

Housing Supply Target Evidence Paper for the Development of the Local Housing Strategy 2016-2021

Housing Development Section

April 2016

**North Lanarkshire Council
Local Housing Strategy 2016-21
Housing Supply Target Evidence Paper**

1. Introduction

1.1 The Housing Supply Target (HST) sets out the estimated level of additional housing that can actually be delivered on the ground over the period of the Strategic Development Plan (SDP). This short paper provides the background to North Lanarkshire's HST for the period 2016-21, that is, the period of the Local Housing Strategy.

2. Process

2.1 The HST methodology was developed by the Glasgow Clyde Valley (GCV) Housing Market Partnership over the period September 2014 – June 2015¹.

2.2 The development process comprised:

- Review of guidance, agreement on the judgement factors to be used, agreement on the template approach to be adopted (4 September 2014)
- Request for draft HSTs based on Stage 1 draft Housing Estimates, to enable the approach and method to be developed and to consider the implications of the draft HSTs for the SDP Main Issues Report (4th September 2014);
- Request for second draft HSTs based on Stage 2 Adjusted Housing Estimates (20th November 2014);
- Publication of the Housing Needs and Demand Assessment (HNDA2) (for assessment by Scottish Government) including Adjusted Housing Estimates (January 2015);
- Publication of the SDP Main Issues Report which was consultative on the matter of the approach to the HSTs (January 2015);
- Publication of the HNDA2 Background Report 07, "Beyond the Housing Need and Demand Assessment: The Proposed Approach to Setting Housing Supply Targets and the Strategic Housing Land Requirement." (January 2015);
- Request for draft HSTs at LA sub-area level (private sector);
- Review of completed templates and their implications;
- Agreement on the draft HSTs and the housing land requirement.

2.3 A set of ten factors, based on Scottish Government Guidance, were included in the HST template. These were:

- environmental factors
- social factors

¹ The work was initially undertaken by the Toolkit and Methodology Sub Group (Sep – Dec 2014) and then by a specially convened short-life HST Working Group (May – Jun 2015)

- economic factors which may impact on demand and supply
 - capacity within the construction sector
 - the 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
 - housing stock brought back into effective use
- 2.4 The template adopted was straightforward, requiring the impact of each factor to be recorded. Where the scale of the impact could not be quantified (and it was assumed, this would be the general case), a ‘+’ or a ‘-’ sign was entered depending on whether the factor increases or decreases the adjusted Housing Estimate (or left blank, where no net impact was envisaged). Factors could be excluded where justified, where it was not relevant to an area, or where it was considered that two of the factors duplicated each other. The assessment was supported by a brief note of the evidence used to justify any adjustments.
- 2.5 As noted above, authorities completed the template on three occasions. This enabled the data collection method and the data collected to be refined. It also revealed that only a few of the factors had a significant impact on the draft final HSTs in any of the partner authorities. In particular, availability of resources (factor 6) had a depressing effect on the social rent/below market rent sector.
- 2.6 The completed North Lanarkshire template is attached as Appendix 1.

3. Estimates

- 3.1 The housing supply targets were developed as follows (see table 1 below):
- Stage 1: Housing estimates:** The net need for additional housing (housing estimates) was generated in HNDA2. This shows the housing estimate broken down into private sector (owner occupied + private rented sector) and social rented (social rent + below market rent). The estimates for the private sector have been further disaggregated to the three housing submarket areas (Airdrie Coatbridge, Cumbernauld and Motherwell).
- Stage 2: Adjusted housing estimates:** The impact of mobile demand, that is demand from outside North Lanarkshire that is not reflected in the basic housing estimates, was then taken into account in the adjusted housing estimate. The effect of this is to increase the private sector demand by 22% over the period 2012 – 2029 (3,242). There was a presumption that any mobile social rented demand is captured within the first stage data, so no further adjustment was required to the social rented sector housing estimate.

Stage 3: Annual adjusted housing estimate: The Strategic Development Plan covers the period 2012 to 2029. The adjusted housing estimate was therefore divided by 17 to provide an annual estimate. This assumes that housing need and demand will be addressed smoothly over the Strategic Development Plan period.

Stage 4: Annual Housing Supply Targets (HSTs): Annual HSTs were estimated taking into account the Strategic Housing Investment Plan’s realistic level of funding, and consideration of the other assessment factors. This assessment concluded there would be funding for 300 social rented units per annum. The difference was added to the private component, maintaining the overall target total of 1,059. It was assumed that the private sector supply will include entry-level housing and intermediate options, which will contribute to addressing identified housing need.

Across GCV the HSTs have been produced at the local authority level for the private sector and social rent, and at housing market sub area level for the private sector where appropriate. In North Lanarkshire, which comprises three self-contained housing sub market areas, private sector HSTs have been produced at the local authority level and the housing sub market area level.

Stage 5: Annual requirement: A margin of generosity was added to the annual housing requirement to determine the annual land requirement. Consequently, 10% generosity was added to the private sector target, giving a total of 1,135 per annum.

Table 1: Housing land requirements

	Private sector				Social rented sector	North Lanarkshire total*
	Airdrie Coatbridge	Cumbernauld	Motherwell	Total		
Housing estimate 2012-29	3,255	2,325	3,720	9,300	5,469	14,769
Adjusted estimate 2012-29	4,390	3,136	5,017	12,542	5,469	18,011
Annual estimate	258	184	295	738	322	1,059
Annual HST	266	189	304	759	300	1,059
Annual requirement	293	208	334	835	300	1,135
HST 2016-21	1,330	945	1,520	3,795	1,500	5,295

Source: North Lanarkshire Local Development Plan Main Issues Report

* Note: totals do not always sum to row values due to rounding in the calculations

4. Status of the estimates

4.1 At this time, the estimates cited in the report have progressed through a series of stages:

- The housing estimates were produced using the HNDA Tool and published in the GCV HNDA2. HNDA2 was assessed as robust and credible by Scottish Government in May 2015.

- The adjusted housing estimates were also included in HNDA (TR07). However, because they relate to the HSTs, a matter beyond the scope of the HNDA, they were not included in the robust and credible assessment. They are instead covered by the assessment letter issued by the Centre for Housing Market Assessment.
- North Lanarkshire's initial HSTs were approved by NLC housing and planning conveners (August 2014), subject to further adjustment with respect to mobile demand and so on. The annual HSTs (stage 4 above) were subject to consultation in the North Lanarkshire Local Development Plan Main Issues Report.
- The initial HSTs and Annual Housing Land Requirement were published for in the proposed Strategic Development Plan for consultation in January 2016. Scottish Ministers may amend the proposed Strategic Development Plan, following an examination of representations received. The approved Plan is expected to be published in the spring of 2017.
- The HSTs were amended following the LHS consultation to take account of the government's increased target, and the consequential increased budget, for affordable housing. This revision comprised an increase from 220 to 300 each year for social sector and a corresponding decrease in from 839 to 759 each year for private sector. The overall HST remains unchanged at 1,059.
- The revised HSTs will be included in the proposed Local Development Plan, which is due to be published by September 2016. The approved Local Development Plan is expected to be adopted, including any modifications required, following examination in 2017.

Appendix 1: NLC Template

Factors	Description	Private Sector* (+/-)	Evidence	SR&BMR Sector (+/-)	Evidence
Adjusted Housing Estimate (Fig 5.13)		738pa		322pa	
Judgement-based factors	1. Environmental factors		The cost of meeting increasingly rigorous new build environmental standards has the potential to depress recovering demand.		
	2. Social factors				
	3. Economic factors which may impact on demand and supply			+	Pressure on the need for social housing as a result of the ongoing impacts of welfare reforms and the economic decline. Within inadequate supplies, waiting lists are growing, and people are forced to rely on sub-optimal alternative sources (poor quality housing options, zero-hours contract jobs, food banks)
	4. Capacity within the construction sector		Capacity/Deliverability - Private sector completions 7.6% effective private land supply and social sector completions 9.6 effective social land supply (Housing Land Supply 2012)		
	5. The potential inter-dependency between delivery of market and affordable housing at the local level	+	The all tenure approach to setting the HSTs means that any deficit in achieving social targets will be addressed in the private sector. In terms of meeting affordable housing need, this will be addressed through the AHP, to deliver a variety of affordable products across the North of the authority, as well as a series of other initiatives, such as the EHPS which operate across	+	The AHP generates resources from the private sector to fund the delivery of social housing to meet identified need

Factors	Description	Private Sector* (+/-)	Evidence	SR&BMR Sector (+/-)	Evidence
			the whole authority.		
	6. Availability of resources			-	The number of social units developed is constrained by the levels of resources available. Based on RPAs of £11m per annum 205 social units can be expected and based on £12m per annum 225 social units
	7. Likely pace and scale of delivery based on completion rates				See criterion 6
	8. Recent development levels				See criterion 6
Stock Projection factors	9. Planned demolitions	-	Already taken into account for private sector as part of supply/demand comparison (Table 7.2 of TR07)		
	10. Housing brought back into effective use	-	Already taken into account for private sector as part of supply/demand comparison (Table 7.2 of TR07)		
Transfer between tenure (number)		101pa			
Total Adjusted Housing Estimate 2012-24		839pa		220pa	