

Housing Land Research Paper to inform amendments to the Scottish Planning Policy

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1 Introduction

1.1 The Scottish Government's Planning and Architecture Division has undertaken research into various matters relating to housing land supply.

1.2 The research has been reviewed internally and was in some cases prepared with the assistance of other Scottish Government officials. This paper sets out the consolidated findings of this work.

1.3 The research has been used to inform our assessment of the consultation responses to the consultation and the final changes to the Scottish Planning Policy (SPP).

2 Analysis of appeal decisions

Purpose

2.1 This section of the research report reviews housing planning appeals since SPP 2014 was prepared, in particular, appeals relating to the exceptional release of housing land (i.e. on sites not supported by the development plan).

2.2 Homes for Scotland responded to the SPP consultation and carried out their own analysis of appeal decisions. This research has been reviewed. In addition, councils have been contacted in an attempt to estimate how many units from those developments granted upon appeal, have been completed.

Appeal assessment methodology

2.3 When the DPEA receives an appeal, it is entered onto the case management system, which is a database used to manage appeals. During this process, every appeal is classified as to its development type using standard descriptions. An appeal can be classified into more than one development type. One of the standard descriptions is "*Housing (10 or more houses)*".

2.4 However, this approach has only been uniformly applied since 1 Jan 2015. Some classifications have been applied retrospectively, but this has not been done on a systematic basis. It is therefore likely that appeals registered before 1 Jan 2015 will not have been classified by development type. Appeals that have been recalled (for determination by Scottish Ministers) or subject to a notice of intention can be current cases for many months before an eventual decision is issued. It is also accepted that human error can occur in any classification system and that planning permissions in principle often do not specify a number of houses.

2.5 The case management system was searched for all planning appeal decisions issued between 15 April 2015 – 19 Aug 2020 classified as Housing (10 or more houses). This resulted in 275 decisions. For the reasons set out in 2.4 above, the actual number of decisions may be slightly higher. Of this, 101 (39%) were allowed. The bulk of the remainder (156) were dismissed, although this figure would include a small number that had been withdrawn.

2.6 The 275 decisions were then screened to identify cases where the main issue was a claim for the exceptional release of non-allocated housing land because of a claimed housing land shortage. A first screening was done based on the description of the development (e.g. applications to amend conditions, student housing etc.) A final screening was carried out by reading the appeal decisions or intentions notices.

2.7 The original research identified 73 such cases. However, upon review a further case was discovered that should have been included. It is therefore considered that between 15 April 2015 – 19 August 2020 there were 74 appeal cases relating to the exceptional release of land. For the reasons set out in para 2.4 above, the real number might be slightly higher.

2.8 Through the screening process it can be said that most housing appeals relate to development within urban areas or on allocated sites, where in general terms, the dispute relates to design impacts.

2.9 The 74 appeals involved approximately 11,249 units. This figure can only be approximately as a significant proportion of these appeals relate to planning permission in principle, where any scale of development can be indicative. The overall average site size was 152 units. The average site size for dismissed appeals was 133 and for allowed appeals 197.

2.10 Of the 74 appeals, 27 (36%) were submitted by landowners, 24 (32%) were submitted by recognised housebuilders and 23 (31%) submitted by land agents (e.g. Gladman Developments Ltd and Hallam Land Management). The 22 allowed appeals involved 4328 units. The 52 dismissed appeals involved 6921 units.

Table 2.1 - Exceptional release housing appeals by council area (original)

Council	Cases dismissed	Units	Cases allowed	Units
Aberdeenshire	2	550		
Angus	2	550		
Borders	1	40	1	38
E. Dunbartonshire	2	290		
E. Lothian	1	24	3	370
E. Renfrewshire	1	200		
Edinburgh	7	601	5	1250
Falkirk	2	314	1	60
Fife	4	444	3	580
Glasgow	1	110		
Inverclyde	3	193		
Midlothian	1	47	2	420
N. Ayrshire	1	50		
N. Lanarkshire	9	1101	3	980
Renfrewshire	6	669		
S. Ayrshire	1	85		
Stirling	4	964	1	170
West Lothian	4	689	3	460
Total	52	6921	22	4328

Table 2.2 - Exceptional release housing appeals by year (original)

Year	Cases dismissed	Units	Cases allowed	Units
2020	3	373	1	190
2019	9	1065	4	465
2018	15	2203	6	1418
2017	14	2015	2	300
2016	10	1226	5	1435
2015	1	39	4	520
Total	52	6921	22	4328

Homes for Scotland Assessment

2.11 In Homes for Scotland's submission to the SPP consultation, they refer to 152 planning appeals where the presumption has been a consideration. It is unclear from the submission how these appeals were identified and what is meant by the presumption being a consideration. Our view is that this may be an over estimate and cannot be replicated by DPEA data if it is intended to relate to all cases where an exceptional release of housing land was argued because of a housing land shortfall.

2.12 The submission says that of these 152 appeals, 37 were allowed and these are listed in Annex A. Each of these appeals have been read and 12 are not considered to be examples where exceptional release of land was a determining issue as set out in the following table.

Table 2.3 - Housing appeals incorrectly included in Annex A

Appeal ref	Address	Units	Comments
PPA-210-2043	Old Craighall, Musselburgh	44	Preferred site in MIR
PPA-210-2050	Tynemount Road, Ormiston	59	Extension to existing allocated site. No objection to principle of development
PPA-230-2151	Gilmerton Dykes Road, Edinburgh	61	Site in proposed LDP. No objection to principle of development
PPA-250-2239	Oak Avenue, Leslie	28	Allocated site with previous permission
PPA-390-2044	Kersebonny Road, Cambusbarron	42	Re-development of listed mill. No land supply issues
NA-ANG-009	Strathmartine, Dundee	200	Re-development of former hospital grounds, no objection to principle of development
PPA-230-2207	Turnhouse Road, Edinburgh	1400	Site allocated in LDP

Appeal ref	Address	Units	Comments
PPA-210-2072	Mains Road, Dirleton	36	Site allocated in LDP
PPA-240-2059	Main Road, Maddiston	90	Re-dev of fire station within urban area
PPA-260-2110	Burnfield Road, Glasgow	165	Re-dev of vacant industrial land
PPA-340-2131	Murray Royal Hospital, Perth	58	Conversion of listed former hospital buildings, within urban area and on an allocated site
PPA-300-2057	Ferrylea, Forres	316	Allocated in LDP

2.13 PPA-160-2030, Farm Road, Duntocher was allowed on 17 September 2020. This decision was made following the court judgement in Gladman Developments Limited and can therefore be distinguished from the other appeals. This is now the subject of an appeal to the Court of Session.

2.14 There were also 4 decisions in Annex A (PPA-230-2131, PPA-200-2027, PPA-230-2129 and PPA-400-2071) which it is accepted do relate to an exceptional release of housing land but were not included on the DPEA list. Upon investigation, all 4 cases related to appeals that were recalled and determined by Scottish Ministers. This meant that all 4 were registered prior to 1 Jan 2015 and so were not classified at that time (now retrospectively corrected). It is accepted that they should have been in the above tables and tables 2.4 and 2.5 have been adjusted accordingly. However, in general terms approximately 5500 units have been granted under the current SPP policy (prior to the court's new interpretation) not 8000 suggested by Homes for Scotland.

2.15 However, in incorporating these decisions, for the reasons set out in para 2.4, it is necessary to recognise that the list may still not be comprehensive. In particular, there may be other relevant housing appeals that were dismissed in early 2015 and not classified.

2.16 The spatial distribution of the appeals allowed should be noted. Edinburgh has the highest proportion 37% of the allowed units. 77% of the allowed units relate to SESplan planning authorities.

Table 2.4 - Exceptional release housing appeals by council area (updated)

Council	Cases dismissed	Units	Cases allowed	Units
Aberdeenshire	2	550		
Angus	2	550		
Borders	1	40	1	38 (1%)
E. Dunbartonshire	2	290	1	122 (2%)
E. Lothian	1	24	3	370 (7%)
E. Renfrewshire	1	200		
Edinburgh	7	601	7	2026 (37%)
Falkirk	2	314	1	60 (1%)
Fife	4	444	3	580 (11%)
Glasgow	1	110		
Inverclyde	3	193		
Midlothian	1	47	2	420 (8%)
N. Ayrshire	1	50		
N. Lanarkshire	9	1101	3	980 (18%)
Renfrewshire	6	669		
S. Ayrshire	1	85		
Stirling	4	964	1	170 (3%)
West Lothian	4	689	4	740 (13%)
Total	52	6921	26	5506

Table 2.5 - Exceptional release housing appeals by year (updated)

Year	Cases dismissed	Units	Cases allowed	Units
2020	3	373	1	190
2019	9	1065	4	465
2018	15	2203	7	1698
2017	14	2015	2	300
2016	10	1226	7	1637
2015	1	39	5	1216
Total	52	6921	26	5506

2.17 We also attempted to identify how many units had been constructed to date at those sites exceptionally released through the above appeal decisions. The individual councils were contacted. Due to COVID-19 restrictions, replies were received over a period of time. Some were officer estimates, others relied on the latest Housing Land Audit (HLA). An HLA prediction is unlikely to accurately set out completions in October 2020. The completion data therefore needs to be treated with caution. Nonetheless, the following tables sets out the completions as reported by the relevant councils

Table 2.6 - Exceptional release housing site completions by Council area

Council	Units granted permission	Completions by Oct 20
Edinburgh	2023	705
East Lothian	373	143
Fife	580	72
Borders	40	0
Midlothian	300	19
West Lothian	740	0
<i>SESplan subtotal</i>	4056	939
East Dunbartonshire	122	45
North Lanarkshire	997	50
Falkirk	70	0
Stirling	170	0
Total	5415	1034

(Note - permissions may vary between tables 2.4 and 2.6 due to subsequent changes in capacity and that appeal capacities are estimated from planning permissions in principle submissions)

Table 2.7 - Exceptional release housing site completions by year of approval

Year Granted	Units granted permission	Completions by Oct 20
2015	1096	218
2016	1754	737
2017	197	50
2018	1703	19
2019	665	0

(Note permissions may vary between tables 2.5 and 2.7 due to subsequent changes in capacity and that appeal capacities are estimated from planning permissions in principle submissions)

Conclusions

2.18 It is not possible to have precise data because of how DPEA classifies appeals. Planning appeals in any event only record a small proportion of the total number of planning applications. However, between April 2015 and August 2020 there were approximately 275 planning appeals relating to proposals for 10 or more houses. Of these 101 (39%) were allowed. We consider that during a slightly longer period there were 78 planning appeals relating to the exceptional release of housing land. Of these 78, 26 have been allowed. Therefore, the exceptional release of land cases are a minority of planning appeals.

2.19 Of the exceptional release housing appeals, 26 have been allowed relating to approximately 5506 housing units. We conclude that Homes for Scotland's submission overstates the number of units granted as exceptional release sites.

2.20 Based on information from councils, we estimate that of these 5500 units approximately 1034 had been completed by October 2020. It is important to note the spatial concentration of permissions and completions in the SESplan area in general and Edinburgh in particular (37% of units granted 77% of completions to date).

2.21 The completion information showed a time lag (not unexpected), between the grant of planning permission in principle and completions on site – typically 3 years.

3. How the presumption is dealt with in appeal decisions and the likely impact on future decisions of the Gladman Court ruling

Purpose

3.1 The purpose of this section is to investigate how the presumption principle in SPP – “*a presumption in favour of development that contributes to sustainable development*” – is applied to planning appeal decisions in practice. Consideration is also given to the implications of the Courts decision in Gladman v Scottish Ministers to the application of the presumption.

Methodology

3.2 It was decided to look at appeal decisions because an appointed Reporter is obliged to set out the reasoning for their decision. It is therefore relatively straightforward to identify which matters, including the SPP presumption, are taken into account.

3.3 Some appeal decisions (and Section 36 wind farm applications) are determined by the Scottish Ministers usually following receipt of a report written by the appointed Reporter. Such reports can be lengthy – typically 100 – 200 pages. Where there was a report case, the summary and conclusions chapter was read to establish the reasoning and key matters considered.

3.4 Three separate groups of appeal decisions were identified:

- 50 general appeal cases
- 7 housing cases where an exceptional release of housing land was argued
- 15 wind farm decisions, which included Section 36 cases.

3.5 The DPEA case management system (CMS) is a database used to manage appeal case work. For the first group, all planning permission appeals determined between September 2014 – August 2020 were identified. This amounted to approximately 1600 cases, although this includes withdrawn appeals and appeals where the DPEA has no jurisdiction. Fifty cases were selected using a random number generator on a calculator. To check the selected decisions were generally representative the outcome and year was established. It is considered that table 1 shows a generally representative sample.

Table 3.1 – Breakdown by decision and year

Dismissed	Allowed	2015	2016	2017	2018	2019	2020
29 (58%)	21 (42%)	8	8	9	11	12	2

3.6 The second group consisted of 7 randomly selected decisions from a previously identified database of 74 decisions relating to housing cases over 10 units where an exceptional release of land was argued in order to address a housing shortfall.

3.7 The third group consisted of 15 randomly selected wind farm decisions from all wind farm decisions (PPA & Section 36) issued between June 2014 – April 2020. The total number of decisions was 150 but this included cases that had been withdrawn or related to a wind farm but not necessarily the construction of a wind farm. This could be for example an appeal relating to an application seeking to amend a planning condition.

How the presumption was dealt with in the general group

3.8 In the 50 decisions, 12 (24%) mentioned the presumption. Five of these (10%), applied the presumption as a significant material consideration.

3.9 The types of development where the presumption was mentioned is set out in table 3.2 below

Table 3.2 – Presumption and type of development

Development type	Presumption mentioned	Presumption a significant material consideration
Housing	7	4
Renewable energy	4	1
Quarry	1	

(Note 1 – renewable energy relates to 2 X wind farms, 1 X anaerobic digester and 1 X heat plant)

(Note 2 – The presumption was a significant material consideration for the anaerobic digester because the development plan was considered to be out of date)

3.10 Where an appeal is allowed there may be no need to refer to the SPP presumption unless that was the main reason for allowing the appeal. There was no appeal decision in the sample where the presumption was the reason given for allowing the appeal on its own. The main reason for the presumption not being identified was that it was not an issue raised by the parties. Typically, an appellant would focus on the council's reason for refusal, which again, typically refers to development plan policies. It would not be normal practice for a Reporter to refer to a matter in a decision that had not been raised by the parties.

3.11 The cases where the presumption was mentioned tended to be for larger scale developments, with a concentration for housing proposals or proposals that more obviously relate to sustainable development (e.g. wind farms and waste management).

3.12 The cases where the presumption was a significant material consideration mostly related to housing development. This was because the development plan was out of date and/or there was a housing shortfall or an assumed housing shortfall. As set out in note 2 above, the only non-housing cases related to an 'out of date' development plan. There were no examples of the presumption applying as a significant material consideration because there were no relevant planning policies.

How the presumption was dealt with in group 2 – housing cases

3.13 In group 2 – housing cases, all 7 cases referred to the presumption. All applied the presumption as a significant material consideration either because a housing shortfall was identified (or assumed to occur) or the development plan was out of date or both.

3.14 It is not surprising that the presumption was a matter in housing cases selected because there was an argument for the release of unallocated housing land. This is because paragraph 125 of SPP says that where a housing shortfall emerges then the development plan should be considered out of date – and hence the presumption applies as a significant material consideration. The method of establishing whether there is a shortfall or not is therefore important and frequently disputed. Currently SPP sets out no method for establishing whether there is a shortfall. In the sample, a variety of approaches were adopted.

How the presumption was dealt with in group 3 – wind farm cases

3.15 In group 3 – wind farm cases, 14 of the 15 cases referred to the presumption. In 3 cases the presumption was a significant material consideration, all due to the development plan being ‘out of date’.

How is development that contributes to sustainable development identified?

3.16 In group 1, 2 cases were considered to be examples of development that contributed to sustainable development, 10 were not. The main negative impacts for all 12 cases were as follows:

Adverse impact on the character of the area	6
Neighbouring amenity	4
Overdevelopment	2
Heritage impacts	2
Unsuitable road design	2
Impact on schools	1
Lack of public transport	1
Impact on peat	1

3.17 The main positive impacts considered were as follows:

Economic benefits	4
Renewable energy contribution	3
Addresses housing shortfall	3
Complies with SPP principles	2
Acceptable use in principle	2
Reduce use of landfill	1

3.18 For group 2, 1 case was considered to be an example of development that contributed to sustainable development and 6 were not. The main negative impacts for all 7 cases were as follows:

Adverse impact on character of area	5
Impact on Green Belt	4
Loss of open space	2
Heritage	1
Wildlife	1

3.19 The main positive factors were considered to be:

Addressing housing shortfall	4
Economic benefits	1
Brownfield re-development	1

3.20 For Group 3, 6 cases were considered to be examples of development that contributed to sustainable development and 8 were not. For wind farms the dominant consideration is balancing landscape and visual impacts against the benefits of renewable energy. Those proposals judged to have unacceptable landscape and visual impacts were not considered to be examples of development that contributed to sustainable development.

3.21 It should be noted that all decisions preceded the Court judgement in Gladman. The Court decision sets out how the presumption should be applied to housing cases. It should also be noted that in every case where the presumption was an issue, the decision as to whether the proposal was development that contributed to sustainable development mirrored the decision as to whether the proposal, overall, complied with the provisions of the development plan.

Conclusions

3.22 It is important to recognise that this research relies on a small sample of planning appeals. Planning appeals are a small proportion of the overall number of planning applications determined in Scotland.

3.23 However, it can be concluded that the presumption is not a matter considered in most planning appeals (in the order 70%-80%). The presumption as a significant material consideration is probably only a matter in approximately 10% of planning appeals. The presumption tends to become a matter for larger scale developments, particularly housing and renewable energy proposals. The presumption as a significant material consideration mostly applies to housing proposals. For renewable energy proposals the presumption as a significant material consideration only applies if the development plan is considered 'out of date.'

3.24 Prior to Gladman at least, the conclusion as to whether a proposal was sustainable almost always coincided with whether the proposal complies with the provisions of the development plan. It can therefore be said that whilst the presumption is a matter considered in a significant minority of appeals, it rarely (if at all) is determinative of the outcome on its own.

3.25 For housing cases, again prior to Gladman, whether the presumption becomes a significant material consideration is dependent on whether a housing

shortfall is found. This in turn is dependent on the methodology used. As the current SPP provides no guidance as to the appropriate methodology there are frequent disputes between appeal parties with a wide range of different approaches adopted.

Likely impact on future housing decisions of the Gladman Court ruling.

Practice before the Court Ruling

3.26 In all the housing cases sample, the SPP presumption was considered and it was recognised that the presumption as a significant material consideration may apply. This was because the plan was out of date or there was a housing shortfall (or assumed to be one) or both. In all the cases, the Reporter made an assessment as to whether the proposal was considered to be development that contributes to sustainable development. Where it was decided that the proposal was not sustainable (6/7 cases) the presumption as a significant material consideration was assumed not to apply.

3.27 In all of the cases the council argued that there was no shortfall. However, the rationale for that argument varied. Likewise, in all the cases, the appellant argued initially that there was a shortfall. Again the rationale varied. There was no single methodology applied. In the 7 cases, the approach included reference to the local development plan examination, reference to a particular Housing Land Audit, the average method and the residual method. In the particular sample of cases, the Housing Land Requirement (HLR) was not used by any party.

3.28 Anecdotally, it has been explained, that the difficulty for Reporters has been that whilst SPP says there must always be enough effective land for 5 years, it does not explain how that should be calculated. Whilst there are two main methods, there are also numerous variations that can be adopted. It is almost inevitable that there are disputes over a range of parameters, including completion data, demolitions, content of HLAs, disputed sites etc. In the absence of a Scottish Government position, it appears that most Reporters are wary of ruling on any particular approach as this could set a precedent. Also, in the absence of an agreed methodology, it is impossible to conclude on the scale of any shortfall. A typical approach is to conclude a shortfall exists (or is assumed to exist) but not to quantify the scale of the shortfall. Only 2 of the 7 cases specified a particular scale.

3.29 Some developer interests have criticised the approach Reporters have adopted in housing appeals, claiming too much weight is attached to adverse environmental impacts and insufficient weight attached to the benefits of increasing the supply of effective housing sites.

Gladman Court decision

3.30 It should be noted that the decision refers to other court cases, which sets the legal context for this decision. Legal opinions may vary, but for the purposes of this section, it is assumed that the Court considers that the correct interpretation of SPP should be:

- To identify whether a shortfall exists, the HLR should form the basis of the calculation.
- The HLA should be the starting point for determining the available effective housing land supply
- Where a shortfall is identified, this shortage becomes a significant material consideration in favour of granting planning permission
- To refuse planning permission, the adverse impacts must significantly and demonstrably outweigh the benefits of reducing the shortfall (i.e. the tilted balance applies)
- Identifying the scale of the shortfall is important because it sets the angle of “tilt”. The greater the shortfall the greater the weight should be attached to helping reduce the shortfall and so the harder it should be to refuse planning permission.
- Helping address a housing shortfall is of itself almost inevitably a contribution to sustainable development and therefore there is no preliminary test as to whether a proposal is development that contributes to sustainable development.

Implications of the Court's ruling

3.31 It is likely that all of the 7 housing cases would have had to be addressed in a different way in the light of the court ruling. All would have had to broadly define the scale of the shortfall using the residual method and the HLR. This would then have to be compared with the effective supply in the latest HLA. The precise scale would depend on the circumstances for each council area. However, our research in Section 4 shows that this could be a very significant scale of shortfall for some council areas.

3.32 It should be noted that despite the court's clarification over the methodology, there would remain considerable scope for disputes to continue over detailed elements of the methodology, which would impact on the scale of a shortfall (e.g. completion data and how demolitions were to be considered etc.)

3.33 The Court specifically rejected the current practice of firstly deciding whether the proposal was sustainable. Without this, the presumption as a significant material consideration would apply in all the 7 cases. It should be noted that weighing a scale of a shortfall against impacts is not an easy matter in practice. This is likely to lead to variable judgements between cases and would be impossible to calibrate with any degree of accuracy. For example, would a 1000 house shortfall outweigh poor public transport access or would this only be outweighed by a 3000 house shortfall? Different council areas would always have different scales of shortfall because of their different sizes (e.g. Stirling compared to Edinburgh).

3.34 It is impossible to know with any certainty how the outcome for the 6 dismissed cases would have changed. That judgement would depend on the scale of the shortfall and the detailed impacts that can only be assessed after a site visit and consideration of detailed submissions.

Conclusions

3.35 If the principles in the Court ruling are adopted, it seems reasonable to conclude that there is potential for more arguments to be put forward that more urban edge green field sites should be exceptionally released (i.e. outwith the development plan) for housing development than was previously the case. The disadvantage of this approach is that each exceptional release site can only be considered in isolation. This is in contrast to sites that are allocated through the LDP, where a comparative exercise is possible. Our research in section 2 illustrates that in practice, exceptional release sites make only a modest contribution to completions over a 5 year period.

4. Residual versus average method

Purpose

4.1 The aim of this section is to highlight how different methods and assumptions influence the required scale of a forward 5 year effective housing land supply.

Methodology

4.2 The 5 councils which experienced the most planning appeals for the exceptional release of housing land were identified. These were the SESplan authorities of Edinburgh, Fife and West Lothian and also North Lanarkshire and Stirling.

4.3 For each council, the published Housing Land Audit (HLA) and the current development plan was reviewed to establish the key data requirements. These were: the Housing Supply Target (HST); Housing Land Requirement (HLR); completion information; and the plan period. Where necessary, appeal decisions were also reviewed to obtain or confirm data. In order to aid comparison, the different 5 year effective housing land supply calculations were expressed as an annual equivalent build rate. This was then also expressed as a percentage of the annual average completion rate. Due to differences in the availability of data, the annual average completion rate covered different periods for each of the councils.

4.4 The three main comparisons were a) the average method, b) the residual method using HST and c) the residual method using HLR.

Calculating the Residual and Average Methods

4.5 SPP 2014 in paragraph 123 currently states that there should always be enough effective land for at least 5 years. Paragraph 125 currently states that where a shortfall in the 5 year effective housing land supply emerges, development plan policies for the supply of housing land will not be considered up to date. However, how a 5 year effective housing land supply should be quantified is not set out.

4.6 SPP 2014 also distinguishes between the HST and the HLR. The HST is the number of homes that is planned to be built and is derived from the Housing Needs and Demand Assessment (which has to be checked as robust and credible by the Scottish Government). The HLR is the amount of land the development plan should allocate and is an increase from the HST by a generosity figure, typically between 10%-20%.

4.7 The residual method uses the following formula:

$$[(\text{Homes to be built} - \text{completions to date}) / \text{years left for plan to run}] \times 5$$

For the purposes of this research paper, the calculation for the homes to be built uses both the HST and the HLR (except for the SESplan authorities which is explained in that section).

For the purposes of this review the average method is the HST divided by the plan period to give an annual figure then multiplied by 5.

4.8 Although these are the two main approaches there numerous potential variations depending on assumptions made regarding time periods, completions, treatment of demolitions etc.

SEPlan Authorities

Edinburgh

4.9 SEPlan and the associated housing supplementary guidance were approved prior to SPP 2014 and use terminology, which although are the same words, now have different meanings. In SEPlan, the total number of houses is called the Housing Land Requirement. However, that is not the same as the HLR used in SPP 2014 and is closer to the SPP 2014 definition of HST. SEPlan also allocates the housing requirements into two separate periods 2009 – 2019 and 2019 – 2024. The two periods have different annual building rates for different councils.

4.10 For Edinburgh, SEPlan allocates 22,300 homes for the period 2009 – 2019 (2230 per year) and 7210 for 2019 – 2024 (1442 per year). The number of completions 2009 – 2019 is reported by the council to be 18,984 (1898 per year as an average).

4.11 For the purposes of this paper, in order to calculate the forward 5 year effective land supply using the average method, both periods have been combined. Using the average method the forward 5 year effective land supply would be:

$$22,300 + 7,210 = 29,510$$

$$29,510 \text{ divided by } 15 = 1,967$$

$$1,967 \times 5 = 9,837$$

4.12 Again, for the purposes of this paper, it is assumed that the total SEPlan allocation up to 2024 is equivalent to the HST. To calculate the forward 5 year effective land supply using the residual method it would be:

$$29,510 - 18,984 = 10,526$$

4.13 In this particular case, as there is 5 years of the plan left to run, that also equates to the forward 5 year effective land supply. The annual equivalent is 2105. The residual method results in a larger figure than the average because the previous shortfall (in completions compared to the planned requirement) are taken into account.

West Lothian

4.14 For West Lothian the SEPlan allocation is 11,420 homes for 2009 – 2019 (1,142 per year) and 6,590 homes for 2019 – 2024 (1,318 per year). It should be

noted that SESplan increases the rate of growth in the second period. From the HLA the average completion rate in West Lothian between 2011 and 2018 is 642 a year.

4.15 Using the average method for the first period only equates to:

$$11,420 \text{ divided by } 10 = 1,142$$

$$1,142 \times 5 = 5,710$$

However if the two periods are combined it equates to:

$$11,420 + 6,590 \text{ divided } 15 = 1,200$$

$$1,200 \times 5 = 6,000$$

4.16 To calculate the forward 5 year effective land supply using the residual method, again for the combined period, it is necessary to take into account completions. The council's 2018 HLA reported 5,189 completions between 2009 and 2018 (577 a year).

$$11,420 - 5,189 = 6,231$$

The total dwelling requirement from 2018 to 2024 would be:

$$6,231 + 6,590 = 12,821$$

There is 6 years of the plan period to run so this would be:

$$(12,821 \text{ divided by } 6) \times 5 = 10,684 \text{ (2,137 annual equivalent)}$$

4.17 Again, the residual method results in a higher figure for the forward 5 year effective land supply because it takes into account the shortfall, which in West Lothian's case is significant. This is compounded by the fact that the 2019 – 2024 allocation increases the build rate still further.

4.18 It should be noted that if the residual method was employed to just the first period it would mean that the outstanding requirement would have to be completed in the final year.

$$11,420 - 5,189 = 6,231$$

The theoretical 5 year requirement would therefore be 31,155 ($6,231 \times 5$). This is an example of a recognised weakness of the residual method. In situations where the actual completions lag behind the planned requirement, as the plan period left to run reduces, the forward 5 year effective supply calculation becomes larger and larger and arguably becomes unrealistic.

Fife

4.19 The development plan situation for Fife is complicated. The southern part of Fife is in SESplan but the northern part is in TAYplan. The SESplan allocation for the southern part of Fife is 17,140 homes between 2009 – 2019 (1,714 per year) and 7,430 between 2019 – 2024 (1,486 per year).

4.20 In the time available it was not possible to get the data to establish the completions in the SESplan area only. However, the total completions for the whole of Fife 2009 – 2019 was 9,666 – substantially less than was planned.

4.21 Using the average method for both periods the forward 5 year supply for Fife would be:

$$(17,140 + 7,430) \text{ divided by } 15 = 1,638$$

$$1,638 \times 5 = 8,190$$

North Lanarkshire

4.22 Clydeplan's allocation for North Lanarkshire between 2012 and 2024 is a HST of 12,720 (1060 per year) and a HLR of 14,630 (1219 per year). In a recent appeal decision (ref PPA-320-2134) there was a dispute as to the number of completions that had occurred between 2012 and 2017 and how demolitions should be taken into account. The council argued that the number of completions was 4,673. However, the appellant argued that the official NB2 returns (building completion certificates) were only 3,170 and that the HST should be increased by 1,700 to account for demolitions. We note that the Clydeplan land monitor reports record the completions as 3,885 for this period. For the purpose of this research paper we have used the Clydeplan figure and ignore that matter of demolitions. The annual average completions between 2007 to 2017 in North Lanarkshire is 824.

4.23 Using the average method the forward 5 year effective housing land supply would be:

$$12,720 \text{ divided by } 12 = 1,060$$

$$1,060 \times 5 = 5,300$$

4.24 For the residual method using the HST the forward 5 year effective land supply would be:

$$12,720 - 3,885 = 8,835$$

As there are 7 years between 2017 – 2024

$$(8,835 \text{ divided by } 7) \times 5 = 6311 \text{ (1,262 annual equivalent)}$$

4.25 For the residual method using the HLR the forward 5 year effective land supply would be:

$14,630 - 3,885 = 10,745$

(10,745 divided by 7) $\times 5 = 7,675$ (1,535 annual equivalent)

Stirling

4.26 The Stirling LDP 2018 states that the HST between 2010 – 2027 is 7,072 (416 a year). The LDP calculates the HLR by taking into account completions between 2010 – 2015. This is stated as a HLR 2015 – 2027 of 6,417 (534 a year). The completions between 2010 and 2019 are 2,361 equating to an annual average of 262 a year.

4.27 Using the average method the forward 5 year effective land supply would be:

$7,072 \text{ divided } 17 = 416$

$416 \times 5 = 2,080$

4.28 For the residual method and using the HST the forward 5 year effective land supply would be:

$7,072 - 2361 = 4,711$

As there are 8 years left to run the calculation would be:

(4,711 divided by 8) $\times 5 = 2,944$ (589 a year equivalent)

4.29 If the HLR is to be used then the completions between 2015 and 2019 need to be considered. From the Council's HLA's 863 completions took place within this period. The calculation would be:

$6,417 - 863 = 5,554$

(5,554 divided by 8) $\times 5 = 3,471$ (694 a year equivalent)

Summary Table

4.30 The above figures from each council area are summarised in the following table for comparison purposes. However, any comparisons need to be treated with caution. Not all the figures are directly comparable because of different sources of information, different periods and some data was hypothetical. Nonetheless, it is considered that comparing the actual annual average completion rate with the implied annual average completion rate for the various different approaches to calculating a forward 5 year effective land supply allows some conclusions to be drawn.

Table 4.1 Summary Table Comparing Methodologies

	Edinburgh	West Lothian	Fife	North Lanarkshire	Stirling
Established supply 2019	30,164	24,846	37,549	22,827	7,483
Plan period	09 – 19 & 19 - 24	09 – 19 & 19 - 24	09 – 19 & 19 - 24	12 - 24	10 - 27
Planned annual average	1967	1200	1638	1060	416
Actual annual average	1898	642	967	824	262
5 yr supply (Average method)	9837	6000	8190	5300	2080
Annual equivalent	1967	1200	1638	1060	416
% Actual annual average	103%	187%	169%	128%	159%
5 yr supply Residual method(HST)	10526	10684	N/A	6311	2944
Annual equivalent	2105	2137	N/A	1262	589
% Actual annual average	110%	333%	N/A	153%	225%
5 yr supply Residual method(HLR)	N/A	N/A	N/A	7675	3471
Annual equivalent	N/A	N/A	N/A	1535	694
% Actual annual average	N/A	N/A	N/A	186%	264%

Conclusions

4.31 All the councils had a high planned house building rate compared to the actual average annual completions. Some would argue that the failure to build what was planned actually demonstrates that councils have allocated many inappropriate and unmarketable sites. However, as demonstrated in the responses to the consultation, many would argue that variations in completions are due to a whole range of factors including overall economic circumstances.

4.32 The average method, using the HST, resulted in the least amount of units necessary to demonstrate a forward 5 year effective land supply. The residual method also using the HST resulted in a higher figure because previous shortfalls were taken into account. The highest forward 5 year effective supply comes from the residual method using the HLR. This is because the HLR is 10% - 20% higher than the HST and therefore any shortfalls will be compounded.

4.33 The argument against the average method is that it does not take into account previous shortfalls and remains the same regardless of actual completions. However, although the residual method does take into account previous shortfalls, it has a practical disadvantage, which is illustrated in 4 of the councils but particularly West Lothian. As previous shortfalls are taken into account, any continuing shortfalls against an increasing requirement means that the forward 5 year effective supply becomes larger and larger until it is unrealistic compared to likely completions. So for West Lothian a forward 5 year supply equates to 10,684 (2137 a year) but the actual annual average completion rate since 2011 is only 642. This tendency is particularly likely towards the end of the plan period.

4.34 It should be noted that in practice, any individual exceptional grant of planning permission is unlikely to address a shortfall quickly (see section 2). A site would require at least one or 2 years after planning permission had been granted before construction could commence. Many sites would need longer. Annual construction rates on any individual sites tend to be limited to a maximum of 50 – 100 units. A typical average would be between 25 and 50. In West Lothian's case, many sites would have to be exceptionally released to make up the shortfall between 2137 and 642 a year. This is does not appear to be practically or economically realistic.

4.35 The rationale behind a forward 5 year effective housing land supply is that there is always sufficient land in the “pipeline”. The scale of forward supply that is considered to be acceptable is a matter of policy judgement.

4.36 In all the council areas there is a healthy established land supply. The challenge to address is how this identified land can get to market, even in relative depressed economic conditions.

5. Accuracy of housing land audits

Purpose

5.1 To review previous research and current Housing Land Audits (HLA) to establish how accurate they are in predicting future housing completions.

Methodology

5.2 The Scottish Government has previously published two research reports considering HLAs. The current guidance for councils is set out in PAN 2/2010. These three documents were reviewed and the key conclusions were identified.

5.3 The 5 councils with the most planning appeals for the exceptional release of land were identified. These were Edinburgh, Fife, North Lanarkshire, Stirling and West Lothian. For each council the online published HLAs were reviewed in an attempt to compare predicted programming with actual completions. Where possible, the predicted programming and actual completions were compared for selected sites. Due to time constraints, only two sites for each council area was chosen. The chosen sites had to be relatively large and almost completed in 2018/2019. This information was not available for North Lanarkshire and only one site could be identified for Stirling.

Literature Review

5.4 In 2008 the Scottish Government published research into HLAs entitled, “*An Assessment of Current Practice in Respect of Preparing and Publishing HLA in Scotland*”. Part of the brief was to establish the accuracy of HLAs. 21 HLAs were considered looking at the programming from 2001 – 2006 and comparing this with actual completions.

5.5 A summary of the findings was as follows:

- 10% of HLAs correctly or under estimated completions
- 90% of HLAs overestimated actual completions
- 10% of HLAs overestimated by 10% or less
- 43% of HLAs overestimated by 10%- 30%
- 20% of HLAs overestimated by more than 50%
- The average overestimate was 27%

5.6 Overall, the researchers concluded that there was an optimism bias in most HLAs in Scotland. The researchers expressed surprise at these findings because 2001 – 2006 was a period of increasing house building completions. They suggested that the likely cause was over optimistic expectations of start dates and over optimistic assumptions as to site programming.

5.7 The report made 16 recommendations for improvements to HLAs. These recommendations formed the basis for the publication of PAN 2/2010, although not all the recommendations were adopted.

5.8 PAN 2/2010 replaced PAN 38, the previous advice relating to HLAs. It set out more guidance for some of the technical aspects of HLA preparation such as small sites, windfalls, demolitions, key information to be presented etc. The aim was to create greater consistency of approach across Scotland. The guidance recognised that an HLA was only a “snapshot” in time and that they were, “widely recognised as less than scientific exercise”. Nonetheless it was emphasised that it was important not to overestimate or underestimate.

5.9 In January 2019 the Scottish Government published further research entitled, “Assessment of Housing Land Audits for Consistency and Compliance, their Potential for Standardisation and their Role in Development Plan Delivery”. The main focus of this research was to see if the guidance in PAN 2/2010 was being followed. The overall conclusion was that there were, “clear, numerous and significant inconsistencies with regard to the content of and outputs from current HLAs”.

5.10 Due to these differences, the researchers found it difficult to establish a Scottish wide picture of completions and programming. They did however attempt to estimate one. They estimated that across Scotland from 2017/18 (date of the research), future programming assumptions would amount to a 10% compound growth in expected completions. The researchers expressed surprise at this finding.

5.11 The researchers also considered that the role of HLAs had changed. Originally they were solely used as a monitoring tool. Increasingly, however, HLAs had become the main mechanism for demonstrating the availability of sufficient effective land to meet the requirement for a 5 year supply.

5.12 Overall, the researchers found that 60% of HLAs were disputed but that the actual rate of disputes (i.e. the number of individual sites) was low. They identified significant differences and difficulties in establishing completions and future site programming.

Edinburgh

5.13 The 5 year programming from 5 HLAs were compared with the reported actual completions. This is shown in the following table

	14/15	15/16	16/17	17/18	18/19
2014 HLA	1086	1944	2442	2499	2077
2015 HLA		1937	1812	1915	1944
2016 HLA			1891	1862	2642
2017 HLA				2226	2267
2018 HLA					2716
Actual completions	1525	2297	2457	2651	2399

(highlighted bold = within +/- 10%)

5.14 Thirteen of the predictions underestimated actual completions, with 2 over estimating predictions. Four predictions were within 10%. The overall degree of underestimation was 17%, the largest underestimation was 30%.

5.15 Two sites were tracked through the different HLAs. In both cases, construction took place quicker than originally predicted. It should be noted that programming was adjusted at each HLA.

Site ref number		Capacity	15/16	16/17	17/18	18/19	19/20	20/21	21/22
5253	Predicted	220	40	40	69	34	34	3	
	Actual		34	46	52	47	(41)		
5463A	Predicted	206		10	6	44	60	60	26
	Actual			25	54	123	(4)		

(Figures in brackets represent latest programme rather than completions)

Fife

5.16 Fife has a complicated development plan context. The southern part is within SESplan and the northern part in Tayplan. Data is reported by housing market areas, the spatial definition of housing market areas has changed. Within the time available it was not possible to clarify how small sites and windfall sites are reported in the different HLAs. However it was possible to compare the programming and completions for the 2014 HLA as shown in the table below. The programming over estimated actual completions for every year. The overall average overestimation was 26%.

	14/15	15/16	16/17	17/18	18/19	Total
Programmed	922	1304	1531	1545	1535	6837
Actual	797	913	1303	1303	1118	5434
Over estimate	125	391	228	242	417	1403
% over estimate	16%	43%	17%	19%	37%	26%

5.17 Two sites were tracked through the different HLAs. In both cases construction took place quicker than originally predicted. It should be noted that programming was adjusted at each HLA.

Site ref		Capa- city	Pre 13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21 on
COW6	Prog	252	31	20	24	24	24	24	25	25	25	50
	Actual	267	31	20	15	79	67	27	25	(3)		
DAC253	Prog	273			40	30	30	30	30	30	30	53
	Actual	273			36	43	81	16	44	(39)	(14)	

5.18 It should be noted from the above that initially site COW6 would have been predicted to contribute 116 units to the 5 year effective supply, whereas it actually contributed 208 units to the 5 year supply. Likewise, site DAC 253 was predicted to contribute 130 units initially but actually contributed 176 units.

North Lanarkshire

5.19 The only available HLA online is the latest 2019 HLA. However, Clydeplan have archived previous land monitoring reports, which includes information for North Lanarkshire. This includes a comparison with predicted completions against actual completions. In the Clydeplan area, the councils have always used a 7 year supply of effective land. The figures and percentages are not therefore comparable to the 5 year supply used by other councils. Predicting 7 years into the future is likely to be more inaccurate than 5 years. Nonetheless, the average overestimation equates to 40%.

	07/14	08/15	09/16	10/17
Programmed	8740	6722	6379	6122
Actual	5667	4845	4478	4881
Over estimated	3073	1877	1901	1241
%	54%	39%	42%	25%

5.20 For North Lanarkshire it was not possible to track any individual sites.

Stirling

5.21 Within each HLA Stirling Council compares the programmed completions from the year before with the actual completions. This is shown in the following table

	05/ 06	06/ 07	07/ 08	08/ 09	09/ 10	10/ 11	11/ 12	12/ 13	13/ 14	14/ 15	15/ 16	16/ 17	17/ 18	18/ 19
Prog	383	386	474	384	306	363	291	263	215	387	337	218	179	233
Actual	263	231	414	204	290	353	311	223	307	304	336	214	192	121
Diff	120	155	60	180	16	10	+20	40	+92	83	1	4	+13	121
%	46	67	14	88	6	3	+6	18	+30	27	0.3	2	+7	93

5.22 Of the 14 predictions compared, 11 were overestimated and 3 were underestimated. Six of the 14 were within 10% of the prediction. However, 2 were over estimated by more than 80%. It should be noted that Stirling has a relatively low level of completions (compared to the larger councils looked at). This means that Stirling would be relatively sensitive to changes in a few sites.

5.23 Only one site could be found to track through successive housing land audits. The actual completions were higher and there was a big increase in the overall capacity of the site.

Site ref		Capacity	15/16	16/17	17/18	18/19	19/20
254	Prog	167	41	34	32	32	28
	Actual	254	63	51	56	47	(37)

West Lothian

5.24 Eight previous HLAs were able to be compared with actual completions as shown in the following table. Nineteen represented an overestimation whereas 11 represented an underestimation. The average size of overestimation was 45% and the average underestimation was 12%. Twelve of the 30 predictions were within 10%.

HLA	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
2011	247	555	683	698	797			
2012		577	554	714	796	777		
2013			573	649	755	875	773	
2014				722	1062	1109	1087	819
2015					654	1449	1373	995
2016						728	1169	1476
2017							639	1145
2018								1073
Actual completions	229	523	615	775	884	587	590	934

(figures in bold within 10%)

5.25 Two sites were tracked from individual HLAs. It turned out that one site stopped construction for a number of years because the original building company went into administration. The site was acquired by several different companies thereafter. However, the site was kept in this study to illustrate the impact of unforeseen circumstances.

Site ref		Capacity	Post 11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	Post 19
Winch	prog	153					12	35	35	35	36	
	Actual	153					12	24	40	41	27	(9)
Harthill	Prog	136	62	0	0	0	0	10	12	10	0	38
	Actual	136	62	3	12	0	0	0	1	16	22	(20)

Conclusions

5.26 The 2008 research generally found that at that time there was an optimism bias in HLAs and that they were not particularly accurate. The 2019 research expressed surprise that so far as a Scottish wide HLA could be developed, the future programming from 2017/18 assumed a 10% compound growth in completions.

5.27 The analysis of HLAs from 5 councils in the central belt was consistent with these findings. Of the 68 programming predictions compared with actual completion data, 41 (60%) were an overestimation.

5.28 However, there was a difference between council areas. In Edinburgh's case, 13 out of 15 programming predictions underestimated actual completions. Approximately a third of predictions in West Lothian resulted in an underestimation and 3 out of 14 in Stirling were an underestimation.

5.29 Generally, programming predictions were not accurate. Only a third of predictions were within 10% of the actual number of completions (i.e. +/- 10%). It should be noted that the 2019 research identified clear, numerous and significant inconsistencies with regard to the content and output of HLAs. In particular, concerns were expressed regarding completion information and how future programming was derived. These are fundamental to the accuracy of a HLA.

5.30 The individual sites were not selected in order to be representative of sites across central Scotland. However, all but one finished faster than originally predicted. It is clearly difficult to accurately predict how many houses will be constructed even beyond 2 years later. As a HLA is a sum of many individual programming predictions it is not surprising that inaccuracies occur.

5.31 If the role of HLA is as a monitoring tool that is annually updated, then the consequences of any inaccuracies are not serious. However, if its role is to identify the stock of effective housing land, then it is clear that it is not a reliable mechanism. In some instances, they have been shown to be very unreliable.

5.32 If generally HLAs overestimate the number of completions that actually take place, that does not indicate that there is a general shortage of housing land constraining housing unit outputs. That would more likely to be the case where actual completions exceeded expectations. This only occurred regularly in Edinburgh.

5.33 PAN 2/2010 defines effective housing land 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, and will therefore be available for the construction of housing*". Councils are expected to make a judgement as to the overall effectiveness of a site based on the following criteria, ownership, physical, deficit funding, marketability, infrastructure and land use. Marketability is the criteria which is the hardest to apply because it is changeable and subjective. What is or is not an effective site is therefore a matter of judgement and not a matter of fact.

5.34 There is generally little dispute as to what constitutes the established supply of land. The effective housing land supply will be subset of the established supply but the actual scale will be impossible to determine with any precision and it will change depending on market conditions. The expected future programming of housing completions over a 5 year period will be a subset of the effective housing supply. It is likely to be smaller than the effective supply but again is impossible to define with any precision. The actual number of completions will be a subset of the likely programmed completions. Generally, this is less than the programmed number of completions but this can vary depending on local market circumstances.

5.35 The supply of effective housing land is a dynamic variable, and to some extent a matter of judgement. HLAs are unable to predict future programming with any accuracy and should therefore be considered in broad terms rather than as a precise measure of the amount of effective housing land.

6. Using HOPS Planning Performance Data to Establish Housing Land Availability For Scotland.

Purpose

6.1 The purpose of this assessment is to discuss whether the HOPS planning performance data submitted as part of the SPP Consultation can be used to establish a Scottish wide perspective regarding housing land availability. In addition, assuming the data could be used, it considers what conclusions can be drawn from it.

Planning Performance Data

6.2 HOPS planning performance data was included as Appendix B to HOPS response to the SPP Consultation. For each of the 34 planning authorities in Scotland it contains 6 data sets for 2018/19 and 2017/18:

- Established housing supply;
- 5 year effective housing land supply (programming);
- 5 year housing supply target;
- Number of years effective supply;
- Housing approvals; and
- Housing completions over the last 5 years.

6.3 The information used in Appendix B of the HOPS response is derived from the annual planning performance framework reports from each planning authority for the period 1 April – 31 March. HOPS has published a guidebook, which includes various templates to ensure consistency.

6.4 Nonetheless, the data is compiled from each council's own report. A key source of the information used in Appendix B is the housing land audit. A draft housing land audit or an older audit may form the basis of the report because of the different timings of the land audit process and the performance reporting process. Some rural councils do not produce annual land audits. Different councils adopt different approaches to the housing land audit and it is assumed the data used is the council's position and not necessarily shared by stakeholders.

6.5 The 5 year housing supply target figure will also be sensitive to the date of the adopted local development plan. For example, a different figure may apply if a new local development plan has subsequently been adopted. In SESplan authorities, SESplan did not set a housing supply target as set out in the current SPP because it was approved before 2014. In Fife, calculating a single housing supply target is difficult because Fife is split between two SDP areas. We note from West Lothian's framework report that they have used SESplan 2 figures, which has no planning status.

6.6 Different councils monitor house completions in different ways. Some use building control completion information. Others, do their own independent monitoring. Completion data may not therefore be strictly comparable.

6.7 Our interpretation of Appendix B of the HOPS report has been undertaken with caution as it appears that there may be examples of missing data and some potential inconsistencies.

6.8 Nonetheless, it is a Scottish wide data set derived from published sources using common definitions and capable of verification and sufficient for the purposes of providing a broad indication of the scale of housing land available across the country as a whole.

Comparing the 5 year effective housing land supply (programming) with the 5 year housing supply target

6.9 Assuming that the figures in Appendix B are more or less correct, comparing the forward programmed 5 year effective supply with the 5 year housing supply target would indicate for Scotland and each council area whether there was sufficient housing land available. Making this comparison, only 5 councils would have a shortfall; Moray, Falkirk, East Ayrshire, Dumfries and Galloway and Clackmannanshire. If the National Parks are removed from Appendix B (in order to avoid any risk of double counting) then for Scotland in 2018/19 at least, approximately 160,000 units were programmed over the next 5 years. This compares to a planned requirement of 110,000 units. These two figures equate to an annual average of 32,000 and 22,000 respectively. It should be noted that the recent highest annual completions in Scotland (ignoring conversions and rehabs) was approximately 26,000 in 2007/08.

6.10 That suggests that there is a very healthy supply of land not only with potential for housing but actually programmed to be built over the 5 years from 2018/19. The total programmed is not only significantly higher than the scale of development set out in development plans but significantly higher than the recent maximum number of annual completions.

6.11 If the 5 year housing supply target is effectively the 5 year supply requirement using the average method, it also indicates that if the average method is used (as advocated in the SPP consultation) it is likely that only a few council areas would have a shortfall, where an exceptional release of land would be justified. However, the above comparison does not take into account any previous shortfalls.

Comparing the 5 year housing supply target with the previous 5 year completion data

6.12 In making this comparison it is important to note that we are trying to compare a 5 year forward projection with 5 years of historic completion information. They cover different time periods. However, when this is done, and again assuming Appendix B is accurate, only 8 councils have previous completions higher than the planned requirement; Aberdeenshire, Western Isles, East Dunbartonshire, East Renfrewshire, Edinburgh, Orkney, Renfrewshire and South Lanarkshire. Across Scotland, a planned requirement of approximately 110,000 (equivalent to 22,000 a year) can be compared to previous completions of 88,000 (equivalent to 17,500 a year).

6.13 It would therefore appear that in many council areas and certainly for Scotland as a whole, previous completions have fallen behind planned requirements. However, as the forward programmed supply of effective land is 160,000 units (32,000 a year) it would appear unsound to attribute this to a lack of effective housing land.

6.14 It is not easily possible to compare the number of councils who would have a shortfall if the residual method was used, apart from acknowledging that it is likely that it would be many more than using the average method. To calculate the 5 year supply requirement using the residual method requires a council specific calculation based on completions during the development plan period and how many years the approved development plan has left to run. The premise of the residual method is that the only way to rectify a backlog in housing completions (compared to planned requirements) is to release more land. This would only be an appropriate policy response if the reason for the shortfall was primarily and/or solely due to housing land availability. Housing land availability may well be a local factor, but most commentators would argue that low completions at a Scottish level compared to planned requirements (and especially future programming) is most likely due to a combination of factors including the capacity of the housebuilding industry, wider economic context, finance availability and social housing programmes.

Scottish Overview

6.15 Assuming that Appendix B is more or less accurate, the Scottish wide picture is that land has been identified as suitable for housing for approximately 390,000 units. In 2018/19, 160,000 of these were programmed to be built over the next 5 years (i.e. 32,000 a year) compared to a planned requirement of 110,000 (22,000 a year). These figures can be compared with 88,000 completions over the last 5 years (i.e. 17,500 a year).

Conclusions

6.16 Analysis of the HOPS Scottish wide data does not support the hypothesis that the only reason that completions in Scotland have lagged behind planned requirements is due to insufficient effective housing land. Instead, it suggests that there are wider issues in terms of delivering more housing units than has been achieved over the last few years.

6.17 Using the average method would mean that most councils would not have an identified housing shortfall. On the other hand, if the residual method was used it is expected that more would. Neither method can be viewed as entirely accurate or reliable in reaching a firm conclusion on the adequacy of the land supply.



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