

## Introduction

The purpose of this paper is to support the publication of the Inverclyde Local Development Plan Main Issues Report by providing background and an explanation to the amount of land required for new housing development.

The Scottish Government has made increasing the supply of new housing a priority in order to address the shortage of affordable homes across the country. Planning's role in this is set out in Scottish Planning Policy, which states that:

- Planning officials should work jointly with housing officials through housing market partnerships to identify functional housing market areas, where demand for housing is relatively self-contained;
- Development Plans should address the supply of land for all housing, setting out Housing Supply Targets, separated into affordable and market sectors, for each Housing Market Area;
- Housing Supply Targets should be increased by 10% to 20% to establish the Housing Land Requirement to ensure a generous supply of land is provided;
- Development Plans should allocate a generous supply of land, appropriate to supporting the creation of sustainable mixed communities and successful places, for each Housing Market Area to support the achievement of the Housing Land Requirement across all tenures;
- Development Plans should allocate a range of effective sites to meet the housing land requirement up to 10 years from the date of plan adoption, with a minimum of 5 years effective supply at all times;
- A minimum of a 5-year supply of effective housing land should be maintained at all times

This should be informed by a robust Housing Need and Demand Assessment.

An updated Housing Need and Demand Assessment was undertaken by the Glasgow and the Clyde Valley Housing Market Partnership (comprised of planning and housing officials from the 8 Glasgow and Clyde Valley local authorities) to inform the development of the Clydeplan Proposed Strategic Development Plan (2016). The Housing Need and Demand Assessment was assessed as 'robust and credible' by the Centre for Housing Market Analysis (part of the Scottish Government) in 2015.

The Proposed Strategic Development Plan sets out the Housing Supply Targets and Housing Land Requirement for each Local Authority area and Housing Sub-Market Area, while Background Report 8: Beyond the Housing Need and Demand Assessment sets out the methodology used to translate the outputs from the Housing Need and Demand Assessment into the Housing Supply Targets and Land Requirement. This is summarised below.

## Housing Need and Demand Assessment Outputs – Housing Estimates

The Housing Need and Demand Assessment Tool used population and household projections, along with an assessment of existing housing need and assumptions about affordability based on income and house price projections, to provide estimates of the likely number and tenure of new houses required in the period from 2012 to 2024 and 2029. Three demographic scenarios were considered and the Sustained Growth Scenario was considered to best reflect the economic and demographic drivers impacting on the Glasgow city region and consultation feedback. The other scenarios were based on low migration and high migration. The tool provides estimates for Local Authority areas and the outputs for the

Inverclyde Council area are shown below. These show that based on the tool, the number of household in Inverclyde, in both the private and affordable sector (SR &BMR – social rented and below market rent), were predicted to fall in the period between 2012 and 2024 and again in the period to 2029.

*Table 1: HNDA Tool Housing Estimates – Inverclyde Council*

Household Change by Tenure								
2012-2024			2025-2029			2012-2029		
SR&BMR	Private	Total	SR&BMR	Private	Total	SR&BMR	Private	Total
-134	-602	-736	-280	-584	-864	-414	-1,186	-1,600

Source: Figure 5.4 Glasgow and the Clyde Valley Housing Need and Demand Assessment 2015 (Sustained Growth Scenario)

### Private Sector Adjusted Housing Estimates

Demand for, and the supply of, social and below market rent housing is calculated for Local Authority areas as this is the area tenants tend to move within. Private sector supply and demand is considered within Housing Market Areas. These are the areas owner-occupiers tend to move house within, and do not necessarily follow Local Authority boundaries. This means that the private sector results from the tool need to be adjusted from Local Authority areas to fit within Housing Market Areas. Port Glasgow, Greenock, Gourock, Inverkip and Wemyss Bay fall within the Inverclyde Housing Market Area and the majority of owner-occupiers within this area tend to move within it. Kilmacolm and Quarriers Village are part of the Renfrewshire Sub-Market Area. The private sector Housing Estimates from the Tool were disaggregated into Housing Market Areas and compared with existing and projected stock to generate the Adjusted Housing Estimates for the Housing Market Areas. In moving from the Housing Need and Demand Assessment tool estimates to the Adjusted Housing Estimates, the negative figures for Inverclyde were put to zero to reflect the Council’s aspiration and expectation of halting population decline. These past and current completions and the Council’s aspiration are reflected in the Housing Supply Targets that are set out in Table 3. When the Adjusted Housing Estimates are aggregated back into Local Authority areas, as shown in Table 2, a need for 29 houses from 2012 to 2024 and a surplus 2 houses from 2024 to 2029 is shown due to the overlap of the Renfrewshire Sub-Market Area into Inverclyde. This adjustment is not included in the ‘robust and credible’ assessment.

*Table 2: All-Tenure Housing Estimates/Adjusted Housing Estimates Summary - Inverclyde*

	HMA Adjusted Housing Estimates approximated to LAs/Housing Estimates 2012-2024	HMA Adjusted Housing Estimates approximated to LAs/Housing Estimates 2024-2029	HMA Adjusted Housing Estimates approximated to LAs/Housing Estimates 2012-2029
Private Sector	29	-2	27
SR&BMR Sector	0	0	0
All-Tenure	29	-2	27

Source: Figure 5.13 Glasgow and the Clyde Valley Housing Need and Demand Assessment 2015

### Housing Supply Targets

Housing Estimates (from Table 2) are then adjusted to create Housing Supply Targets. Scottish Planning Policy defines Housing Supply Target as “.....a policy view of the number of homes the authority has agreed will be delivered in each housing market area over the periods of the development plan and local housing strategy...” and that the target, “should

be reasonable, should properly reflect the HNDA estimate of housing demand in the market sector, and should be supported by compelling evidence” (para. 115).

The Housing Need and Demand Assessment Managers Guide (published by the Scottish Government) indicates that Housing Supply Targets should be jointly agreed through the Housing Market Partnership. The Guide sets out eight examples of factors to be taken into account in setting Housing Supply Targets that are “deliverable on the ground”. It states that “Consideration of these types of factors could result in a Housing Supply Target figure which may be lower or higher than the Housing Estimate in the Housing Need and Demand Assessment.”

The Housing Market Partnership added environmental and social considerations to the factors set out in the Housing Need and Demand Assessment Managers Guide. The full list of factors taken into consideration in setting Housing Supply Targets for the Clydeplan area were therefore:

- Environmental factors;
- Social factors;
- Economic factors which may impact on demand and supply
- Capacity within the construction sector
- Potential inter-dependency between delivery of market and affordable housing at the local level
- Availability of resources
- Likely pace and scale of delivery based on completion rates
- Recent development levels
- Planned demolitions
- Planned new and replacement housing or housing brought back into effective use.

In Inverclyde, this led to an increased target in both the private and social rented sectors to reflect the repopulation agenda being pursued by Inverclyde Council, the historic levels of private housebuilding that are expected to continue, and the anticipated level of Scottish Government funding for social rented sector projects. The Housing Supply Targets for all sectors are shown below.

*Table 3: All Tenure Housing Supply Targets – Inverclyde*

2012-2024			2025-2029			2012-2029		
SR&BMR	Private	Total	SR&BMR	Private	Total	SR&BMR	Private	Total
1,100	2,050	3,150	400	850	1,250	1,500	2,900	4,400

Source: Schedule 7 Clydeplan Strategic Development Plan: Proposed Plan 2016

### All Tenure Housing Land Requirement

Scottish Planning Policy states that Housing Supply Targets should be increased by a margin of 10% to 20% to establish the Housing Land Requirement, in order to ensure that a generous supply of land for housing is provided. The exact extent of the margin will depend on local circumstances, and a robust explanation should be provided in the plan.

Given that the social rented sector target had already been substantially reduced at the Glasgow and Clyde Valley level to more realistically reflect the likely level of development based on Scottish Government funding, there was a consensus that no generosity should be added to that target in order for the targets to be deliverable. In the private sector, 10% generosity was added due to there being an existing generous all tenure land supply. The implications of this for Inverclyde are set out below.

*Table 4: All Tenure Housing Land Requirement – Inverclyde*

2012-2024			2025-2029			2012-2029		
SR&BMR	Private	Total	SR&BMR	Private	Total	SR&BMR	Private	Total
1,100	2,250	3,350	400	940	1,340	1,500	3,190	4,690

Source: Schedule 8 Clydeplan Strategic Development Plan: Proposed Plan 2016

#### Private Housing Land Requirement

As has already been explained, the appropriate geography for calculating the private sector Housing Land Requirement is Housing Market Areas. In Inverclyde, this can be achieved by comparing the requirement at Local Authority level, set out in Schedule 8 of the Clydeplan Strategic Development Plan Proposed Plan 2016 as shown in Table 4 above, with that for the Inverclyde Housing Market Area as shown in Schedule 9. This provides us with figures for the Inverclyde Housing Market Area and the Inverclyde part of the Renfrewshire sub-Housing Market Area.

*Table 5: Private Housing Land Requirement by Housing Market Area*

	2012-2024	2025-2029	2012-2029
Inverclyde Local Authority Area* (a)	2,250	940	3,190
Inverclyde discrete Housing Market Area** (b)	2,120	880	3,000
Renfrewshire Sub-Housing Market Area (Inverclyde part) ((a)-(b))	130	60	190

\* Source: Schedule 8 Clydeplan Strategic Development Plan: Proposed Plan 2016

\*\* Source: Schedule 9 Clydeplan Strategic Development Plan: Proposed Plan 2016

#### Surplus/Shortfall in the Effective Land Supply

In order to determine if there is any shortfall in the current Housing Land Supply, it is necessary to compare the Housing Land Requirement (Table 5) with houses already completed in the period under analysis (i.e. since 2012) and projected completions in the remaining period (i.e. until 2024 and 2029). The first stage of this is to consider completions in the period 2012 to 2016 (Table 6). These are subtracted from Housing Land Requirement figures to provide a Housing land Requirement for the periods from 2016 to 2024 and 2029 (Table 7).

*Table 6: Completions 2012-2016*

Social and Below Market Rent	Private – Inverclyde HMA	Private – Renfrewshire SHMA (part)	Total
269	429	3	701

*Table 7: Housing Land Requirement for the period 2016 to 2024 and 2029*

	Social and Below Market Rent (Inverclyde Council area)	Private – Inverclyde Housing Market Area	Private – Renfrewshire Sub-Housing Market Area (Inverclyde part)	Total
2016-24	831	1,691	127	2,649
2025-29	400	880	60	1,340
2016-29	1,231	2,571	187	3,989

Based on programming set out in the 2016 Inverclyde Council Housing Land Audit it is estimated that 1,669 houses will be developed across all tenures in the period from 2016 to 2023, on what is known as the Effective Land Supply. As the period under consideration is to 2024, it is necessary to estimate completions for the year 2023/24 as well. For this, it has

been assumed that a number of houses equivalent to 1/7<sup>th</sup> of the level of completions in the period 2016 to 2023 will occur in 2023/24, giving an estimated housing land supply figure for the period 2016 to 2024 (Table 8).

*Table 8: Predicted housing completions 2016-2024*

	Social and Below Market Rent	Private – Inverclyde HMA	Private – Renfrewshire SHMA (part)	Total
Estimated completions 2016-2023 (based on 2016 Housing Land Audit)	694	909	66	1,669
Estimated completions 2023/24 (based on 1/7 <sup>th</sup> of 2016-2023 completions)	99	130	9	793
Estimated completions 2016-2024	793	1,039	75	1,907

Subtracting the 2016-2024 Housing Land Requirement from the 2016-2024 Housing Land Supply identifies a shortfall in the effective period as set out in Table 9. The comparison for the 2024-2029 period is set out in Table 10.

*Table 9: Comparison of housing land requirement and supply 2016-2024.*

	Social and Below Market Rent	Private – Inverclyde HMA	Private – Renfrewshire SHMA (part)	Total
Housing Land Supply to 2024	793	1,039	75	1,907
Housing Land Requirement to 2024	831	1,691	127	2,649
Surplus/shortfall	-38	-652	-52	-742

*Table 10: Comparison of housing land requirement and supply 2024-2029*

	Social and Below Market Rent (Inverclyde Council area)	Private – Inverclyde Housing Market Area	Private – Renfrewshire Sub-Housing Market Area (Inverclyde part)	Total
2016 Land Supply post 2023	303	2,725	17	3,045
Less 1/7 added above	99	130	9	793
Land Supply post 2024	204	2,595	8	2,252
Housing Land Requirement 2025-29	400	880	60	1,340
Surplus/shortfall	-196	1,715	-52	912

Table 9 indicates that there is a need to bring forward land for a further 652 private houses in the Inverclyde Housing Market Area and 52 private houses in the Inverclyde part of the Renfrewshire Sub-Market Area in the period to 2024, with land for a further 52 houses required in the Inverclyde part of the Renfrewshire Sub-Market Area in the period to 2029 (Table 10). The shortfall in the social and below market rent sector is expected to be addressed through the allocation of land at Dubbs Road, Port Glasgow, and Duncan Street and Cumberland Walk, Greenock, as well as windfall sites and additional completions achieved through the application of the affordable housing policy.