The following paragraphs set out the text of the Finalised Structure Plan Revised Report of Survey as approved by Council on 24 June 2009 with references to the Structure Plan Alteration amended

Perth & Kinross Structure Plan
Revised Report of Survey – chapter 5

Population and Households

Introduction

5.1 The Perth and Kinross Structure Plan was approved by Scottish Ministers on 13 June 2003. The latest population projections (2006-based) from the General Register Office Scotland (GROS) project a significant increase in population in the period to 2031. The Council have therefore decided to prepare Guidance to supplement the Structure Plan to address housing numbers in light of these latest projections.

5.2 This report updates Section 5. Population and Households of the existing Report of Survey (pages 51 – 61).

5.3 The basic methodology for the recalculation of the total housing land requirement will be to start with the projected households at 2020 split by Housing Market Area and from this subtract the current operational housing stock at 2008. The housing land supply at 2008 is then subtracted to give the amount of additional land that requires to be identified.

5.4 This process will identify any shortfall or surplus in each Housing Market Area *should the previous trends and patterns of growth continue*. Given the projected population increases projected for Perth and Kinross it is anticipated that a shortfall in housing land will be identified. National planning policy requires that local authorities ensure sufficient land is available to meet the housing requirement for each housing market area in full. However the policy goes on to say that where there are serious local environmental or infrastructural constraints in a particular location a proportion of the housing requirement can be reallocated to another Housing Market Area within the local authority boundary[1]. It is recognised that there are significant environmental constraints in some parts of the Council area, for example Loch Leven in Kinross-shire, and the decision as to whether to reallocate any housing land requirements to an alternative housing market area has been informed by the Strategic Environmental Assessment process.

[1] Scottish Planning Policy 3: Planning for Homes paragraphs 40-41

Housing Needs and Demand Assessment and Housing Market Partnership

5.5 Scottish Planning Policy 3 (SPP3) and Scottish Government guidance on the preparation of Local Housing Strategies stress the need for close links between the Local Housing Strategy and Development Plan process. In March 2008 the Scottish Government published new guidance on carrying out Housing Needs and Demand Assessments (HNDA). The new HNDAs differ from the former Housing Needs Assessments in that they are required to consider housing need and demand across the whole housing market, not only in numeric terms but also by tenure. HNDAs will essentially create the link between the Local Housing Strategy and Development Plans. It will inform the Development Plan system and allow it to provide the spatial dimension for the delivery of the required housing land.

5.6 In addition to the new HNDAs Councils are encouraged through SPP3 to set up Housing Market Partnerships to enable close working with adjoining Councils where functional HMAs (HMA) cross local authority boundaries. The aim is that HNDAs will in the future be carried out at Housing Market Partnership level rather than at individual local authority level.

5.7 Discussions have begun on the potential setting up of a Housing Market Partnership for the City Region Strategic Development Plan area. However this is still at the initial stages and with the existing Housing Needs Assessment for Perth & Kinross due to expire in 2009 the decision was therefore taken to undertake a new assessment for Perth and Kinross, based on the new HNDA guidance. Discussions are however ongoing with neighbouring local authorities (Dundee, Angus and Fife) through the joint working arrangements of the Strategic Development Plan Authority to commission consultants to pull together data from the four individual HNDAs to provide a picture of housing needs and demand across the Strategic Development Plan area to inform the preparation of the Main Issues Report for the first Strategic Development Plan.

5.8 The new HNDA for Perth and Kinross has just been completed and provides the evidence base on which housing supply targets will be defined in the Local Housing Strategy and land will be allocated through the Local Development Plan. The HNDA also provides information through a detailed modelling process on the split between the need / demand for market housing and the need for affordable housing. This is discussed in more detail in paragraphs 5.71 – 5.79 below.

Housing Market Areas

5.9 Housing Market Areas (HMA) are geographical areas where the demand for housing is relatively self-contained, in other words, where a large percentage of the people moving to the area only looked for a house in that area. The housing land requirement is calculated on a HMA basis. Scottish Planning Policy 3: Planning for Homes requires local authorities to allocate a sufficient supply of land through local development plans to meet the identified housing requirements across all tenures (including affordable housing) for each HMA in full.

5.10 As the first stage of the HNDA process the consultants reviewed the HMAs within the Perth and Kinross area. Initially the consultants sought to carry out a traditional housing market analysis looking at the movements between settlements recorded in the Register of Sasines to identify self-contained market areas. However, given the extent to which Perth & Kinross is influenced by in-migration from other parts of the UK it was not possible to reach any meaningful conclusions from this analysis.

5.11 The HNDA Guidance identifies a number of ways in which HMAs can be identified which includes the use of pre-defined boundaries. Given that this Guidance will be superseded by the new City Region Strategic Development Plan within the next few years it was decided that the existing pre-defined HMAs would be used. These HMAs correspond closely with the Planning Areas of Perth, Kinross, Strathearn, Highland and Eastern. Please note that whilst the Invergowrie / Longforgan area is included in the Dundee Housing Market Area in the Housing Land Audit, for the purposes of the Guidance the sites allocated in these settlements are included in the Perth HMA figures.

CALCULATION OF THE HOUSING LAND REQUIREMENT

5.12 There are three elements to the calculation of the housing land requirement[2]:

- Projected Households (based on population and household projections)
- Effective Housing Land Supply
- Current operational housing stock

Projected Households

5.13 The starting point in calculating the amount of housing land that needs to be identified in local development plans is to establish the number of additional households that need to be planned for. The General Register Office for Scotland (GROS) produce household projections for each local authority area every second year. These are based on the population projections which are also produced every second year by GROS. The most recent set of projections are 2006-based (population projections published in October 2007 and household projections published May 2008).

Population projections

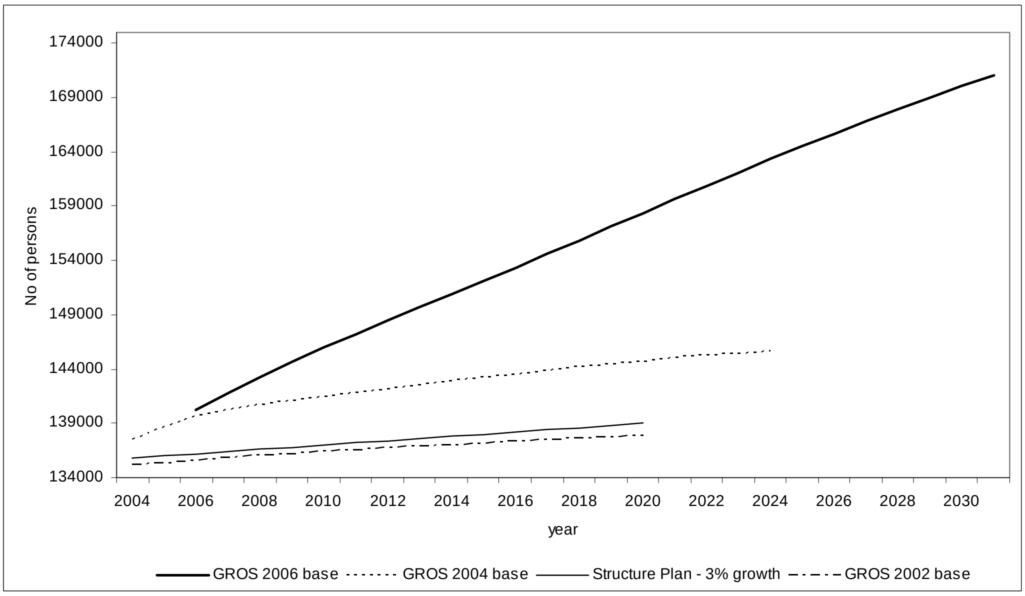
5.14 The Report of Survey for the 2003 Structure Plan noted that throughout the 1990s GROS had consistently forecast population growth for the Perth and Kinross area. However when the 2000-based projections were released these projected a decline for the area. The Council considered that the GROS projections were too low and decided, with Ministerial approval, to base the Structure Plan on the assumption that the population of Perth and Kinross would instead grow by 3% over the period from 2000 to 2020. It was recognised, however, that the projections would need to be kept under review. The 2002-based projections showed a return to growth in Perth and Kinross with 2.02% growth projected to 2018. Whilst direct comparison with the Structure Plan is difficult due to the differing time periods this equates to a 2.53% increase over the Structure Plan period to 2020. This is approximately in line with the 3% growth assumption in the Structure Plan.

5.15 Subsequent GROS projections have all shown growth for the Perth and Kinross area as shown in figure 1. The most recent 2006-based projection in particular showed significant growth of 22% in the period from 2006 to 2031. This equates to 13% growth in the period 2006 to 2020 (the end of the Structure Plan period). This is significantly higher than the 3% growth forecast in the Structure Plan over the period 2000-2020. Table 1 compares the existing projections in the Structure Plan with the 2006-based projections.

---

[2] Housing land requirement is defined in SPP3 as the amount of land required to be allocated for housing to meet the identified housing requirement (the total amount and type of housing necessary to accommodate a given (or projected) population at appropriate minimum standards).

Figure 1 Population projections



Source: GROS

Table 1 Projected Population, Perth & Kinross Council Area

Year	2000	2006	2010	2015	2020
Population 2003 SP base	133,600	134,812	135,624	136,629	137,630
Population 2006 GROS base		140,190	145,959	152,072	158,376
Difference		**+5,378**	**+10,335**	**+15,443**	**+20,746**

Source: GROS & PKC

5.16 GROS is the main source of data on population between censuses. The Council does not routinely produce its own projections but could decide to use an alternative projection as was the case with the Structure Plan. However in that instance the Council opted for a projection which was higher than GROS due to concerns that historic growth patterns and housing pressures suggested a continuing period of growth rather than one of decline. Should the Council wish to depart from the GROS projections in this instance, and opt for a lower projected growth rate, a robust case would have to be made for doing so. It should be noted however that evidence from the Council's own annual Housing Land Audit has shown a continued high level of housing completion during the first 8 years of the Structure Plan period, see Table 2.

Table 2 Summary of Housing Completions on ALL Sites 2000/2008

TOTAL completions (including small sites)										
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
Perth & Kinross	648	661	603	939	923	691	787	689	934	**6875**

Source: PKC Annual Housing Land Audit

5.17 Further evidence of the high levels of growth from 2000 to 2008 can be obtained from the GROS Mid Year Estimates of population (MYE). The most recent MYE is for 2008 and indicates that between 2000 and 2008 the population of Perth & Kinross has risen by 6.8%, see Table 3.

Table 3 Mid-year population estimates; Perth and Kinross Council Area

Mid-year population estimates; Perth and Kinross Council Area									
2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**% rise**
134,970	134,950	135,160	135,940	137,430	138,590	140,190	142,140	144,180	6.8

Source: GROS

5.18 The Scottish Government has made clear its aspirations for higher levels of housebuilding and has set a target of 35,000 new homes a year by the middle of the next decade. This is reflected in the Council's Single Outcome Agreement (SOA) which supports an increase in the annual house building rate from 750 to 1000 per annum. Furthermore, one of the over-arching priorities for the area identified in the SOA is the need to increase the provision of affordable housing. In light of the national and Council-level priority being given to increasing the provision of new houses it is considered that it would be very difficult to justify a departure from the GROS projections in this instance.

5.19 The Strategic Environmental Assessment considered the following alternative projections which could be used to determine the overall housing land requirement for Perth and Kinross:

A	Continue with the existing projection in the Structure Plan of 3% population growth
B	Base the projections on the 2004-based GROS projections which forecast 6% growth from 2004-2024 (4% from 2006 to 2020)
C	Base the projections on the 2006-based GROS projections
D	Base the projections on the 2006-based GROS projections but using the high migration variant projection
E	Use an alternative projection

5.20 Options A and B were discounted as not being reasonable alternatives on the basis of evidence from the Annual Housing Land Audit and the MYE, because of the potential dangers of not planning for the high level of growth which has been projected, and because there is little justification for using the older 2004-based projections given that more up to date figures are available from GROS. As mentioned above, unlike the current Structure Plan, it is not considered that there is adequate justification in this instance for departing from the GROS figures. Option E was therefore also discounted.

5.21 In relation to option D, in addition to the principal migration projections GROS have also for the first time produced a high migration variant projection for individual Council areas. This high variant projection uses the same fertility and mortality assumptions as the principal projection but assumes a higher net level of in-migration to Scotland. GROS stress that this does not affect the number of people moving within Scotland. Only those moves to and from the rest of the UK and overseas are included so areas which will experience the biggest difference between the principal and variant projections are those most affected by international migration. SPP3 requires that consideration is given to this high migration variant projection in calculating the overall projections. In Perth and Kinross the impact of the variant projection is a 4% increase in the total population projection at 2031 which equates to an increase of approximately 4000 population between the principal and variant projection at 2020 (table 4).

Table 4 Comparison between principal and high migrant variant population

Migrant population projection	**2011**	**2016**	**2021**	**2026**	**2031**
Principal	147,223	153,314	159,631	165,686	171,062
High migration variant	148,567	156,109	163,988	171,678	178,756
Difference	**+1344**	**+2795**	**+4357**	**+5992**	**+7694**

Source: 2006 based Population Projections GROS Crown Copyright 2008

5.22 There has been a significant increase in projected migration into Perth and Kinross between the 2004 and 2006-based population projection but data on migration is difficult to obtain. Whilst it is acknowledged that it is appropriate to plan for the continuing high level of migration in the principal migrant variant population in the 2006-based projections there is concern that at present there is a lack of evidence available to justify adopting an even higher migration projection in the longer term. This issue will, however, need to be kept under review and through the preparation of the new Strategic Development Plan there will be adequate time to consider this issue further through careful monitoring. Option D was therefore also discounted. The Guidance is therefore based on Option C, the 2006-based GROS projections (using the principal migration projection).

Components of Change

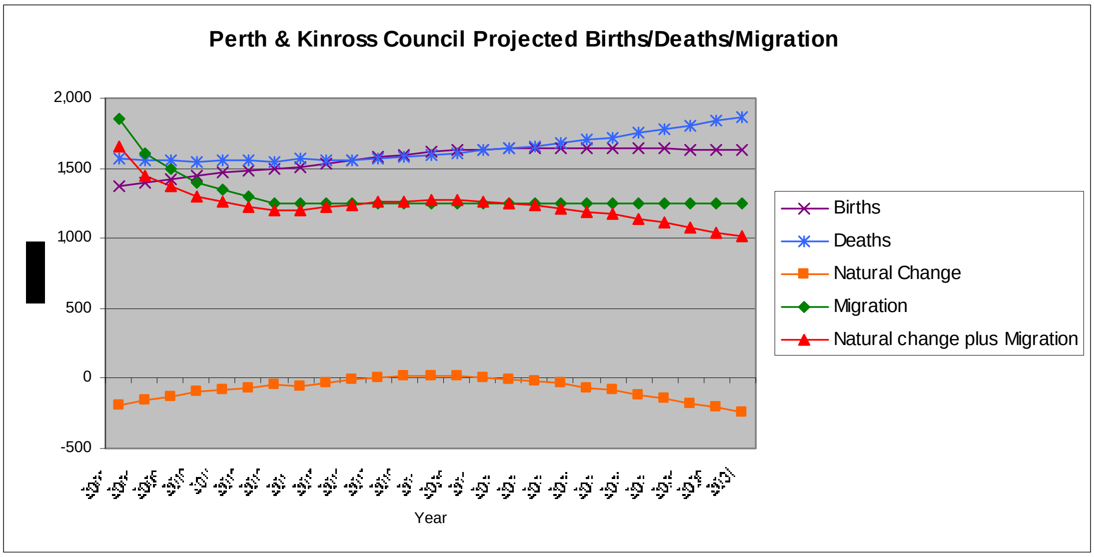
5.23 The principal factors driving population change are net in-migration plus natural change (births and deaths). The assumptions used by GROS in the 2006-based population projections are set out in Table 5 and shown in Figure 2.

Table 5 GROS Natural change and migration assumptions

Year	Projected Births	Projected Deaths	Assumed Migration	Projected Natural Change	Natural change plus Migration	Projected Population
2006-07	1,377	1,571	1,850	-194	1,656	141,846
2007-08	1,400	1,560	1,600	-160	1,440	143,286
2008-09	1,426	1,556	1,500	-130	1,370	144,656
2009-10	1,446	1,543	1,400	-97	1,303	145,959
2010-11	1,465	1,551	1,350	-86	1,264	147,223
2011-12	1,481	1,551	1,300	-70	1,230	148,453
2012-13	1,492	1,542	1,250	-50	1,200	149,653
2013-14	1,508	1,563	1,250	-55	1,195	150,848
2014-15	1,532	1,558	1,250	-26	1,224	152,072
2015-16	1,554	1,562	1,250	-8	1,242	153,314
2016-17	1,577	1,572	1,250	5	1,255	154,569
2017-18	1,596	1,580	1,250	16	1,266	155,835
2018-19	1,615	1,596	1,250	19	1,269	157,104
2019-20	1,627	1,605	1,250	22	1,272	158,376

Source: 2006 based Population Projections GROS Crown Copyright 2008

Figure 2



Source: GROS & PKC

5.24 Although not directly comparable with the existing Structure Plan table 6 gives a useful illustration of the difference between the 2004 and 2006 projections for each of the components of change.

Table 6 Comparison of components of change

Components of change	2006-07	2010-11	2015-16	2019-20
Births 2004	1,302	1,240	1,239	1,245
Births 2006	1,377	1,465	1,554	1,627
Difference	**+75**	**+225**	**+315**	**+382**
Deaths 2004	1,553	1,575	1,609	1,661
Deaths 2006	1,571	1,551	1,562	1,605
Difference	**+18**	**-24**	**-47**	**-56**
Migration 2004	900	700	700	700
Migration 2006	1,850	1,350	1,250	1,250
Difference	**+950**	**+650**	**+550**	**+550**
Natural change plus Migration 2004	649	365	330	284
Natural change plus Migration 2006	1,656	1,264	1,242	1,272
Difference	**+1,007**	**+899**	**+912**	**+988**

Source: 2004 & 2006 based Population Projections GROS Crown Copyright 2008

Distribution of population by HMAs

5.25 As the GROS projections are produced on a Council wide basis how the population is distributed within the Council area can only be estimated locally. Table 7 shows the population distribution in the 1971 to 2001 censuses.

Table 7 Census distribution of population

Area	1971%	1981%	1991%	2001%
Perth	57.8	57.6	55.7	56.0
Kinross	5.7	6.7	7.6	8.2
Strathearn	13.5	13.2	13.7	14.2
Highland	9.6	8.9	9.2	8.5
Eastern	13.4	13.6	13.8	13.1

Source: 1971-2001 census

5.26 The main assumptions used in distributing the population by HMA based in part on past trends are:

5.27 Perth area – Perth area's share of population has begun to rise again after a period of slight decline. The housing market in Perth saw a slight reduction in new completions 2005/06 but this has started to rise again. Whilst infill continues to provide opportunities, the major developments such as Oudenarde are expected to provide significant opportunity for growth in the coming years. A rise in the proportion of population in the Perth area is therefore projected.

5.28 Kinross – Kinross experienced rapid growth in the 1990s most notably due to pressure from the Fife and Lothian housing markets. Much of this pressure persists but environmental and infrastructural constraints have restricted development of the Kinross area in recent years. This said the census results show Kinross-shire's share of the population has continued to grow since 1971. The projections therefore assume continued growth in Kinross-shire's share of the total Perth and Kinross population but only at modest rates given the continuing environmental constraints. It should be noted that due to the higher than average household size in Kinross-shire the number of households in relation to population will be lower than in those areas with a smaller household size.

5.29 Strathearn – Strathearn's share of population remained relatively constant between the 1971 and 1991 censuses but showed an increase in 2001. Completions too have remained relatively stable largely due to the accessibility of the area to both Perth and the Central Belt. The projections assume that there will be steady growth primarily due to the Auchterarder expansion area which is expected to come on stream shortly.

5.30 Highland – Although in absolute numbers the population in the Highland area showed a small increase between the 1991 and 2001 censuses, the area's share of population has been generally falling although completions have fluctuated fairly widely on a year to year basis. The falling population share is probably due to a combination of demographic factors, the difficulties in bringing forward housing land especially on larger sites, and the volume of second and holiday homes in the area. Radical reversals of these trends is not foreseen and the projections assume a continuing steady decrease in the area's share of the total Perth and Kinross population.

5.31 Eastern – As in Highland the population in the Eastern area grew slightly between censuses, but although Eastern's share of the population also grew slightly between the 1971 and 1991 censuses it dipped in 2001. Completion rates also grew steadily from 2001 peaking in 2006. It is therefore considered most likely that Eastern's percentage share of the total Perth and Kinross population will fall slowly in the future.

5.32 In general therefore the projections assume that Perth will continue to grow as the main centre of population, that the Kinross and Strathearn areas will continue to experience growth pressures because of their accessibility, and the northern half of the area will in relative terms lose its share of population. This is generally in line with the overall Structure Plan strategy for the Perth Core Area which seeks to accommodate growth, and the Lowland Area (comprising the planning areas of Kinross, Strathearn and parts of Perth and Eastern areas) which seeks to promote greater social and economic self-sufficiency. However the predicted fall in the share of population in the Upland Areas of Highland and Eastern runs contrary to the strategy for these areas which is to sustain fragile rural communities.

5.33 Taking account of the above table 8 shows the estimated distribution of population at 2008. This has been projected forward to give an estimated distribution of population at 2020.

Table 8 Projected population distribution by area

Area	2008	2015	2020
	%	%	%
Perth	56.2	56.5	56.8
Kinross	8.3	8.4	8.6
Strathearn	14.2	14.3	14.4
Highland	8.3	7.9	7.5
Eastern	13.0	12.9	12.7

Source: Census & PKC

Household projections

5.34 Given that the household projections are based on the population projections it follows that the number of households projected for the Perth and Kinross area will also be higher than previously projected, although it should be borne in mind that even if the population remained static or even slightly declined the number of households could still rise due to falling household sizes.

5.35 GROS calculate the household projections by subtracting the number of people living in communal establishments from the total population to derive the number of people living in private households, then information on household type and age group is projected forward from the last two censuses and applied to the private household population.

5.36 Based on the GROS 2006-based household projections the total number of households in Perth and Kinross by 2020 is estimated to be 74,870. The current figures in the Structure Plan estimated that there would be 66,568 households by 2020. The new figure, based on the 2006 GROS projections, is an increase of approximately 8,300 at 2020 from the original Structure Plan estimate.

5.37 In Perth and Kinross it is projected that the number of single person households will rise significantly (from 34% of all households in 2006 to 42% in 2031). As with the existing Structure Plan projections the number of households with two or more adults and no children is projected to rise although as a percentage of total households it is projected to fall from 42% in 2006 to 39% in 2031. The number of single parent households is still projected to rise (from 5% of all households in 2006 to 7% in 2031), and the number of two parent households is still projected to fall (from 19% in 2006 to 12% in 2031). These trends may have implications in the housing market as they may impact on issues such as density, land take, house type and size.

Split of projected households by HMAs

5.38 As with the population projections the household projections are also produced on a Council wide basis. Distribution within the Council area therefore also has to be estimated locally.

5.39 The projections of households in each HMA are derived from the calculated distribution of population divided by projected average household size.

5.40 From information provided in the GROS projections it is estimated that the average household size in Perth and Kinross will fall to 2.06 by 2020. This figure is 0.01 lower than the 2.07 used in the current Structure Plan. Past evidence suggests that household formation rates are not uniform across the area and so for the Structure Plan the average household size was adjusted for each HMA on the assumption that household size would decline more slowly in Kinross (due to the higher proportion of families and larger household size) and in Highland (due to the current older age structure and smaller existing household size). These assumptions are still considered appropriate and as such a similar pattern between HMAs has been maintained with the household size in each area reduced by 0.01. The assumed average household size for each HMA is set out in table 9.

Table 9 Average household size assumptions

Area	2000 (est.)	2006	2011	2016	2020
Perth	2.24				2.02
Kinross	2.47				2.32
Strathearn	2.26				2.04
Highland	2.18				2.03
Eastern	2.32				2.10
PKC average	2.27	2.18	2.15	2.09	2.06

Source: PKC & GROS

5.41 The projected population by area is derived by applying the percentage split at 2020 identified in table 8 to the GROS projected population at 2020 (158,376) and then subtracting the population resident in communal establishments. The data source for the number of people living in communal establishments is the 2006 household projections produced by GROS. This is only available at the Perth and Kinross level and so to derive a figure by HMA the total figure is broken down by the same percentage split as the number of people living in communal establishments recorded in the 2001 census (table 10).

Table 10 Projected population by Planning Area at 2020

Area	Projected population distribution 2020		Communal establishment population		Projected population (in households) at 2020
	%	No.	2001 census (%)	2006	
Perth	56.8	89,958	54.9	2,015	87,943
Kinross	8.6	13,620	3.9	143	13,477
Strathearn	14.4	22,806	16.7	613	22,193
Highland	7.5	11,878	15.5	569	11,309
Eastern	12.7	20,114	9	330	19,784
Perth & Kinross	100	158,376	100	3,670	154,706

Source: 2001 census, GROS 2006 household projections

5.42 Projected households by area are then derived by applying the household size assumptions at 2020 identified in table 9 to the projected population for each area (last column in table 10). Using this methodology the total number of households at 2020 is slightly higher than the GROS total household figure for Perth and Kinross at 2020. The GROS figure is therefore used as a control total and the individual area figures adjusted accordingly (table 11).

Table 11 Population & household projection by Planning Area

Area	2000 (SP estimate)		2020			
	Population	Households	Population	Household size	Households (unadjusted)	Households (adjusted)
Perth	75,618	32,904	87,943	2.02	43,536	43,350
Kinross	10,955	4,285	13,477	2.32	5,809	5,765
Strathearn	17,902	7,714	22,193	2.04	10,879	10,856
Highland	11,356	5,055	11,309	2.03	5,571	5,540
Eastern	17,769	7,450	19,784	2.10	9,421	9,359
Total	133,600	57,408	154,706	2.06	75,216	74,870

Source: Census & PKC

Housing Land Supply

5.43 The supply side of the housing land requirement calculation consists of a number of different elements:

- Housing Land Audit
- Allowance for sites which fail to be developed
- Contribution from windfall sites
- Contribution from small sites

5.44 SPP3 requires that Strategic Development Plans (SDP) identify a specific housing requirement up to year 12 beyond the predicted date of approval. The SDP should be clear about how much of the requirement should be met by allocations capable of development by the end of year 7. In addition SDPs should provide a broad indication of the scale and location of housing land beyond year 12 and up to year 20 (SPP3, paragraph 39). However given that the end of the Structure Plan period is 2020 the Guidance also considers this period.

Housing Land Audit 2008

5.45 The 2008 Housing Land Audit identifies the total supply of housing land available in the period to 2020. The SPP defines the effective housing land supply as ‘the part of the established housing land supply which is free or expected to be free of development constraints in the period under consideration’ (SPP3, page 29). However it is also stated in the SPP that the contribution of any site to the effective land supply is that portion of the site which can be developed within 5 years (SPP3, Annex A, para. 18). At 2008 there was a 5 year effective housing land supply of 3,246.

5.46 In addition a supply of 871 is identified for years 6&7 and a further 952 for years 8-12. Whilst these sites do not form part of the effective land supply the majority are expected to become effective over the period to 2020. SPP3 allows that where land has been allocated through the local plan process which is free from constraints but for programming reasons will not be developed until a later phase it may be counted against the requirement for that phase.

Table 12 shows the land supply breakdown.

Table 12 Housing land

Area	**5 year Effective supply**	**Years 6&7**	**Years 8-12**	**Land supply (years 1-12)**
Perth	1,626	359	480	2,465
Kinross	252	105	5	362
Strathearn	851	332	462	1,645
Highland	205	41	0	246
Eastern	312	34	5	351
Total	3,246	871	952	5,069

Source: Housing Land Audit 2008

Note – the Perth figures include the sites allocated in Invergowrie / Longforgan which are identified separately in the Audit

Allowance for sites which fail to be developed

5.47 A margin of flexibility is built into the housing land requirement to allow for sites assessed as effective in the housing land audit which fail to be developed. This additional allowance is to compensate for sites which fail to come forward and is therefore a percentage which is deducted from the total housing land supply. An allowance (called a 'flexibility allowance') of 10% will be made. In reality those sites which fail to come forward are generally compensated for by the coming forward of windfall sites. This is discussed further below.

Contribution from windfall sites

5.48 The term 'windfall' refers to those sites which become available for development unexpectedly and are therefore not included as allocated land in the development plan. The Structure Plan did not make an allowance for windfall sites but they can make a contribution towards the overall supply of housing land. Table 13 indicates the number of housing completions which have come forward from windfall sites over the last 5 years.

Table 13 Contribution from windfall sites

Area	2004	2005	2006	2007	2008	Total WF	Percentage of total completions 04-08(on sites of 5 or more)
Perth	180	203	171	164	291	1009	46%
Kinross	12	1	1	0	5	19	10%
Strathearn	7	16	14	34	3	74	18%
Highland	11	23	34	32	6	106	42%
Eastern	7	11	92	25	26	161	34%
Total WF	217	254	312	255	331	1369	39%

Source: PKC Housing Land Audits

5.49 Although table 13 demonstrates that a high percentage of total completions on sites of more than five units have come from windfall developments, with the preparation of the new Local Development Plan it is not anticipated that this high level will continue indefinitely. A conservative windfall allowance of 10% will therefore be included in the housing land requirement calculation. As above-mentioned it is anticipated that this windfall allowance will largely off-set those sites in the housing land supply which fail to come forward.

Contribution from small sites

5.50 In Perth and Kinross small sites make a significant contribution to the land supply in some areas as indicated by the numbers of completions on small sites since 2004 shown in table 14.

Table 14 Small site completions

Area	2004	2005	2006	2007	2008	Average 04-08
Perth small sites	44	30	41	27	39	36
Perth total	596	395	357	391	647	477
% of Perth total	**7%**	**7%**	**11%**	**7%**	**6%**	**7%**
Kinross small sites	15	14	11	14	9	13
Kinross total	33	36	70	52	59	50
% of Kinross total	**45%**	**39%**	**16%**	**27%**	**15%**	**26%**
Strathearn small sites	20	19	18	12	11	16
Strathearn total	124	107	81	97	74	97
% of Strathearn total	**16%**	**18%**	**22%**	**12%**	**15%**	**16%**
Highland small sites	34	15	20	15	29	23
Highland total	75	42	111	65	73	73
% of Highland total	**45%**	**36%**	**18%**	**23%**	**40%**	**31%**
Eastern small sites	12	22	17	8	12	14
Eastern total	95	111	168	84	82	108
% of Eastern total	**13%**	**20%**	**10%**	**10%**	**15%**	**13%**
Perth & Kinross small sites	125	100	107	76	98	101
Perth & Kinross total	923	691	787	689	934	805
% of PKC total	**14%**	**15%**	**14%**	**11%**	**10%**	**13%**

Source: PKC Housing Land Audits

Note – the Perth figures include the sites allocated in Invergowrie / Longforgan which are identified separately in the Audit

5.51 The contribution of small sites varies from an average of 7% in the Perth Area to an average of over 30% in Highland. Overall in Perth and Kinross small sites contribute an average of 13% of total completions.

5.52 With the exception of the Kinross area, the existing Structure Plan allocation takes no account of the contribution from small sites but instead considers that these offer additional choice and flexibility. In the Kinross area the Structure Plan assumes 15% of the total allocation will come from small sites. The reason for this was to try and counter the continuing pressure for in-migration into this area. Given that the contribution from small sites varies significantly between areas it is not considered appropriate to apply the average to all areas. Small sites do however make a significant contribution in the Kinross and Highland areas in particular. Accordingly for the Kinross area a small sites allowance of 15% will be built into the land supply calculation. Consideration was also given to making an allowance in the Highland Area but following consultation on the draft SPA it was decided that small sites in the Highland Area, as in the other HMAs, would instead offer additional choice and flexibility.

Housing Supply

5.53 Taking the above into account the housing land supply is identified in table 15.

Table 15 Housing land supply

Area	5 year Effective supply	Flexibility allowance (-)	Contribution from windfall (+)	Contribution from small sites (+)	Total 5 year land supply
Perth	1,626	163	163	0	1,626
Kinross	252	25	25	38	290
Strathearn	851	85	85	0	851
Highland	205	21	21	0	205
Eastern	312	31	31	0	312
Total	3,246	325	325	38	3,284

Source: PKC Housing Land Audit 2008
Note – the Perth figures include the sites allocated in Invergowrie / Longforgan which are identified separately in the Audit

Current Operational Housing Stock

5.54 The current operational stock is derived by subtracting the vacant properties and those used as second / holiday homes from the total stock (source for the total stock data is the PKC Corporate Address Gazetteer divided using the same percentage split as the Assessors total stock figure at 1 July 2008).

5.55 Vacancies – An allowance has to be made for the proportion of dwellings which are vacant and which are not therefore helping to meet housing needs. The 2001 census recorded vacancy rates and this data is available for each HMA. More up to date information is available from the 2007 household estimates but this data is not broken down by HMA. In addition the household estimate data only includes those unoccupied dwellings which are exempt from council tax and dwellings subject to a long-term empty property discount. As a result the total figure for Perth & Kinross from the household estimates is some 700 less than the census figure. Given that the census data can be split by HMA and is more likely to include all vacancies this data source has been used.

5.56 Second & holiday homes – These also need to be deducted from the total stock. The impact of second and holiday homes varies between areas but it is particularly significant in the Highland area. Information on second /

holiday homes is also available from both the 2001 census and the 2007 household estimates. Only the census data is broken down by HMA. However, unlike the vacancy information the Perth & Kinross totals from the two data sources are very close. The more recent household estimate data has therefore been used with the total divided using the same percentage split as in the census.

5.57 Table 16 identifies the operational housing stock at 2008 in each area taking account of second / holiday homes and vacant properties.

Table 16 Operational housing stock 2008

Area	Stock	Vacant(-)	Second Homes(-)	Operational stock
Perth	38,038	1381	267	36,390
Kinross	4,955	106	33	4,816
Strathearn	9,552	406	345	8,801
Highland	6,255	165	1034	5,056
Eastern	8,895	364	257	8,274
Total	67,695	2422	1936	63,337

Source: PKC Corporate Address Gazetteer, 2001 census, GROS 2007 household estimates

Calculation of Shortfall

5.58 The total 5 year housing land supply and the current operational housing stock are subtracted from the projected number of households at 2020 to identify the shortfall in housing land (table 17).

5.59 The reason for this methodology as opposed to subtracting the housing land supply from the increase in households between the base year and the end year (and not taking account of the current operational housing stock) is that the latter assumes there is no surplus or deficit at the base year. SPP3 specifically requires that any potential deficit or shortfall is taken into account in the calculation.

5.60 An allowance also needs to be made for those properties which are to be demolished in the period to 2020. The only demolitions currently programmed are at Muirton in Perth. As demolitions are effectively reducing the housing stock this appears as an addition in the calculation.

Table 17 Additional Housing Land Requirement

Area	Projected households at 2020	Operational stock at 2008 (-)	Future Demolitions (+)	Total housing land requirement at 2020	Total 5 year housing land supply (-)	Shortfall To 2020
Perth	43,350	36,390	320	7,280	1,626	5,654
Kinross	5,765	4,816	0	949	290	659
Strathearn	10,856	8,801	0	2,055	851	1,204
Highland	5,540	5,056	0	484	205	279
Eastern	9,359	8,274	0	1,085	312	773
Total	74,870	63,337	320	11,853	3,284	8,569

Source: PKC & GROS

5.61 As can be seen from table 17 there is now a need for land for a further 8,569 houses across the Council area to accommodate the increase in the projected number of households to 2020. As mentioned in paragraph 5.44 above the SPP requires that it is clearly set out how much of the total requirement for additional land will be met by land allocations capable of development by the end of year 7. The number of houses programmed for completion in years 6&7 (in the 2008 Housing Land Audit) are therefore taken into account in calculating the total amount of additional land which requires to be identified in the Local Development Plan (see revised Schedule 1 below). It is considered appropriate to include these as they are believed to be capable of development by the end of year 7.

5.62 The allocation of the additional housing land requirement to individual HMAs is informed by the Strategic Environmental Assessment (SEA) process which considers the various options for distributing any additional requirement identified. As part of this SEA process it is necessary to consider whether the level of change predicted in each HMA is deliverable or desirable given social, economic and environmental constraints.

5.63 The SEA process identified the strategic environmental constraints in each of the HMAs. This process identified that approximately half of the entire Perth and Kinross Council area is constrained by an environmental designation of some form. In particular a serious issue was highlighted in the Kinross area in that as the majority of the HMA is within the Loch Leven catchment area there is currently a severe restriction on the amount of new development which can take place in Kinross-shire. Scottish Planning Policy 3 allows that where there are serious environmental constraints in a particular location a proportion of the housing requirement can be reallocated to another area. As a precautionary measure 10% of the additional housing land requirement arising in the Kinross HMA has therefore been reallocated to the Perth HMA where there are more opportunities to accommodate additional development. It is also assumed that an 15% of the housing land supply in Kinross will come from the development of small sites which further reduces the need for additional land to be allocated in Kinross-shire.

5.64 A serious concern in the Highland Area is the high percentage of second homes (16% of total stock as indicated in table 16 above) and the impact this has on the affordability of and accessibility to housing for local people. An additional allowance of 20% has therefore been made to compensate for the loss of houses to the second homes market in the Highland Area. This will serve to boost the overall additional allocations in this area and provide additional development opportunities with the aim of helping sustain local services and facilities and helping stem depopulation.

Review of Overall Strategy

5.65 As part of the Guidance preparation it was necessary to review the appropriateness of the overall Structure Plan development strategy.

5.66 The current strategy is to focus growth on Perth and other points within the Perth Core Area in order to reinforce the role of Perth as the dominant centre and the prime source of the area’s economic growth. Growth of the city itself is constrained by the need to protect the quality of Perth’s setting. Areas beyond the existing edges of Perth but which are in close proximity to it and are also well-linked by public transport will therefore play an increasing role in meeting the demand for land in the Perth HMA.

5.67 The strategy identifies the former burgh towns as the main settlements for growth outwith the Perth core and also promotes small-scale rural development in support of remoter areas.

5.68 In translating the overall strategy into spatial allocations the following key elements are identified:

- Most housing land allocations will be made within Perth and the Perth core
- In the Lowland Area development will be focussed on the former burghs and in other settlements development of an appropriate scale will be permitted to meet local needs
- In the Upland Area most development will be encouraged to take place in the former burghs and large villages with good transport links to Perth

5.69 The overall Structure Plan strategy is still considered appropriate and the draft revision of Schedule 1 below sets out the distribution of housing land.

Revised Housing Requirement 2008 -2020

Planning Area	Total Housing Land Requirement 2008-2020	Effective Supply at June 2008	Additional supply[2]	Supply from years 6&7	Total Additional Allocations
Perth Core Perth Lowland					4,840 550
Perth PA[1]	**7,375**	**1,625**		**360**	**5,390**
Kinross & Milnathort Landward					400 60
Kinross PA[1]	**855**	**250**	**40**	**105**	**460**
Auchterarder Crieff Landward					400 340 135
Strathearn PA	**2,055**	**850**		**330**	**875**
Pitlochry Aberfeldy Landward					120 100 140
Highland PA	**605[4]**	**205**		**40**	**360**
Blairgowrie Coupar Angus Alyth Landward					415 150 100 70
Eastern PA	**1,085**	**315**		**35**	**735**
Perth & Kinross	**11,975[4]**	**3,245**	**40**	**870**	**7,820**

[1]10% of the total additional housing land requirement for Kinross Planning Area has been reallocated to the Perth Planning Area
[2] From unallocated small sites
[3] Figures have been rounded
[4]Includes a 20% additional allowance to compensate for second homes in the Highland area

5.70 The distribution of additional allocations across the HMAs has been informed by the SEA process. The SEA process also considered in general terms the ability of individual settlements within each HMA to accommodate additional growth. The allocation for each individual HMA has been split further taking account of this and in accordance with the Structure Plan strategy which seeks to direct most development to the main settlements. The site specific land allocations within HMAs will be assessed and identified through the Local Development Plan process and associated SEA.

LINKS WITH THE HOUSING NEEDS AND DEMAND ASSESSMENT

5.71 As mentioned in paragraph 5.8 the new Housing Needs and Demand Assessment (HNDA) for Perth and Kinross has recently been completed and this will create the link between the Local Housing Strategy and the Development Plan system. The paragraphs below summarise the key findings of the HNDA.

Requirement for Market Housing

5.72 The detailed modelling exercise identified the extent of unmet need for market housing in Perth and Kinross by HMA and by property size. This was then matched to available properties to assess the sufficiency of available supply and to identify whether the available supply was fit for purpose in terms of its area and size. In order to reflect the current housing market conditions a sensitivity test was also carried out which assessed a 25% reduction in market turnover and a 10% reduction in prices for the first three years of the projection.

5.73 The results indicate that each year the newly arising need (the number of households who form a requirement for market housing on an annual basis either through household formation or migration into the area) is comfortably met by supply of market entry level housing. There is however a current backlog of need for market housing and also an annual <u>demand</u> for market housing arising from existing households. The annual supply of housing is insufficient to meet all these requirements. Therefore by the end of year 10 of the projection, taking into account the sensitivity testing, there is a shortfall of nearly 5,000 market entry level properties in Perth and Kinross.

5.74 This is calculated on the basis that all households in need of market housing will purchase at market entry level prices. There will, however, be a proportion of households that can afford to purchase properties above market entry level. Further analysis was therefore undertaken to match these households which can afford to purchase more expensive houses against the available supply of such houses. This revealed that the shortfall would in fact be eradicated within a few years. This is of course dependent on those households who can afford upper market properties choosing to buy at this level which in reality is unlikely to be the case. In relation to market housing therefore the primary conclusion of the HNDA is that whilst current shortfalls could theoretically be addressed relatively quickly there is a clear need for an increased supply of properties at the lower end of the market. This is an issue which will be considered in detail through the Local Development Plan in association with the development industry.

Requirement for Affordable Housing

5.75 The HNDA has identified three strands of housing need. Firstly there is an annual ‘newly arising need’ for affordable houses for those unable to afford market prices. Secondly there are those households which are expected to fall into affordable housing need largely by becoming homeless. Thirdly there is a significant backlog of affordable housing need from households who are currently in unsuitable housing, for example in over-crowded accommodation or are sharing a property with another household, but who cannot afford to resolve their needs in the open market. The HNDA concludes that this results in an annual need for approximately 550 additional affordable houses. This is based on the assumption that the backlog need will be met over a period of five years. This unmet need for affordable housing is based on the assumption that there is no other intervention within the housing market to meet housing needs.

5.76 Whilst the HNDA considers the requirement for housing, the development planning process is concerned with the requirement for housing land. These are not the same thing as there are ways in which housing needs can be addressed which do not require the provision of additional land, for example, through the adaption of existing properties. It is therefore important to note that whilst the HNDA does highlight that there are currently unmet needs for housing in Perth and Kinross this does not translate directly into a requirement for additional housing land to be allocated to accommodate these needs.

5.77 The supply of affordable houses is heavily dependent on the availability of Scottish Government finance to Housing Associations. The funding available to housing associations in Perth & Kinross results in approximately 180 additional affordable houses per year. In this respect the shortfall in affordable housing cannot be resolved by simply allocating additional housing land.

5.78 The Council's current affordable housing policy requires 25% of developments to be affordable (with the exception of Perth City Centre where the requirement is 50%). However to provide the number of additional affordable houses needed each year through the affordable housing policy would mean that the overall housing land supply would have to be increased significantly which is unlikely to be acceptable to communities or realistic in terms of deliverability for developers. Consideration could be given through the LDP to increasing the 25% requirement but to date it has proved difficult to deliver a site with a higher percentage of affordable housing (for example in Perth City centre) whilst remaining economically viable. Furthermore if the affordable requirement is increased significantly this could mean that landowners simply choose not to sell their land.

5.79 There is therefore no one solution to increasing the supply of affordable housing. All possible means and interventions will require to be considered through the Local Development Plan and Local Housing Strategy. In terms of the Guidance both it and the HNDA are based on the GROS projections and so are consistent in the projection of future household numbers. The relevant consideration therefore is the adequacy of the housing land supply to accommodate the overall housing numbers and this is given some support by the results of the HNDA.

EXPLANATION OF TERMS

Planning Areas
Perth & Kinross is divided into 5 planning areas:

Perth
Kinross
Strathearn
Highland
Eastern

These correspond with the Housing Market Areas

Strategy Areas
Perth & Kinross is divided into 3 strategy areas:

Perth Core – covers an area within approximately 25 minutes from the centre of Perth by local bus

Lowland Area – comprises the planning areas of Kinross and the majority of Strathearn and parts of Perth (planning area) and Eastern

Upland Area – comprises the Highland planning area and parts of Eastern and Strathearn

Revised Housing Land Requirement
The housing land requirement and additional allocation is divided by planning area.

Within each planning area the total additional allocation is further divided into the main settlements and then the landward (rural) area. This corresponds with the Housing Land Audit which also divides each area into the main settlements and the landward area.

The exception to this is the Perth planning area. In the revised housing land requirement the Perth planning area is divided into that part of the Perth planning area which falls within the Perth Core strategy area, and the remainder which falls within the Lowland strategy area. However the Housing Land Audit divides the Perth planning area into Perth City (which follows the city boundary and is therefore a smaller area than the Perth Core strategy area) and Perth area landward (which includes all of the Perth planning area out with the city boundary).

For example:
Scone and Bridge of Earn fall within the **Perth planning area**, the **Perth Core strategy area** (and the Perth Core area in Schedule 1) but are within the **Perth area landward** in the Housing Land Audit.