



# **Perth & Kinross Council**

## **Local Development Plan Proposed Plan**

### **Background Topic Paper - Housing**

**(Version 1, 20 February 2012)**

## **Contents**

- 1. Definition s**
- 2. Development Plan Timeline**
- 3. Scottish Planning Policy**
- 4. TAYplan**
- 5. Housing Market Area Alterations to TAYplan Spatial Distribution**
- 6. LDP Housing Land Requirement**
- 7. Effective Housing Land Supply**
- 8. Affordable Housing Requirement**
- 9. Affordable Housing Policy**
- 10. References**
- 11. Contact**

### **List of Tables:**

- Table 1 Housing Land Requirement (HLR)
- Table 2 Effect of the adjustments at Local Development Plan (LDP) level to TAYplan HLR
- Table 3 Additional houses required in Perth & Kinross to meet HLR
- Table 4 LDP Effective Housing Land Supply (EHLS)
- Table 5 Surplus/shortfall of EHLS during the LDP period (2010-2024)
- Table 6 Affordable Housing Need
- Table 7 Percentage Affordable Housing Need

## 1. Definitions

**Effective Housing Land Supply (EHLS):** The part of the established housing land supply which is free or expected to be free of development constraints in the period under consideration, and will therefore be available for construction of housing.

**Housing Land Audit (HLA):** The annual monitoring of housing completions and the progress of sites through the planning process undertaken by the planning authority in conjunction with housing and infrastructure providers. The audit is to ensure that the forecasts for estimated house completions over the five year ongoing effective land supply period remain robust and realistic.

**Housing Land Requirement (HLR):** The amount of land required to be allocated for housing to meet the identified housing requirement as identified in the Development Plan.

**Housing Market Area (HMA):** A geographical area which is relatively self-contained in terms of housing demand, i.e. a large percentage of people moving house or settling in the area will have sought a dwelling only in that area.

**Small sites:** These are classified as sites of under five residential units.

**Windfall sites:** The term 'windfall sites' is used to refer to those sites which become available for development unexpectedly and are therefore not included as allocated land in the Development Plan. For example, a bus depot may shut down or an industrial site become vacant which may provide a suitable location for housing. These are generally expected to be sites of 5 units or more.

## 2. Development Plan Timeline

Baseline – LDP MIR, start of LDP process	<b>2010</b>	
	<b>2012</b>	TAYplan SDP Adopted
LDP Adoption	<b>2014</b>	[Next LDP 2 started]
LDP 5 year EHLS (2014-2019)	<b>2019</b>	LDP 2 Adopted
		[Next TAYplan 2 Adopted]
5 year EHLS at 2019 - 2024, 10 years from Adoption (SPP)	<b>2024</b>	

### 3. Scottish Planning Policy (SPP)

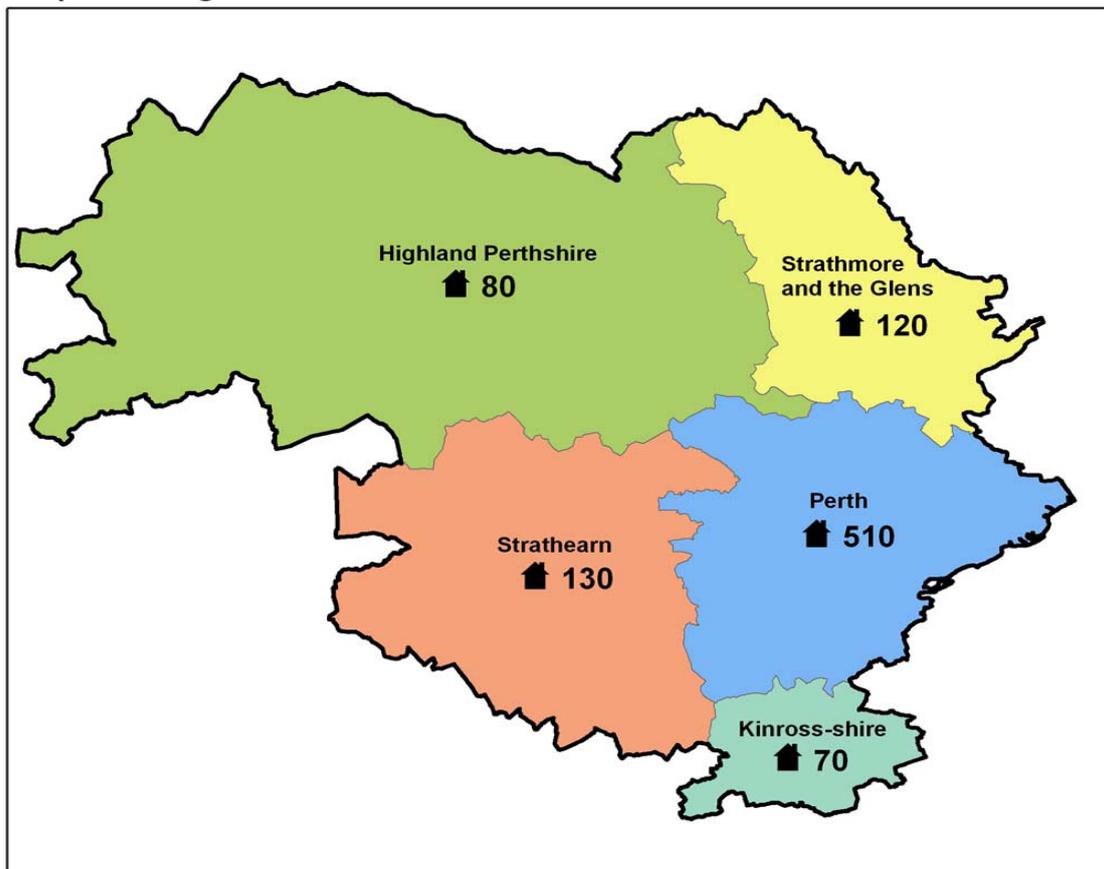
SPP paragraphs 70-75 deal with how Planning Authorities through the Development Plan should identify the housing land requirement and indicate where land should be identified in Local Development Plans (LDP) for new housing. LDPs should allocate land on a range of sites which are effective or capable of becoming effective to meet the housing land requirement up to year 10 from the predicted year of adoption, ensuring a minimum of 5 years effective land supply at all times.

SPP states a LDP must base their housing figures on those within the Strategic Development Plan (SDP). TAYplan is the SDP for the Perth & Kinross Local LDP and its housing projections are based on the General Register of Scotland (GROS) 2006 based population projection, and further informed by the TAYplan and Perth & Kinross Housing Need & Demand Assessments (HNDAs). The TAYplan projections to 2032 have been adjusted to meet the shorter LDP timeframe to 2024. This results in an estimated population in Perth & Kinross at 2024 of 163,327.

### 4. TAYplan

TAYplan has identified anticipated annual build rates (see TAYplan Average Annual LDP Area Build Rates diagram) which will be required to accommodate the projected population increases should they materialise. These estimated build rates have been used to inform the housing land requirement to 2024.

**TAYplan Average Annual LDP Area Build Rates**



Reproduced by permission of Ordnance Survey on behalf of HMSO. © Crown copyright and database right (2011). All rights reserved. Ordnance Survey Licence number 100016971.

Whilst the LDP must be consistent with TAYplan, it is for the LDP to consider whether any local circumstances warrant any adjustment to the TAYplan housing land distribution.

An area around and including St Fillans is contained within the Loch Lomond and the Trossachs National Park and part of northern Perthshire including the Blair Atholl area and Upper Glenshee is contained within the Cairngorms National Park. The National Park Authorities are responsible for preparing the LDP within the Park boundary. The areas within the National Parks have therefore been excluded from the Perth and Kinross Local Development Plan.

## **5. Housing Market Area Alterations to TAYplan Spatial Distribution**

Four issues warranted consideration during the Plan preparation, these have led to an alteration at the LDP level of the spatial distribution of housing from that set out in TAYplan:-

### **i. Kinross HMA**

This is an area of very high demand for housing and the Strategic Environmental Assessment (SEA) has assessed the impact of seeking to accommodate the level of potential growth resulting from the projected increase in population. It was identified that the potential for significant environmental impact arising from increased levels of demand was particularly high in the Kinross-shire area. This is primarily due to the potential for a significant adverse environmental impact from phosphorous pollution into Loch Leven occurring from new development. Loch Leven is a Special Protection Area and has been degraded in the last 150 years by phosphorous generated by human development activities. Therefore, in accordance with the precautionary principle 10% of the requirement arising in this area is to be reallocated to the Perth HMA where there are more opportunities to accommodate additional development without having a significant environmental impact.

### **ii. Small sites, i.e. sites of less than 5 houses**

These sites make a significant contribution to the housing land supply, they provide an element of flexibility in the housing market. However, with the exception of Highland HMA, no allowance is made for them in the housing land supply as they are generally viewed as additional. Small sites are viewed as integral within the Highland HMA because from previous evidence in the HLA 30% of all completions between 2000 and 2009 were on small sites. This compares to 14% across Perth & Kinross on average. This higher percentage reflects the dispersed nature of the Highland area and the predominance of small settlements, communities with smaller development opportunities. The small site component is therefore critical to the overall housing supply in the Highland area, to reflect this it is assumed 15% of the overall housing requirement in the Highland HMA will come from this source.

### **iii. Windfall sites**

Also known as 'opportunity sites', these are sites that are not specifically identified for development but which have become available (mainly as a result of planning consents) during the life of the LDP. In the past these have made a significant contribution to the housing land supply, particularly in the Perth and Highland HMAs. It is noted that not all potential sites which may contribute to the future housing supply are identified in the LDP; there is flexibility with mixed use schemes which can result in creating more windfall opportunities, and there are various sites within settlements which may provide additional opportunities. These have not been taken account of here but are important contributors. It is anticipated the amount of land

coming from windfall sites will decrease as the LDP is taken forward, however a conservative estimate suggests that more than 10% of the land supply will come forward from this source. This has been taken into account in the housing land supply figures and its assumed 10% of the overall housing land requirement will be met through windfall sites.

#### iv. Strathearn HMA / Strathmore & the Glens HMA

In the Strathearn HMA, in line with the TAYplan hierarchical approach, the LDP seeks to concentrate the majority of development within the principal settlements of Crieff and Auchterarder. However, Auchterarder in particular has a significant supply of effective housing land, which is more than adequate to meet demand until beyond the Plan period. Therefore it should be noted the effective supply in the Strathearn HMA has been reduced by 200 units to take account of that proportion of the major expansion development in Auchterarder which is likely to be built beyond the plan period to 2024.

In the Strathmore & the Glens HMA it should be noted the effective housing land supply has been reduced by 170 units in Alyth to take account of a proportion of the effective supply which is likely to be built beyond the plan period to 2024.

## 6. LDP Housing Land Requirement

[Appendix 1 \(the HMA spreadsheets\)](http://www.pkc.gov.uk/ProposedLDP) can be found at [www.pkc.gov.uk/ProposedLDP](http://www.pkc.gov.uk/ProposedLDP), or at [this link](#).

Please note this is a working document which will be updated as necessary throughout the LDP process, in particular the HMA spreadsheets in the above link should be seen as a best estimate of housing numbers and predicted phasing at this point in time.

The tables following present the Housing Land Requirement (HLR) figures set by TAYplan, the shortfall and additional number of houses required to meet this requirement, and then in Table 4 the Effective Housing Land Supply (EHLS) as set out in the Proposed LDP. Please note the figures in Tables 1-5 have been rounded to the nearest 10.

### Q: What is the Housing Land Requirement?

A: Based on the housing figures in TAYplan policy 5 the LDP housing requirement is below:

Table 1 – Housing Land Requirement			
TAYplan Housing land requirement 2010-2024			
Housing Market	Annual	7 Year HLR	LDP Requirement
Area			
Highland 80		560	1,120
Kinross 70		490	880
Perth 510		3,570	7,240
Strathearn 130		910	1,820
Strathmore & the Glens	120	840	1,680
<b>Perth &amp; Kinross</b>	<b>910</b>	<b>6,370</b>	<b>12,740</b>

**Q: What effect do the adjustments at LDP level have on the housing land requirement as set out in TAYplan policy 5?**

A: The impact of the issues considered at the LDP level (see Section 5 i-iii) have been assessed and the adjustments for windfall and small sites assumptions, plus the reallocation of units from Kinross HMA to Perth HMA result in a revised HLR. Issue iv. is not taken account here but included in Table 3 as it relates to the EHLS.

Table 2 - Effect of the adjustments at LDP level to TAYplan HLR

Housing market area	TAYplan HLR	Adjustments made at LDP			Revised HLR
		10% Windfall	15% Small Sites	Reallocation to alternative HMA	
Highland 1,120		110	170	0	840
Kinross 880		90	0	(-90)	700
Perth 7,240		720	0	90	6,610
Strathearn 1,820		180	0	0	1,640
Strathmore & the Glens	1,680	170	0	0	1,510
<b>Total PKC</b>	<b>12,740</b>	<b>1,270</b>	<b>170</b>	<b>90</b>	<b>11,300</b>

**Q: What is the shortfall that must be addressed in the LDP?**

A: The number of additional houses required is equal to the total requirement minus the known effect of the effective housing land supply as shown here:

Table 3 – Additional houses required in Perth & Kinross to meet HLR

Housing Market Area	Housing Requirement 2010-2024	Effective Supply at March 2011 Audit	Completions 2010/11	Additional houses required
Highland	1,120	190	100	830
Kinross 880		400	30	450
Perth 7,240		2,990	190	4,060
Strathearn 1,820		1,280*	90	450
Strathmore & the Glens	1,680	630*	20	1,030
<b>Total PKC</b>	<b>12,740</b>	<b>5,490</b>	<b>430</b>	<b>6,820</b>

NOTE: \*figures in the Strathearn and Strathmore & the Glens HMAs have been adjusted to take account of the reduction in the number of units in these HMAs as detailed in Section 5, iv.

## 7. Effective Housing Land Supply

A supply of effective land for at least 5 years should be maintained at all times to ensure a continuing generous supply of land for house building. Planning authorities should manage land supply through the annual Housing Land Audit (HLA); it is used to monitor the availability of effective sites, the progress of sites through the planning

process and housing completions. Perth & Kinross Council's HLA is the indicator traditionally used in association with the previous Local Plans to monitor the housing land supply; it is completed annually and identifies the 5 year effective housing land supply as at the end of March each year. This HLA will continue to be used to monitor the effectiveness of the housing land supply throughout the LDP period; the finalised HLA figures are the result of consultation between the Council and Homes for Scotland.

The baseline for the housing figures is the year 2010 (see p.3, LDP Time Line), this is taken as the starting point from the LDP Main Issues Report and the figures set out in this earlier document. The Housing Land Requirement (HLR) calculations have been based on the period 2010 to 2024, this is through to the point where the second LDP will be adopted in 2019 and this entails ensuring there is still a minimum 5 year EHLS at 2019 (i.e. to 2024).

In accordance with the Council's Single Outcome Agreement with the Scottish Government the Council considers it is desirable to build up effective housing land to a 7 year supply. Accordingly, whilst the Plan aims to identify a minimum of a 5 year supply, it seeks to increase the effective supply to 7 years by 2015. This 7 year EHLS needs to equate to land for an additional 6,370 houses, however the LDP has a higher number of sites allocated and can provide land for an additional 2,970 units above this requirement.

**Q: How much land for houses is required to provide the Effective Housing Land Supply?**

A: SPP minimum requirement is for a 5 year EHLS (shown in column a), the plan sets out an aspiration to maintain a generous supply which the Council has interpreted as a 7 year EHLS (column b) however, to maintain a 7 year EHLS throughout the life of the Plan the Council needs to identify the number of units in column c.

Table 4 – LDP Effective Housing Land Supply

<b>Housing Market Area</b>	<b>(a) 5 year EHLS</b>	<b>(b) 7 year EHLS</b>	<b>(c) LDP Period 2010 - 2024</b>
Highland 690		890	1,110
Kinross 700		850	1,000
Perth 3,330		4,430	6,430
Strathearn 1,180		1,560	2,240
Strathmore & the Glens 1,250		1,610	1,940
<b>Total PKC</b>	<b>7,150</b>	<b>9,340</b>	<b>12,720</b>

To clarify the figures for columns a) and b) are taken from the HMA spreadsheets referred to in Section 6 and are based on predicted phasing; column c) is based on EHLS figures for period 2012-2024 as set out in the spreadsheets but extends to correlate with the Plan period of 2010-2024 and therefore takes account of the 2011 completions in each HMA.

**Q: What is the surplus or shortfall in housing land supply in the HMAs?**

A: Currently during the LDP plan period there is an overall surplus of effective housing land supply.

Table 5 – Surplus/shortfall of EHLS during the LDP period (2010-2024)

Housing market area	TAYplan HLR	LDP Revised HLR	LDP EHLS	Surplus / shortfall	Percentage %
Highland 1,120		840	1,110	270	32
Kinross 880		700	1,000	300	43
Perth 7,240		6,610	6,430	-180	-3
Strathearn 1,820		1,640	2,240	600	37
Strathmore & the Glens 1,680		1,510	1,940	430	28
<b>Total PKC</b>	<b>12,740</b>	<b>11,300</b>	<b>12,720</b>	<b>1,420</b>	<b>13</b>

The current shortfall in the Perth HMA is acknowledged but there are a number of key strategic sites in this HMA which extend beyond the life of the plan and could be brought forward if necessary; the current evidence from the economic downturn suggests that this shortfall will not present a problem.

It is highlighted the housing land supply figures the Council have assessed are based on a slow economic recovery as this is believed to be the most realistic approach. If the economy fails to improve at the predicted rate then it will take longer to build the number of units from the current sites so fewer new allocations will be made in the next LDP. However, the Council is keen to ensure that housing land supply is more than able to respond to any upturn in the housing market. Currently the market is affected by the economy as sites which are classed as effective can be constrained by the marketability of units; this has not previously been an issue prior to the economic downturn.

## **8. Affordable Housing Requirement**

SPP defines affordable housing as “*housing of a reasonable quality that is affordable to people on modest incomes*”. It recognises that in some areas the market can provide some or all of the affordable housing required but in others it is necessary to intervene in order to make housing available at a cost below market value. However, in certain areas where there is a shortfall in the supply of affordable housing obtaining land at an affordable price can be difficult. As with market led housing the need for affordable housing should be met, where possible, within the HMA it has arisen.

SPP requires that Development Plans allocate sufficient land to meet all housing needs, including affordable housing. Where a percentage affordable housing requirement is justified by a HNDA it must be included in the Local Housing Strategy (LHS) and the policy should be set out in the Development Plan which should give clarity on the scale of provision required and the locations; Plans should also indicate the means of delivery. In order to establish the housing needs across the area Perth & Kinross Council commissioned a HNDA in 2008 covering the period 2008 to 2013. The HNDA has received robust and credible status from the Scottish Government

(February 2010) and data from the HNDA has fed into the LDP and its assumptions have been carried forward continuing a robust long term trend. The HNDA will be reviewed every five years and the data will be fed into the forthcoming LDPs. For further information links to the Council's LHS and summary HNDA document are at the end of this document (10. References).

The majority of affordable housing units will be provided through the Council's Affordable Housing Policy for market residential and mixed use sites. This is in line with SPP and the promotion of the development of sustainable, mixed communities.

PAN 02/2010: *Affordable Housing and Housing Land Audits* (Scottish Government, 2010) sets out the context for affordable housing, the roles of the main agencies, the role of the planning system in terms of development plans and development management, and identifies five categories of affordable housing:-

- Social Rent
- New Supply Shared Equity
- Mid Market Rent or Intermediate Rent
- Subsidised Low Cost Housing for Sale
- Unsubsidised Low Cost Housing for Sale

The PAN highlights that it is for planning authorities to make provision for affordable housing through the LDP. It stresses there needs to be links to the LHS to address the detail of local need and type of affordable housing required. The PAN also highlights the Scottish Government's ambition to create housing developments of high environmental and design standards that contribute to the creation of sustainable, mixed communities.

The HNDA provides the evidence that justifies the Council's Affordable Housing Policy, Table 4 identifies the affordable housing need in Perth & Kinross 2008 – 2013 (per annum) as set out in the LHS. The Council has used the current information to project forward the affordable housing need in Perth & Kinross; it has taken the view that the current need will not be resolved in total to 2013, and acknowledges that in fact the newly arising need is most likely increasing over this period with the slowdown in the economy affecting mortgage lending and the reduction in housebuilding activity across the area. Taking this into account it has been assessed that the most pragmatic approach is to continue forward with the current trend as shown in Table 6 below. A new HNDA will be undertaken in 2013 by the Council and account will then be taken of the refreshed figures at this time.

Table 6 – Affordable Housing Need (all figures per annum)

Housing market area	(a) Backlog Need	(b) Newly Arising Need	(c) Supply (inc. re-lets & new build)	(d) Total Annual Need (a+b-c)
Highland 96		75	56	115
Kinross 41		65	53	52*
Perth 199		592	534	258*
Strathearn 62		93	92	62*
Strathmore & the Glens	54 157		125	86
<b>Total PKC</b>	<b>452</b>	<b>982</b>	<b>860</b>	<b>574*</b>

Source: Perth & Kinross HNDA (August 2009), Affordable Housing Need 2008-2013 (per annum)

\*difference due to rounding

When this affordable housing need per annum is set alongside the new build market housing requirement per annum it evidences a need for new affordable units in Perth & Kinross greater than 45% across the area as a whole. Table 7 demonstrates the percentage affordable housing requirement in each HMA and in Perth & Kinross as a whole:-

Table 7 – Percentage Affordable Housing Need

Housing Market Area	New housing requirement per annum	Affordable Housing requirement per annum	% Affordable Housing need by HMA
Highland 80		115	143%
Kinross 70		52	74%
Perth 510		258	50%
Strathearn 130		62	47%
Strathmore & the Glens 120		86	71%
<b>Total PKC</b>	<b>910</b>	<b>574</b>	<b>63%</b>

## 9. Affordable Housing Policy

As can be seen from the last column in Table 6 the justification for the Affordable Housing Policy is clear. However, it is likely the very high percentage requirements evidenced would act to stifle market residential development, especially in the difficult economic conditions; it is considered that a requirement of 25% is the maximum and most appropriate level to set the requirement at. It is believed this is achievable on the majority of development sites and is in-line with the proposed benchmark in PAN 02/2010 as guided by the Scottish Government. It takes a realistic and pragmatic approach to the delivery of the policy and its impact on market residential developments.

The Council's Affordable Housing Policy will seek an affordable housing quota of 25% on all housing sites of 5 units and above, except where the LDP varies this quota on an individual site basis. This quota will be applied to all relevant new residential and mixed use developments comprising 5 or more residential units.

The current economic climate coupled with the Scottish Government reduction in funding for affordable housing through Registered Social Landlords (RSL) will have an impact on the actual number of affordable housing units delivered as complex decisions are made on funding priorities. The Policy makes provision for a reduction in the identified quota for cases of economic viability, further information on the Affordable Housing Policy and the methods of delivery can be found in the Council's Affordable Housing Guide (December 2011).

## 10. References

Scottish Planning Policy (February 2010), Scottish Government

Planning Advice Note 02/2010: Affordable Housing and Housing Land Audits (August 2010), Scottish Government

TAYplan Proposed Strategic Development Plan:

<http://www.tayplan-sdpa.gov.uk/1.%20Proposed%20Strategic%20Development%20Plan%202011.pdf>

Perth & Kinross Council Proposed Local Development Plan:

<http://www.pkc.gov.uk/Planning+and+the+environment/Planning/Development+plan/Development+plan+-+new/Local+development+plan/Proposed+Local+Development+Plan.htm>

Perth & Kinross Council Local Housing Strategy:

<http://www.pkc.gov.uk/Council+and+government/Council+departments/Housing+and+Community+Care/Standards+and+policies/Local+Housing+Strategy/>

Perth & Kinross Council Housing Need & Demand Assessment (Executive Summary):

<http://www.pkc.gov.uk/Council+and+government/Council+departments/Housing+and+Community+Care/Standards+and+policies/Local+Housing+Strategy/Housing+Need+s+and+Demand+Assessment.htm>

## 11. Contact

Draft Document Produced February 2012

Contact Officer:

Nicola McCowan Hill  
Planning Officer (Affordable Housing Enabler)  
Planning & Regeneration  
The Environment Service  
Perth & Kinross Council

Local Development Plan Team:

Tel: 01738 475300

Email: [DevelopmentPlan@pkc.gov.uk](mailto:DevelopmentPlan@pkc.gov.uk)