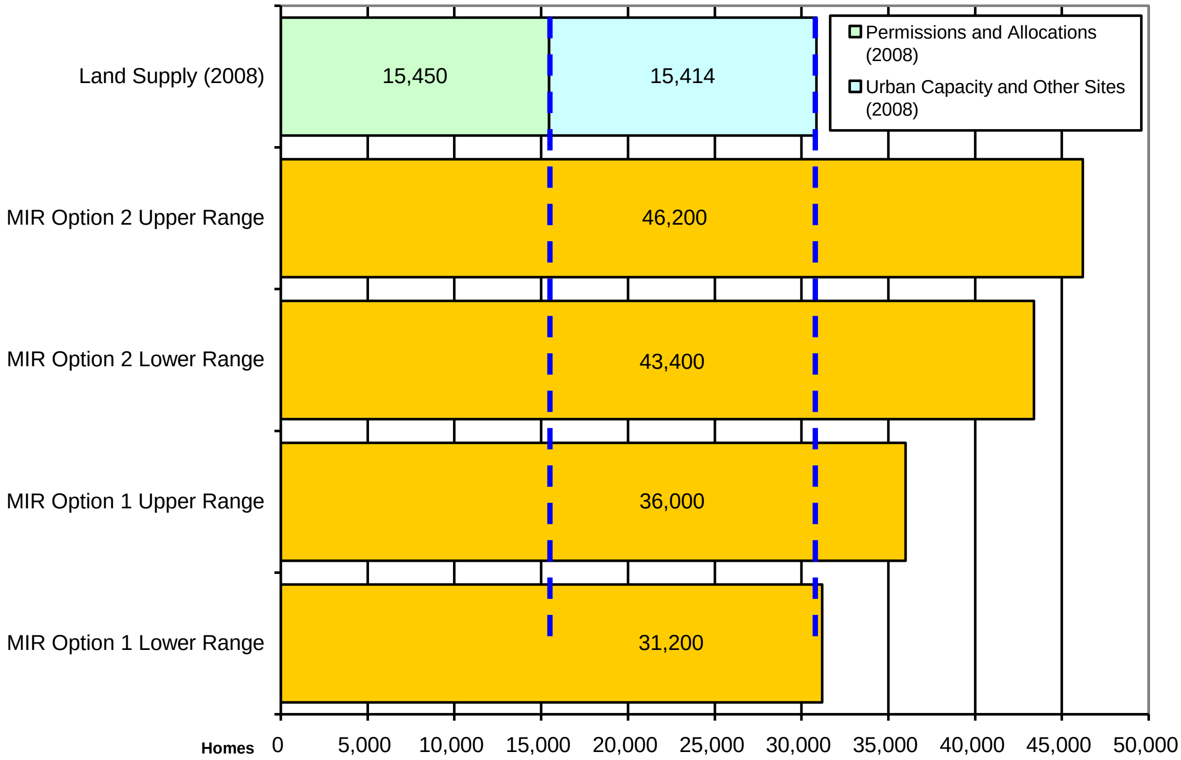
6.20 The demographic analyses suggest that higher levels of population and migration change under the 2008-based projections/Option 2 upper range would require a continuation of pre-economic downturn levels of migration throughout the Plan period. Given the more stringent lending market and the depressed jobs market during the fragile recovery it is unlikely that this level will be achieved, particularly in the short term. However, the Strategic Development Plan covers a 20 year period which is likely to include the recovery and beyond. In Dundee City recent migration analysis suggests that before the economic downturn, at a time of growth in the economy and coincident with improvements in the local environment, fewer people left and more arrived. If this were to continue then Option 2 is presently achievable for Dundee City. This phenomenon could continue during either economic downturn or economic growth. Main Issues Report Option 2 lower range (2006-based population projections), as concluded from the TAYplan-wide Housing Need and Demand Assessment (2010), offers an optimistic and realistic demographic position to plan for. Given that population growth (particularly through migration) in all areas will be driven by the availability of work, the quality of homes and neighbourhoods and the ability to access finance, MIR Option 2 lower range is more likely to be achieved than the upper range.

7. Land Supply Implications

7.1 The Background Technical Note to the Main Issues Report compared the upper and lower ranges of each Main Issues Report Option with the anticipated land supply for the region, local authority areas and housing market areas. It derived land supply from outstanding planning permissions (2008), residual local plan allocations (2008), urban capacity sites (2008) and additional sources of supply (2008). Similarly the original Main Issues Report Options also considered a 2008 base derived from the values in the 2006-based projections. More recent population and household projections are also 2008-based. This means that 2008 remains a consistent date for analysis. More recent housing land audits have been published, but no additional urban capacity study information is available. It therefore remains difficult to anticipate what level of potential supply, particularly from planning permissions, will exist in 2012. Therefore 2008 figures have continued to be used here.

7.2 Figure 8 shows that outstanding planning permissions and residual local plan allocations would contribute significantly to meeting and could be accommodated by the levels of build set out in the two Main Issues Report Options and both their ranges at regional level. It also shows that the additional land identified through urban capacity studies and other sources could make a further contribution. However, it is likely that some additional land would need to be found, particularly in the later part of the Plan period, in order to accommodate the build rates in the Option 2 lower and upper ranges.

Figure 8: Comparing MIR Options total build rates (2012-32) and potential sources of land supply (2008) at TAYplan level

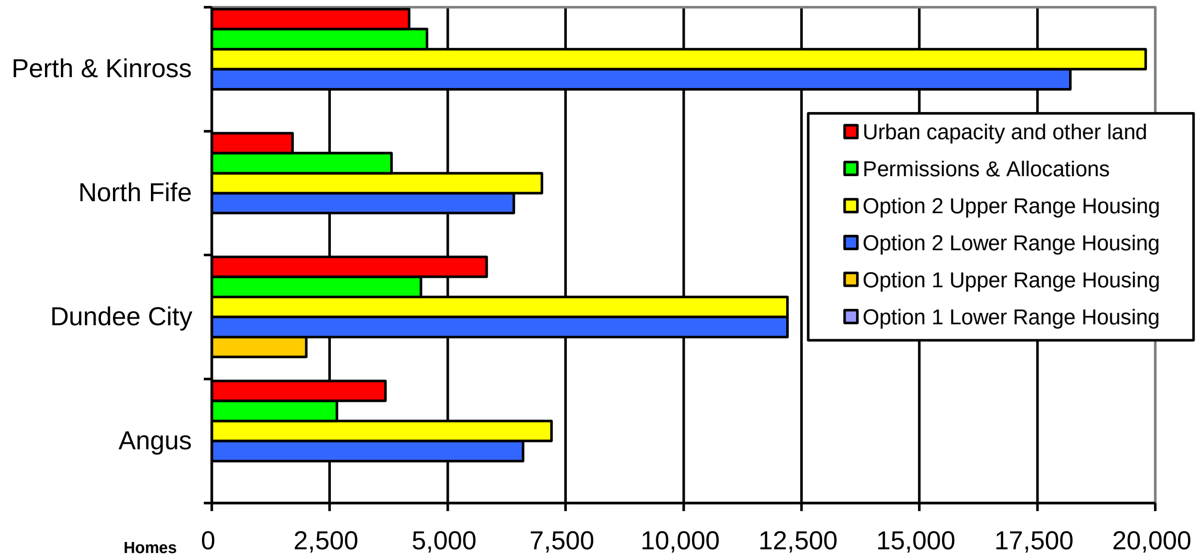


Source: TAYplan MIR Options, Local Authorities housing land audits and urban capacity studies

7.3 The sum of all outstanding planning permissions (2008) and all residual local plan allocations (2008) in their respective areas (Figure 9, below) will contribute significantly to meeting and could be accommodated within the levels of build identified in the Main Issues Report Options at local authority level. In each local authority, sufficient land has been identified to accommodate a large share of the remaining requirement. However, housing provision is not assigned to local authorities simply because they have capacity to accommodate it. Instead it illustrates how well they can accommodate strategy objectives. This means that there will be a need to identify additional land in the later years of the Plan.

7.4 The largest supply of additional land would need to be identified in Perth and Kinross. Assuming a one for one relationship between land supply and build rates there would need to be an additional supply of at least 9,450 units for MIR Option 2 upper range and at least 11,055 units for MIR Option 2 lower range (2012-32). This additional land would represent between 52% and 55% of the total provision for Perth and Kinross dependent on which Main Issues Report Option was adopted. However, these figures do not take into account the area at Bertha Park, Perth referred to, but not allocated by, the Perth and Kinross Structure Plan (2003). Nonetheless, further additional land would be required for housing, particularly in the later years of the Plan period. Some additional land would also need to be identified in the remaining three local authorities. Assuming a one for one relationship between land and build rates this would be between at least 4% and 12% in Angus, about 16% in Dundee City and at least 14% to 21% in North Fife dependent on which range is used. Whichever MIR Option is chosen it is likely that the amount of land required to support its delivery will be greater than a one for one relationship between land and build rates. This is because some sites will be developed slowly or may offer more limitations than others.

Figure 9: Comparing MIR Options provision (2012-32) and potential sources of supply (As at March 2008) at local authority level

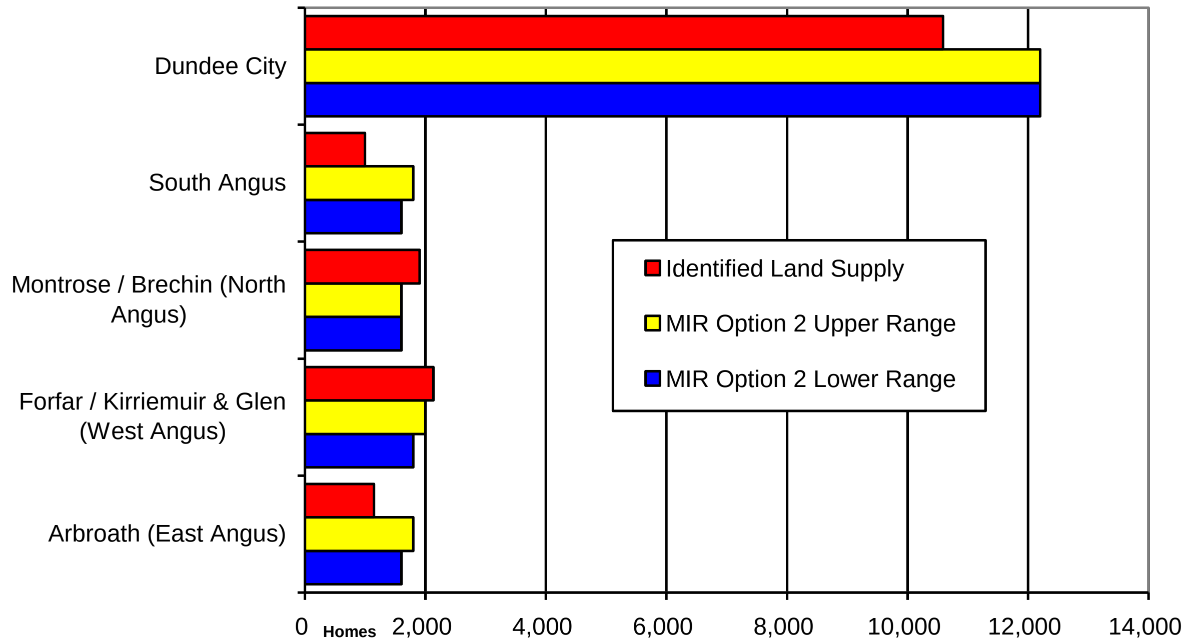


Source: TAYplan, local authorities
Note: The lower and upper ranges for both Main Issues Report Options are identical for Angus, North Fife and Perth and Kinross so are not displayed. MIR Option 1 lower range for Dundee City is zero.

Dundee City and Angus Housing Market Areas

7.5 The Angus and Dundee Housing Markets are considered together because Dundee City and South Angus collectively make up the Dundee and South Angus HMA. Figure 10 shows that in Dundee City, South Angus and East Angus some additional land would need to be identified later in the Plan period assuming at least a one for one relationship between presently supply and the build rates in MIR Options. There is generally sufficient land already identified in North Angus and West Angus although there may still be a need to identify locations which best meet the objectives of the strategy within settlements.

Figure 10: Comparing MIR Options provision (2012-32) and potential sources of supply (2008) at Dundee City and Angus housing market area level

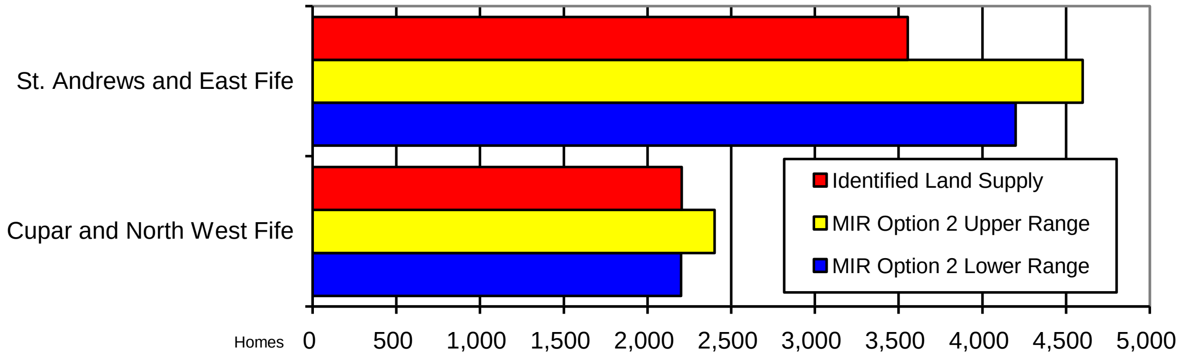


Source: TAYplan

North Fife Housing Market Areas

7.6 Assuming at least a one for one relationship between land supply and build rates Figure 11 shows that there is sufficient land within the Cupar and North West Fife HMA to meet the requirements of MIR Options 1 and 2 lower range. The strategic site at Cupar North accounts for a significant proportion of this. More land would be required to meet the upper range. In the St. Andrews and East Fife HMA some additional land would need to be identified to meet both the lower and upper ranges. The three strategic allocations in this latter housing market area (identified in the Fife Structure Plan 2009) represent a substantial proportion of the land already identified.

Figure 11: Comparing MIR Options provision (2012-32) and potential sources of supply (2008) at North Fife housing market area level

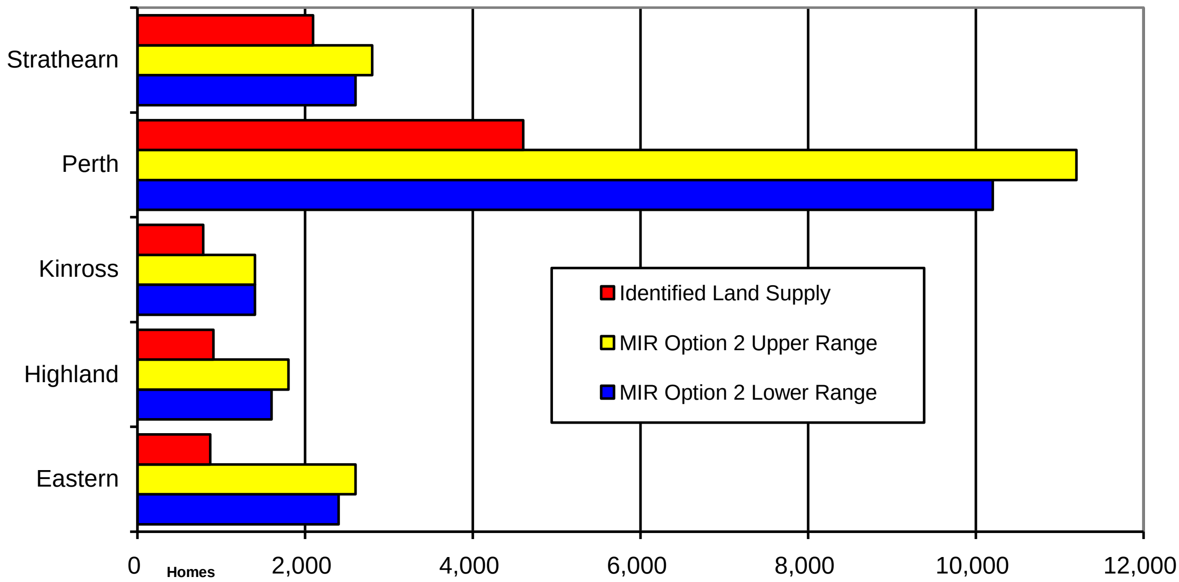


Source: TAYplan

Perth and Kinross Housing Market Areas

7.7 Figure 12 shows that all of the Perth and Kinross HMAs would need to identify additional land to accommodate both the MIR Option 1 and 2 lower and upper ranges. The most substantial need to identify additional land is likely to be in the Perth HMA. However, as noted above, the land supply figures do not include the site at Bertha Park referred to, but not allocated, in the Perth and Kinross Structure Plan (2003). Land would also need to be identified to accommodate a substantial share of the provision for the Eastern Housing Market Area.

Figure 12: Comparing MIR Options provision (2012-32) and potential sources of supply (2008) at Perth and Kinross housing market area level



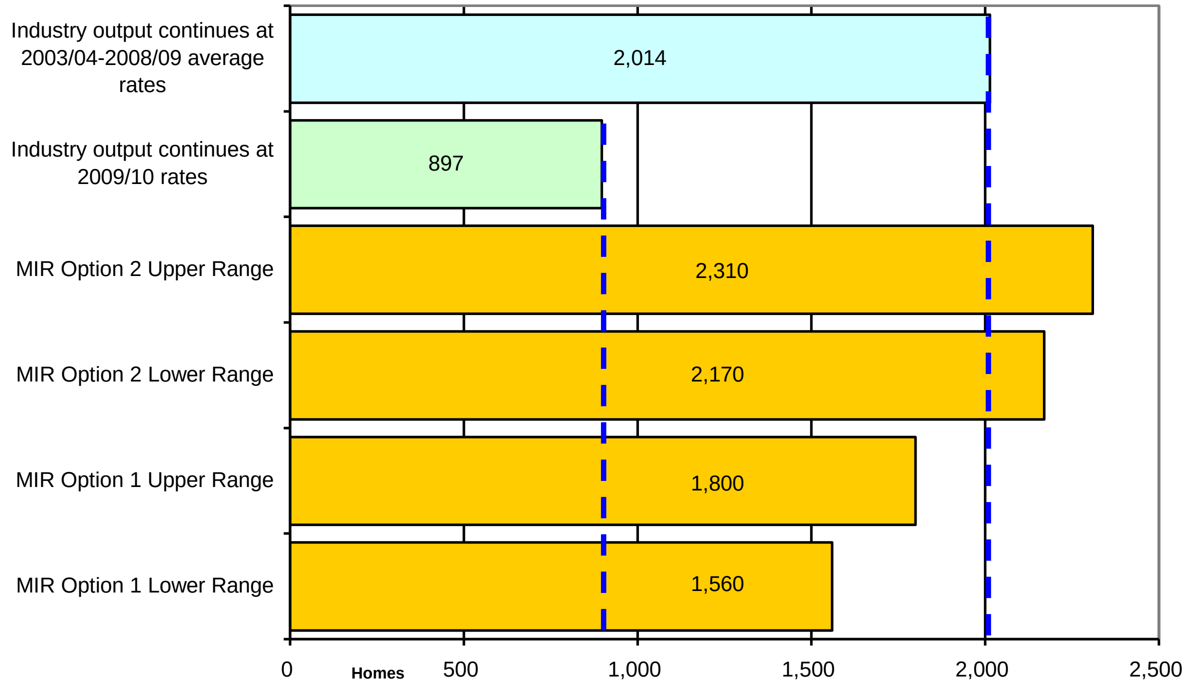
Source: TAYplan

8. Build Rates

8.1 This section compares average build rates per year (2012-32) in the two Main Issues Report Options with recent average annual gross build rates 2003/04-2008/09 to understand the levels of change between them. It should be stressed that this is to gain an understanding of how build rates would need to change as past levels do not necessarily represent the upper limit of house building activity. To give added value to this exercise comparisons have also been made with the most recent individual year (2009/10). This reflects the decline in house building during the recession, which previous years of data do not.

8.2 Figure 13 shows that even if the low build output for 2009/10 continued it could deliver the lower range of MIR Option 1 (equivalent to GROS 2006-based projections). The larger average rate from 2003/04-2008/09 would deliver both MIR Option 1 lower and upper ranges and almost all of MIR Option 2 lower range leaving a shortfall of about 900 units (45 per year) 2012-32 across the whole region. The upper range of Option 2 would require the continuation of build rates observed 2003/04-2008/09 plus about 3,700 or so additional units (185 per year) 2012-32 at regional level.

Figure 13: Comparing average annual build rates of the Main Issues Report Options and ranges with and recent actual average annual build rates



Source: TAYplan Main Issues Report and Monitoring Statement (2010) and Scottish Government Housing Statistics based on NB1 and NB2 returns from local authorities

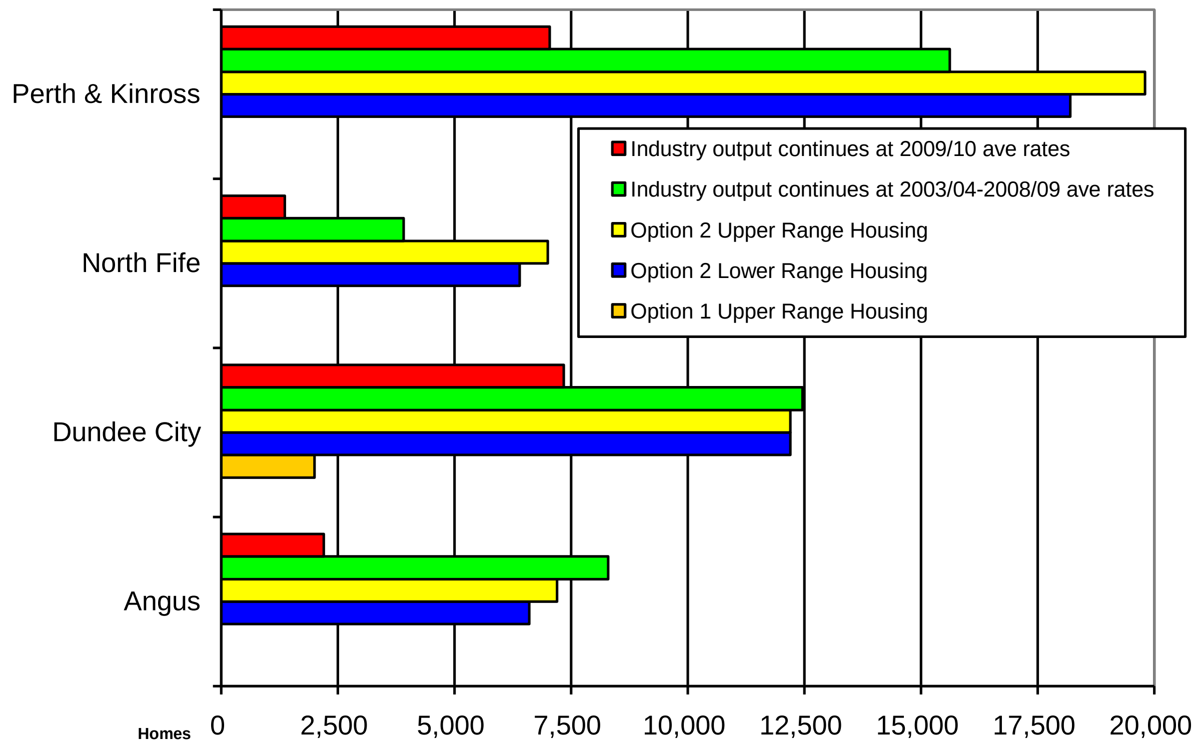
8.3 Figure 14 (below) shows that continuing average build rates for the year 2009/10 would result in a lower output in Perth and Kinross than the average for the years 2003/04 to 2008/09. Both the lower and upper ranges of both MIR Options 1 and 2 exceed past rates of output. Achieving MIR Option 1 or 2 lower range (identical) would require an increase from present output rates to exceed 2003/04-2009/10 average levels by approximately 2,580 homes over the plan period (129 per year 2012-32). This would require an even higher change for the upper range of output of approximately 11,160 more homes over the plan period (560 per year) 2012-32. Although both are challenging in terms of delivery the upper range appears the most challenging.

8.4 In North Fife, continuation at both the 2003/04-2008/09 and 2009/10 rates would fall short of both the MIR Options 1 and 2 lower and upper range. However, it should be recognised that both averages cover a period which predates the four strategic allocations made by the Fife Structure Plan (2009). There is, therefore, a planned growth in output rates in this area.

8.5 For Dundee City the upper and lower ranges of MIR Option 1 would be deliverable in their entirety even if the lower 2009/10 average build rates continued. MIR Option 2 upper and lower build provision for Dundee City are identical as they were based on continuing the 1998-2009 average build output of 610 per year. Consequently this is deliverable if 2003/04 to 2008/09 output continues. There would be a shortfall of about 1,700 (85 per year) over the years 2012-32 if output continued at 2009/10 levels.

8.6 Angus would be able to deliver both the MIR Options 1 and 2 lower and upper ranges if build rates continued at the 2003/04-2008/09 average. A continuation of 2009/10 rates would see an output almost capable of delivering the MIR Options 1 and 2 lower range with a shortfall of 500 units (25 per year) 2012-32.

Figure 14: Comparing Options 1 and 2 lower and upper build rates with the continued industry output at 2003/4 to 2008/9 and 2009/10 average build rates for the Plan period (2012-32)



Source: TAYplan and local authority housing land audits
Note: Option 1 and 2 lower and upper ranges are identical for Angus, Perth and Kinross and North Fife. Dundee City Option 1 lower range is zero. Recent completions figures for North Fife are financial year and elsewhere mid year.

8.7 Figures for recent build rates in the housing market areas to 2008 were published in the TAYplan Monitoring Statement (2010) and the key conclusions were:

- On average, between 1998 and 2008, the Dundee City and South Angus parts of the Dundee and South Angus HMA each exceeded their respective housing provision identified in the Dundee and Angus Structure Plan (2002). Elsewhere the other HMAs either achieved or fell slightly short of their respective Structure Plan targets.

- On average between 1998 and 2008 the Perth HMA exceeded the housing provision set out in the Perth and Kinross Structure Plan (2003). The other Perth and Kinross HMAs met, or almost met, their Structure Plan requirement.
- In North Fife both the Cupar and North West Fife and the St Andrew and North East Fife HMAs fell short of the 2006-based requirement in the Fife Structure Plan (2009). However, this plan identifies four strategic land allocations within North Fife which require an increased rate of building in order to be delivered by 2026.

8.8 The strategy emphasis in present Structure Plans is similar to the emerging Strategic Development Plan in that it concentrates development in principal settlements. This is reflected in Structure Plan provision at HMA level. However, build rates exceed Structure Plan requirements in Dundee City, Perth HMA and South Angus. South Angus contains all of one principal settlement – Carnoustie, along with the Monifieth and Muirhead/Birkhill parts of the Dundee Core Area. According to the Dundee and Angus Housing Land Audit (2010) about 50% of the housing developed in South Angus between 2003 and 2010 was outside of Carnoustie and Monifieth. A continuation of this rate of build outside of principal settlements is unlikely to be consistent with the Plan's strategy. Therefore new housebuilding in Angus should largely be accommodated, as appropriate, within Carnoustie, Angus parts of the Dundee Core Area and/or other principal settlements in Angus. Dundee City would also play a role in accommodating some of the mobile demand, particularly that which originates from within the city.

8.9 With the exception of land availability, the key issues influencing build rates are depend on factors outside of the planning system. These relate to the state of the economy and the jobs market, the quality of existing homes and neighbourhoods on offer and the willingness of financial institutions to lend money to builders and purchasers.

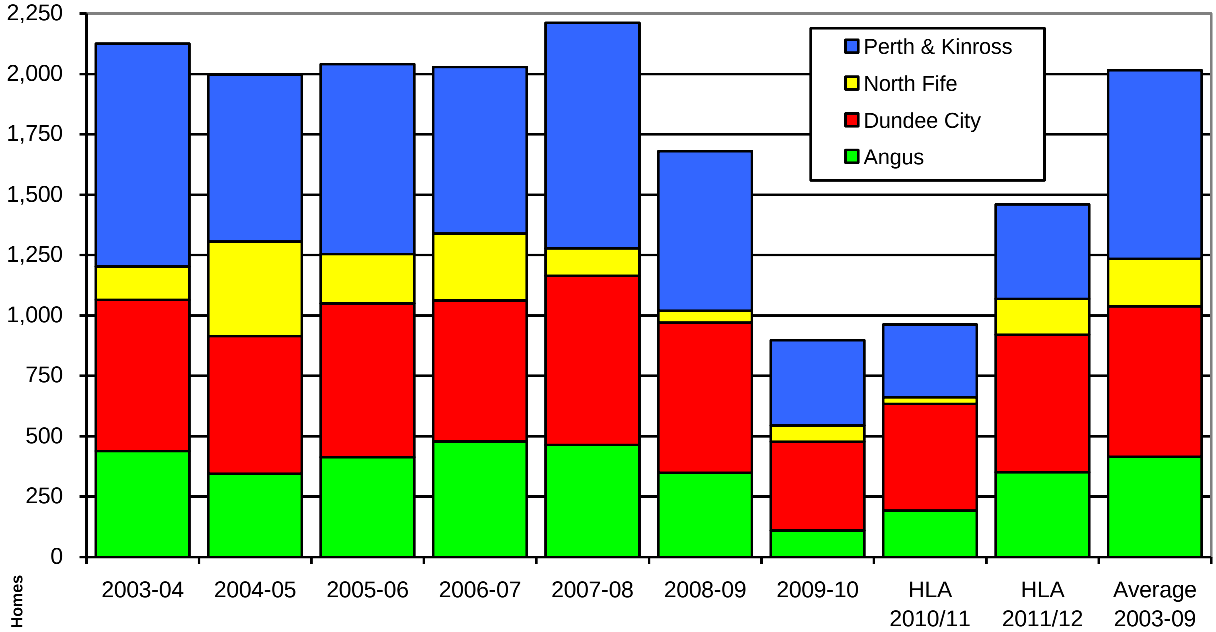
9. Phasing

9.1 Phasing shows how a plan will move from the present to the planned outcome, perhaps in a series of steps. It is very difficult to be accurate in phasing house building given the uncertainties in the housing market. The Strategic Development Plan is required to show in detail the first 12 years of the Plan (2012-24) and provide a broad direction for the later 8 years of the Plan (2024-32). This forms a logical basis for phasing in the Plan. It is already clear that growing Dundee City would occur as a result of comparatively modest changes in migration coupled with other factors. The phasing arrangements for this plan will need to show the transition from the present low build rates, through the recovery and beyond. Only once sites are identified and further, more detailed work undertaken can more detailed phasing be considered, and this will be for the Local Development Plans.

Changes in build output at regional and local authority levels

9.2 Figure 15, below, shows changes in house building rates in the TAYplan region and its constituent local authorities from 2003-04. Rates fell from 2007/08, most markedly between 2008/09 and 2009/10 across all four local authority areas. Figure 15 also shows housing land audit programming for 2010/11 and 2011/12. This suggests that the supply of effective housing land could support some recovery in build rates during 2011/12.

Figure 15: Recent completions (2003/04 to 2009/10), starts (2009/10) and average build output 2003/04-2008/09 and 2009/10



Source: Local Authority Housing Land Audits
Note: North Fife completions are on financial year basis and all others mid-year. Scottish Government completions statistics do not include all small sites, are on a financial year basks and are based on NB1 and NB2 returns, which in some instances double count housing association completions.

Illustrative phasing trajectory

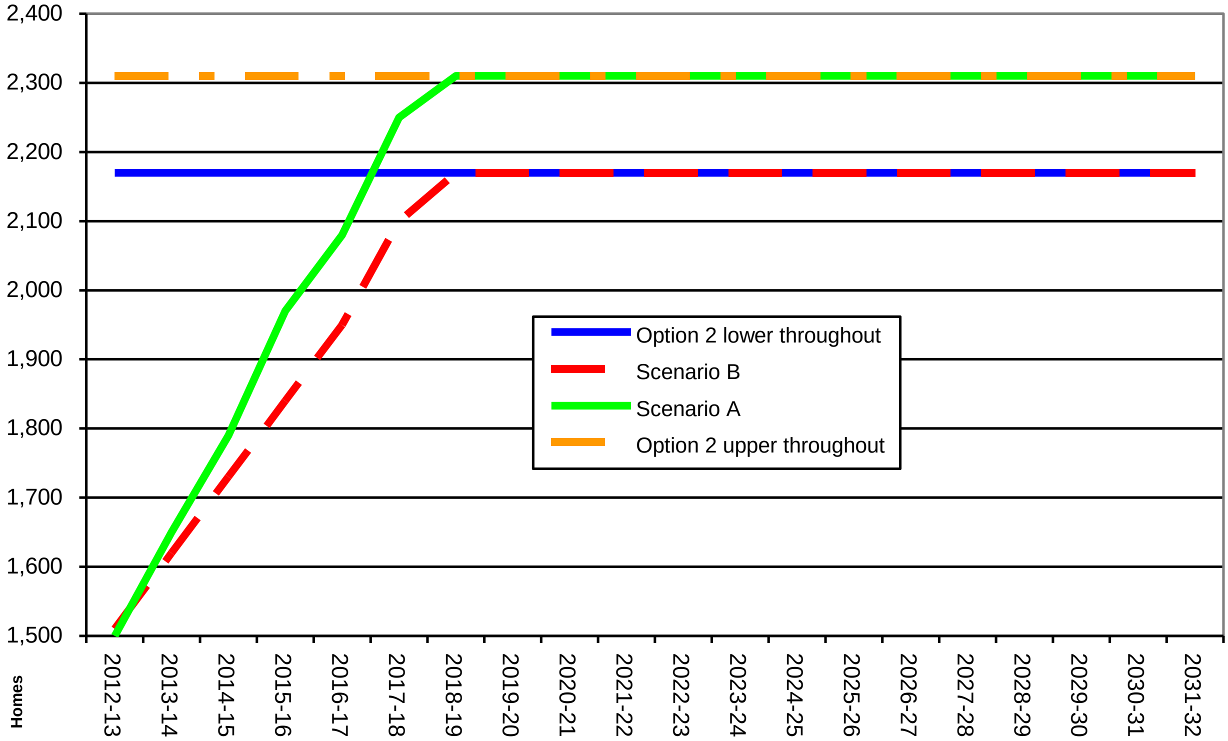
9.3 TAYplan has produced an illustrative phasing trajectory to understand the longer term implications of the recovery in build rates on the delivery of the Main Issues Report Option 2. It uses Option 2 because this was the preferred Option in the Main Issues Report following consideration of the TAYplan-wide Housing Need and Demand Assessment (2010) and this continues to be supported by the conclusions in earlier sections of this paper. The phasing is not based on the site programming of housing land audits for two reasons: firstly this phasing exercise is illustrating the level of change required to get to where we plan to be in 2032; secondly, although important for the present, housing land audits will alter their site programming conclusions annually to report on changes in the market that have already happened.

9.4 Figure 16 (below) sets out the illustrative phasing trajectory. This assumes a growth in output from 2012/13, compared with previous years. It assumes that the recovery continues and that firstly pre-recession and then Main Issues Report Option 2 lower or upper range output levels can be reached by 2018/19. This later date was suggested by Arneil Johnston in the TAYplan-wide Housing Need and Demand Assessment (2010) to be a possible date by which time the recovery in market demand would be complete. Although the optimism or realism of this recovery curve and timescale can be debated, the key point is what it shows. It shows the trajectory of the curve that would need to be achieved if build rates set out in the Main Issues Report Option 2 lower and upper ranges are to be reached by 2018/19.

9.5 Figure 16 sets out two possible trajectories (the curves) and compares them with the average annual output from Option 2 lower and upper ranges (the horizontal lines). This shows that whichever range of Option 2 the Plan aims to deliver there must be a period of transition from presently low build rates to MIR Option 2 levels. The two recovery scenarios presented in Figure 16 are:

- **Scenario A (the green curve):** Plans for the average annual build rates of 2,170 homes per year (Option 2 lower range) with the emphasis on achieving this average across the whole plan period. As the output is expected to be lower for the years up to 2018/19 under the illustrative trajectory, the undeveloped backlog for these years has been distributed evenly amongst the residual years to 2024 (the first twelve years of the plan) and then from 2024 to 2032 (the second eight years of the plan). Under the illustrative trajectory this would require average build rates to reach 2,310 per year by 2018/19 and be sustained thereafter to meet the undeveloped backlog of earlier years (clearly there are infinite alternative curves). However, it is important to highlight that this is equivalent to seeking to reach Option 2 upper range by 2018/19 and then sustaining this to 2032. This output would be reflected as average build rates of 2,090 per year (2012-24) and 2,310 per year (2024-32). Overall this would average at 2,170 per year between 2012 and 2032.
- **Scenario B (the dashed red curve):** Plans for the average annual build rates of 2,170 homes per year (Option 2 lower range). The emphasis is on recovering build rates to this level by 2018/19 and continually achieving this to 2024 and then sustaining them to 2032. This accepts that during the years of recovery up to 2018/19 average build rates are expected to be lower. The focus is on reaching and then sustaining 2,170 homes per annum as an average annual output and so any undeveloped backlog from prior to 2024 would not carry over into the 2024-32 time period. Instead the emphasis for 2024-32 would be on sustaining 2,170 homes as an average annual build rate across the TAYplan region. This differs from Scenario A above. The illustrative trajectory would reflect this level of output as averaging 1,980 homes per year (2012-24) and 2,170 per year (2024-32). Overall the average build rate would be slightly lower for the whole period - about 2,057 per year (41,130) 2012-32. This would be 2,070 homes in total or 103 homes per year 2012-32 lower across the whole region than under scenario A, above.

Figure 16: Illustrative phasing trajectory comparing MIR Option 2 output with anticipated build requirements (2012-32)



Source: TAYplan

9.6 Both scenarios are therefore about the transition from presently low build rates to reach either MIR Option 2 lower range or MIR Option 2 upper range at some point prior to 2024, assumed to be 2018/19 under the illustrative trajectory. Maintaining the average build rate of 2,170 per year throughout the plan period under scenario A would require the different and consistently higher build rates of Option 2 upper range for the latter twelve years of the twenty year plan period.

9.7 Accepting the conclusions from earlier sections of this paper, it would be more challenging to reach the 2,310 per annum of Option 2 upper range (Scenario A) than it would to reach Option 2 lower range (Scenario B) in the time period 2012/13 to 2018/19. Scenario A would require a slightly stronger recovery to reach the higher level by 2018/19 and would require more land to be identified and available in the later years of the Plan. Should the recovery take longer or peak at a lower level of house building it could be as damaging to the location objectives of the plan to have planned for too much development as it would have been to plan for too little. Therefore the most appropriate position for the Strategic Development Plan to take must be to support a period of recovery to at least 2,170 homes per year, because, of the two scenarios, this would be reached first. This is an optimistic but achievable position as it plans for a level which is slightly above the 1998-2009 average yearly build rate. In planning to reach this level the planning system will need to identify land and put in place policies to ensure delivery of both the quantity and quality of development, including supporting infrastructure in locations that deliver the plan's objectives.

Local Authority and Housing Market Area level implications

9.8 The rate of recovery is likely to differ for each of the local authorities and each of their constituent housing market areas. This reflects the realities that some areas will recover faster than others but it also illustrates the challenges in predicting what the rate of recovery could be. Under the illustrative trajectory, described above, general assumptions were made at local authority level using a smooth rate of recovery from 2012/13 for both scenarios A and B.

9.9 Under scenario B the anticipated undeveloped backlog for each local authority was distributed equally amongst the respective local authority's housing market areas. The annual undeveloped backlog for 2012 to 2024 averaged about 5 homes per year for housing market areas in Perth and Kinross and about 9 homes per year for housing market areas in Angus. In Dundee City it was 59 per year and in North Fife about 17 per year for each of its two market areas. At regional level this would be about 190 homes per year.

How much to plan for in the first twelve and second eight years of the Plan

9.10 The Planning etc (Scotland) Act (2006) and the Scottish Planning Policy require Strategic Development Plans to set out a clear indication of policy for the first 12 year period and a broad indication of direction for the second eight years. Under the illustrative trajectory scenario B the assumption is that the first twelve years is about gradual recovery and working towards achieving the build rates in MIR Option 2 lower range. The second period of eight years is about sustaining this rate. Planning for the first twelve years presents challenges. The region will need to move from presently low output rates to pre-recession levels and then just beyond to at least reach 2,170 per year (Option 2 lower range) or the higher levels of MIR Option 2 upper range. However, nobody can predict the exact points at which output will begin to increase, where this will be and when these various milestones will be reached. The illustrative trajectory assumes a consistently gradual output increase at regional level and within each of the four local authorities.

9.11 However, in providing an effective land supply to meet the build rates in MIR Option 2 lower range under Scenario B, Local Development Plans are likely to allocate more effective land to provide greater choice and assist these build rates being delivered by the building industry. It is not possible to predict the exact pace of market recovery in different areas and it is likely that local authorities would not want to restrict the land supply below these levels in case it stifled the recovery. Therefore Local Development Plans are likely to provide sufficient land to accommodate the backlog anticipated in the illustrative trajectory (set out in paragraph 9.9) because this is, by its nature, comparatively small. Should builders actually be in a position to deliver a speedier recovery in build rates, or begin to meet some of the unmet backlog prior to 2024, then this would be facilitated within the context of the strategy by already allocated land or windfall sites which reflect the Plan's objectives. Alternatively, Local Development Plans will be in a position continue to allocate land at a later date should output be slower.

9.12 From a timing perspective the region already has one Local Plan currently being finalised/adopted and the first of the region's Local Development Plans is expected to be approved by 2013, with the others in 2014. The earliest will, in providing five and working towards a generous seven years supply of effective housing land, cover the anticipated recovery period of 2012/13 to 2018/19. Given this timescale and the points raised in paragraph 9.11 above, it will be best for Local Development Plans to allocate sufficient land to enable this level of output to be delivered from the start. This would mean that the speed of recovery is an economic and fiscal issue rather than one of land supply. Similarly the Strategic Development Plan will be reviewed by 2017, through the production of the second Plan. This would give ample opportunity to (re)consider how well these build levels are being achieved, ahead of the illustrative trajectory's anticipated recovery in demand by 2018/19, and whether or not they should be adjusted.

9.13 This demonstrates that the Main Issues Report Preferred Option (Option 2), as concluded from the TAYplan-wide Housing Need and Demand Assessment (2010) continues to offer the most logical and sensible basis upon which to Plan. Therefore the first twelve years of the plan should be about reaching Option 2 lower range (2,170 per year) and about providing sufficient land to achieve this from the start. Output will vary from year to year dependent on economic circumstances. The second period should be about planning for 2,170 house units per year at regional level and providing a supply of land to enable this. The key difference is that the economy should be in a better position to consistently deliver output levels akin to MIR Option 2 lower range by the second eight years of the plan period.

10. Strategy and Housing Distribution

10.1 There is a strong relationship between the quantity and distribution of new house building and the quality of places. The Background Technical Note to the Main Issues Report summarises these relationships. The present variations in the quality of the housing stock and neighbourhoods within the TAYplan area have influenced people's choices about where to live, as shown by house prices, migration movements, travel habits and the distribution of affluence and deprivation (covered in the TAYplan Monitoring Statement 2010). Any strategy seeking to change this and influence locational choice must recognise the role that quality plays in people's decisions about where to live. This illustrates the importance of good quality residential areas in supporting economic growth and competitiveness of an area; as well as promoting a good quality of life. Quality of homes and neighbourhoods will determine the popularity of new development and directly relate to the success of the strategy itself.

10.2 The Strategic Development Plan must distribute housing amongst the four TAYplan local authorities and then amongst their constituent housing market areas. The distribution of both MIR Options to local authority level was based on the considerations as part of the TAYplan-wide Housing Need and Demand Assessment (2010) process outlined in the Technical Background Note to the Main Issues Report (2010). It also reflects the findings of the TAYplan Strategic Environmental Assessment (2010).

10.3 The Strategic Environmental Assessment (2010) concluded that this strategy would lead to a more limited exposure to future flood risk and adverse environmental consequences compared with wider distribution of future housing development. This is part of the reason why TAYplan MIR stated a preference for a strategy which concentrates housing growth for the Perth Housing Market Area within the Perth Core Area rather than wider dispersal, including along the Carse of Gowrie.

Objectives of the distribution

10.4 The spatial strategy options presented in the Main Issues Report vary slightly around Perth, but, for the majority of the region, involve focussing development within its principal settlements. These are where the majority of people, jobs, services and facilities already exist. This contributes to reducing the need to travel and consume resources as well as protecting the countryside. Under this strategy the majority of house building would be in the region's largest principal settlements of Dundee and Perth Core Areas with smaller scale building in the smaller principal settlements. Such a strategy would be expected to provide for the largest amounts of house building in housing market areas that contain the largest principal settlements and/or the largest number of principal settlements. This means that Dundee City and Perth and Kinross council areas would each be expected to accommodate the largest levels of house building. Elsewhere, the level of housing would be concentrated in other principal settlements but would generally be smaller. The Strategic Development Plan will need to ensure that the distribution properly reflects this spatial strategy and practicalities on the ground. The key challenge is about improving quality, living within environmental limits, and, moving to a position where the region's principal settlements are locations of choice for people and businesses.

Distribution of regional housing building rates to local authority level

10.5 The Main Issues Report identified MIR Option 2 as its preferred option to plan for the future (Figure 17, below). This is identical to MIR Option 1 for all authorities except Dundee City where Option 2 promotes growth. Under MIR Option 2, housing distribution to local authorities reflects the 2006-based population projections, except for Dundee City where it is based on a continuation of recent build rates. The majority of development would be concentrated in Dundee City and Perth and Kinross council areas because these contain the two largest settlements; and Perth and Kinross also contains a large number of other principal settlements compared with elsewhere in the region. This outcome reflects the preferred Main Issues Report Spatial Strategy, the Preferred Housing Option (Option 2) to see Dundee City grow and the conclusions of the Strategic Environmental Assessment (2010).

Figure 17: Housing Distribution for Main Issues Report Option 2 (2012-32)

	Lower Range: Per year	Total	Upper Range: Per year	Total
Angus	330	6,600	360	7,200
Dundee City	610	12,200	610	12,200
North Fife	320	6,400	350	7,000
Perth and Kinross	910	18,200	990	19,800
TAYplan	**2,170**	**43,400**	**2,310**	**46,200**

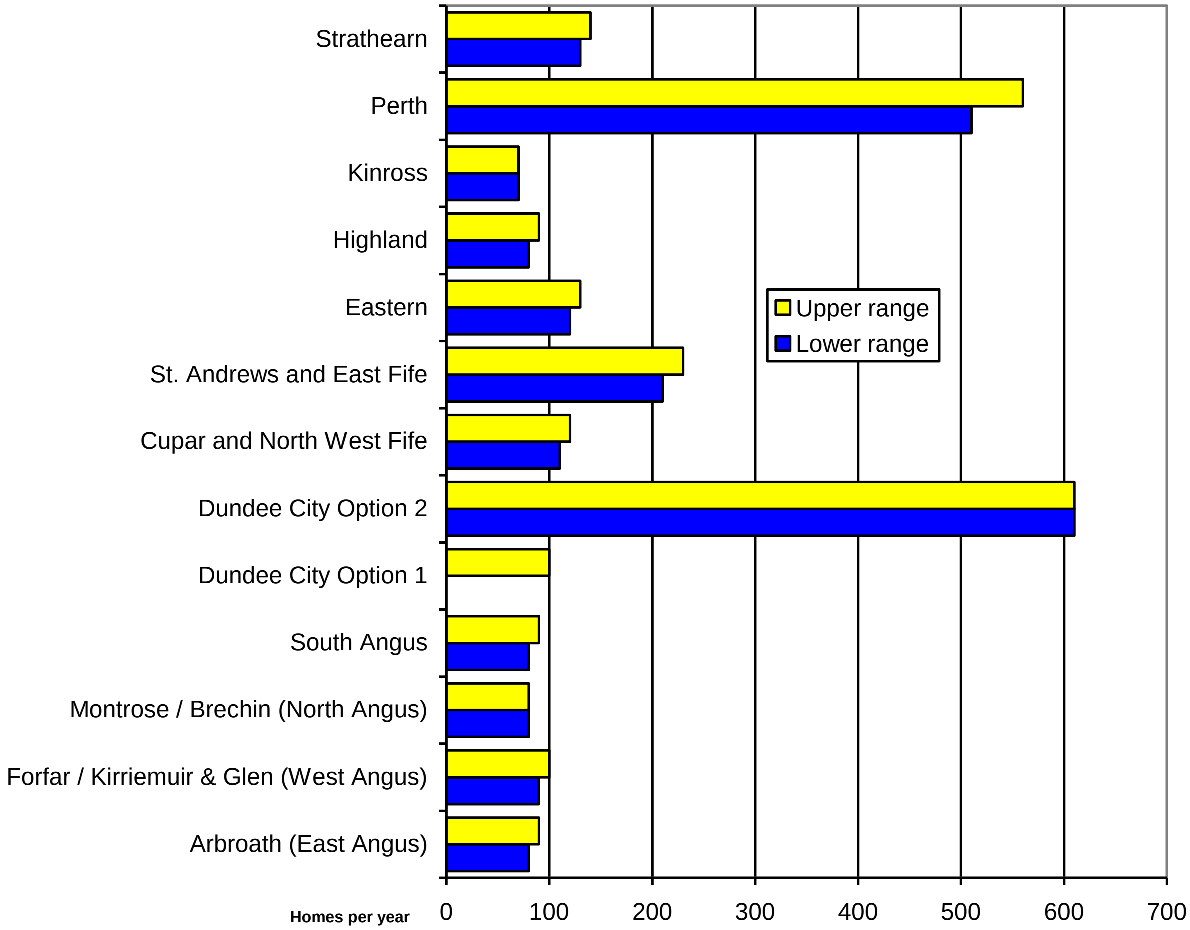
Source: TAYplan

10.6 Housing distribution to each housing market area is influenced by a series of factors set out in the Technical Background Note to the Main Issues Report (2010). This was based on meeting all indigenous requirements for additional households plus a pro-rata calculation for the remainder of local authority level house building based on the available housing land identified within each housing market area. This was considered the most reasonable and practical position to take as it reflects the specific pressures produced by need and demand generated within the housing market area identified in the TAYplan-wide Housing Need and

Demand Assessment (2010) and then considers the area's identified capacity to accommodate additional development.

10.7 Figure 18 shows the distribution of average yearly house building to housing market areas for the MIR Option 2 upper and lower ranges identified in Figure 17 (above). These upper and lower range figures are identical for both MIR Options 1 and 2 in all housing market areas (HMAs) except for Dundee City. The variation in the options is presented for Dundee City as separate entries referred to as Option 1 and Option 2. This shows that, under MIR Option 1, build rates in Dundee City of 100 or fewer homes per year would not reflect the preferred strategy. Instead it would equal build rates of West Angus and be lower than the Strathearn and Eastern HMAs. MIR Option 2 better reflects the intended position of Dundee City within the strategy as a major provider of homes along with the Perth HMA. This also best reflects the conclusions drawn in the Strategic Environmental Assessment (2010). Other HMAs accommodate commensurately smaller house building rates, being made up of tier 2 and 3 principal settlements identified in the Main Issues Report. It should be noted that Dundee City and South Angus collectively form one housing market area but have been separated for clarity.

Figure 18: Average yearly housing distribution to Housing Market Area level (2012-32) as per Main Issues Report Background Technical Note (2010)



Source: TAYplan

10.8 The distribution of housing under MIR Option 2 continues to reflect the conclusions of the Main Issues Report derived from the TAYplan-wide Housing Need and Demand Assessment (2010) and the Strategic Environmental Assessment (2010). It also fulfils TAYplan's objectives to reverse the decline of Dundee City and to deliver a sound distribution of housing across the region to reflect the roles of the principal settlements and deliver sustainable economic growth through place shaping, effective resource management and tackling climate change is best met by MIR Option 2.

11. Conclusions

11.1 This paper has brought together a series of qualitative and quantitative considerations which contribute to understanding the most appropriate level of house building to plan for in the TAYplan Strategic Development Plan. These considerations continue to reflect the original conclusions drawn by the Main Issues Report from the TAYplan-wide Housing Need and Demand Assessment (2010) exercise and subsequent analysis to consider social, economic and environmental issues as set out in Scottish Planning Policy (2010). Namely:

- The unmet and anticipated need and demand for affordable and market housing solutions (between 2,045 and 3,590 per year respectively) identified in the TAYplan-wide Housing Need and Demand Assessment (2010) cannot be delivered in totality through the planning system. Instead, Main Issues Report Option 2 could meet the largest share of the unmet and anticipated demand with almost all of the market housing and additional affordable housing equivalent to 25% of this being provided through market development or other new build schemes (levels may vary depending on thresholds and targets for affordable housing provision in individual housing market areas). The Local Housing Strategy process would contribute to the remainder.
- The demographic changes associated with Main Issues Report Option 2 lower range continue to suggest that this level is achievable for all of the TAYplan local authorities. It reflects the objective for growth across the region but is considered to be more achievable than Main Issues Report Option 2 upper range. Given the recent economic and fiscal climate and the housing market slow down it is less likely that the levels of migration needed to deliver Main Issues Report Option 2 upper range, the upper range of unmet and anticipated need and demand and the 2008-based projections could be achieved within the first twelve years of the Plan.
- Main Issues Report Option 2 plans for growth in Dundee City rather than a continuation of past rates of decline under the 2006 and 2008-based population and household projections.
- Identified land supplies have the potential to make a major contribution to supporting the delivery of Main Issues Report Option 2 lower range for the majority of the first twelve years of the Plan (2012-24). Some of this and other land yet to be identified will contributed to meeting the requirements of the later eight years (2024-32). Providing for higher build rates would require more land and infrastructure investment sooner. If the economic recovery is slower or unevenly distributed it could be as damaging to the Plan's locational objectives to provide for too much housing as it would be to provide for too little. It is more rational to provide a land supply for Main Issues Report Option 2 lower range and achieve the objectives of the strategy first than to plan for higher build rates from the outset.
- The illustrative trajectory shows that achieving both the lower and upper ranges of Main Issues Report Option 2 requires a transition from present low build rates to return to and then exceed pre-recession build rates. It is more realistic to plan for Main Issues Report Option 2 lower range as this would be reached first. Similarly the next review of the Strategic Development Plan will be timed to complete one year ahead of the 2018/19 date when the TAYplan-wide HNDA considers the recovery in demand likely to have completed. This review would provide an adequate basis to evaluate how well the build rates set out in the first Strategic Development Plan have been met. Should the recovery progress then build rates will reach Main Issues Report Option 2 lower range before reaching Main Issues Report Option 2 upper range. Phasing would most reasonably be based on supporting the recovery and subsequent growth to achieve the Main Issues Report Option 2 lower range levels (2,170 units per year) before any re-evaluation.

Subsequent Local Development Plans could then provide for this from the start to support the recovery.

11.2 The upper range of unmet and anticipated housing need and demand through the TAYplan-wide housing need and demand assessment (2010) identifies between 2,045 and 3,590 instances per year where market and affordable housing solutions are required. The Main Issues Report Option 2 lower range would contribute 2,170 homes per year to be met through new build. The reasons set out in this paper relate to the distribution of housing to deliver the location objectives of the plan including the conclusions of the Strategic Environmental Assessment, the availability of land, the likely nature of the economic recovery and the demographic implications and considerations. It is unlikely that higher levels of new build will be deliverable during at least the first twelve years of the Plan. This considers the policy needs of the Plan; reflecting paragraph 70 of Scottish Planning Policy (2010); and, recognising that many solutions can be met without the need for new build. Main Issues Report Option 2 lower range is the most sensible level of house building to plan for, but only monitoring will show how successfully this is achieved.