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HOMES FOR SCOTLAND

RESPONSE TO EAST DUNBARTONSHIRE LDP2 INITIAL CONSULTATION

FEBRUARY 2019

Homes for Scotland (HFS) is the voice of the home building industry in Scotland, representing some 200 companies and organisations which together deliver the majority of the country's new homes.

We are committed to improving the quality of living in Scotland by providing this and future generations of Scots with warm, energy-efficient, sustainable homes in places people want to live.

HFS makes submissions on national and local government policy issues affecting the industry. Its views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from our member companies.

RESPONSE TO EAST DUNBARTONSHIRE LDP2 INITIAL CONSULTATION

Introduction

1. Homes for Scotland welcomes the opportunity to provide comments on what we consider to be the key priorities for the emerging Local Development Plan at this early stage in the plan-making process. We are grateful to have had the opportunity to meet with Officers recently to learn more about the work done to date and to discuss the key priorities for our members.

2. This submission provides evidence which demonstrates there is a substantial need and demand for new homes within East Dunbartonshire. Allocating sufficient land to meet the needs of a growing population and to address growing affordability pressures should be a key priority for the emerging LDP. Doing so will yield important additional economic benefits. Homebuilding creates new jobs, new customers to enhance the viability of existing businesses and delivers significant fiscal benefits to the Council and Scottish Government through Council Tax, Land and Buildings Transaction Tax (LBTT) and developer obligations (e.g. s.75 agreements)

The Need for New Housing in East Dunbartonshire

3. There is an immediate need for new housing in East Dunbartonshire, both to meet the needs of the growing population and to first arrest and then seek to reverse the trend of declining affordability. These issues are addressed in turn below.

Demographics

4. The latest 2016-based National Records for Scotland household projections are shown in Figure 1 (next page). Over the next 10 years (2019-29) the number of households in East Dunbartonshire is expected to increase by 2,877 or 6%. Between 2018 and 2032, 10 years from the anticipated date of adoption for the new plan, household growth is expected to total 4,094 or 9%.

5. In addition to this, data from the Scottish Household Survey (SHS) and Scottish House Condition Survey (SHCS), gathered between 2013-15, showed that there were 900 households containing at least one concealed family in East Dunbartonshire. A concealed family is classified as follows by the ONS

    a. young adults living with a partner and/or child/children in the same household as their parents

    b. older couples living with an adult child and their family

    c. unrelated families sharing a household

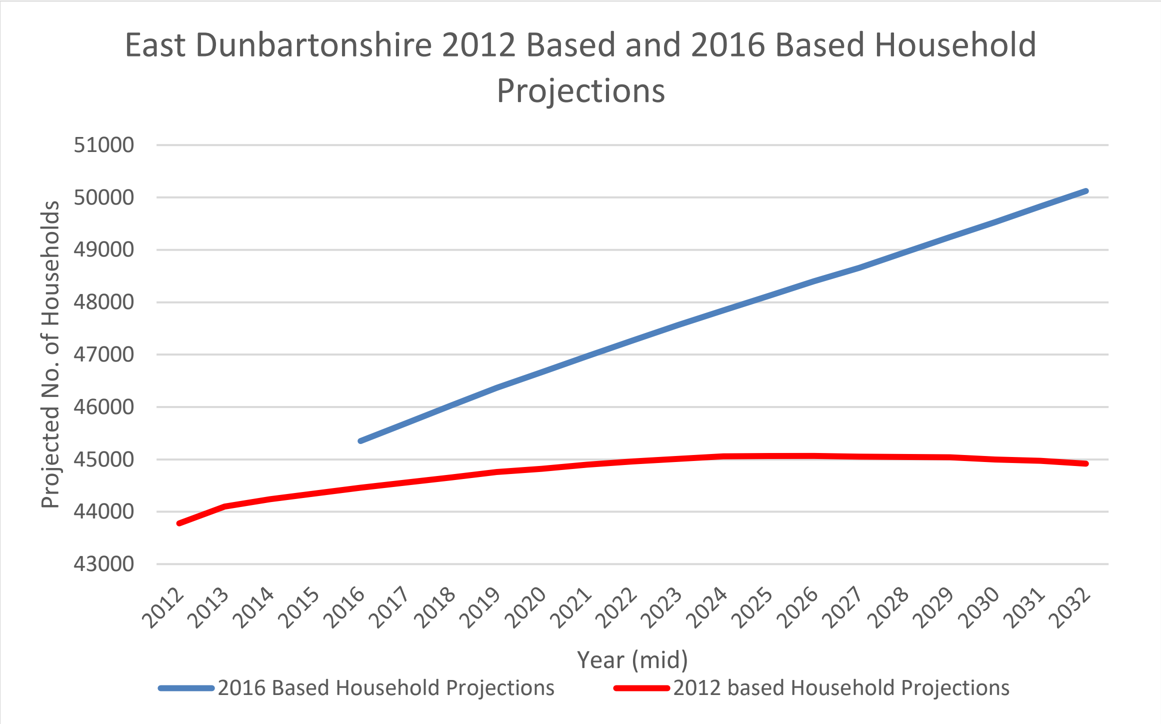
6. As such it is notable that concealed household statistics do not include single adults living with their parents who aspire to having a home of their own, a couple living in shared accommodation with other single adults, or single adults sharing with other single adults. The aspiration of concealed families, single adults or households in unsuitable accommodation to live in a property of their own is therefore not captured in the household projections or in Housing Need and Demand Assessments (HNDA).

7. This shortcoming was highlighted in a recent report commissioned by Crisis and the National Housing Federation. It stated that the *"analysis does support our initial contention that excessive reliance on household projections as a basis for housing targets is seriously flawed"* (p. 39). It explains how, given the projections are based on past trends, previous under delivery of housing would lead to reduced projections as insufficient supply suppresses household formation.

   "While household projections are still used, they are not as central to this new method. As noted in the introduction to this report, one of the key reasons for this is that the projections themselves are based on existing trends; this raises the very real possibility of the effects of historic under-supply of new housing being perpetuated. If household growth has been artificially suppressed by the under-supply of new housing, then basing future need calculations on those lower growth figures will by necessity under-estimate that need." (p. 24)

8. The household projections must be viewed in this context. They do not take account of the current backlog of unmet need or address the aspiration of many individuals and families to have a home of their own.

Figure 1: Projected Household Growth to 2032



9. Even without making adjustment for the deficiencies discussed above, the most recent household projections (2016 based) are starkly different to the 2012-based figures on which Clydeplan is based (Figure 1). By the time East Dunbartonshire's LDP is adopted in 2022, the Clydeplan evidence base will be 10 years old. Updated evidence is therefore relevant in understanding what challenges the emerging LDP may need to address.

10. If the current legislative / policy framework is still in place an updated Strategic Development Plan (SDP) based more up to date evidence would be scheduled to

take effect at a similar time to the new LDP. The housing targets in the SDP would take precedence once it is adopted.

11. Similarly, if a legislative / policy framework with nationally set housing targets was in place, these would, it is assumed, be based on more up to date evidence and may take precedence. Therefore, to ensure the plan is up to date upon its adoption and in order for its policies on housing supply and other housing issues to remain relevant over the plan period, it is important that consideration is given to newly available evidence.

12. The Housing Supply Target for East Dunbartonshire between 2012-29 in Clydeplan is 2,260. However, the 2016-based population projections show an increase in households of 5,464 households over the same period. Furthermore, delivering this quantity of new homes would only meet the need of newly created households, it would not address existing need and aspiration nor would it address affordability pressures or supressed household formation rates.

13. The latest data available indicates that Clydeplan targets significantly underestimate the level of need and demand for new homes in East Dunbartonshire. It demonstrates that there is a continued need for a substantial number of new homes to be delivered in East Dunbartonshire.

Affordability

14. In addition to the updated demographic evidence outlined above the new plan should also take into account market signals. East Dunbartonshire remains an area where demand for new homes is high across all tenures. Median house prices in Dunbartonshire over the last year for which information is available Q4 2017 – Q3 2018 increased by 34.3% in the 8 years since Q4 2009 – Q3 2010. Average median figures over the year have been used to smooth out quarterly fluctuations. This is the 3rd largest (relative) increase over the period of all Local Authorities in Scotland (Table 1).

Table 1 Median House Price Change (ROS data)

Q4 2009 - Q3 2010 to Q4 2017 - Q3 2018 Change in Median House Prices			
Position	**Local Authority**	**Nominal Increase**	**Relative Increase**
1	Shetland Islands	£55,963	55%
2	East Renfrewshire	£62,049	36%
3	East Dunbartonshire	£53,968	34%
4	Orkney Islands	£32,081	29%
5	Edinburgh, City of	£44,731	26%

15. This increase is significantly above inflation. It is also substantially above the increase in workplace-based earnings in East Dunbartonshire (nomis). Between 20010-18 median full-time weekly earnings decreased by 3%. Using 2009 as the starting point instead shows a 7% increase illustrating that the figures are subject to some fluctuation. However, the overall trend shows essentially negligible nominal wage growth over the period. The affordability of housing has therefore decreased over the period.

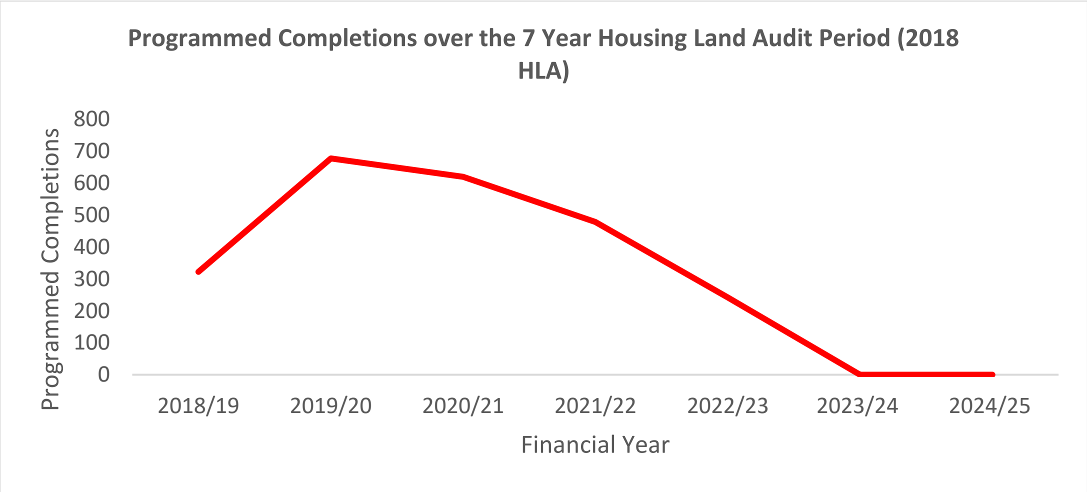
16. The Q3 2018 median house price (£221,250) was 8.3 times gross median full time earnings in 2018 (£26,686), an increase from 6.2 in Q3 2010. This demonstrates significant affordability pressure in the East Dunbartonshire housing market. This needs to be dealt with in addition to the existing unmet need and projected increase in household numbers by allocating new effective land for housing.

Meeting Need and Demand for Housing

17. East Dunbartonshire has recorded 2,168 completions between 2012-17 or an average of 361 dwellings per annum (dpa). EDC data for 2017-18 is not available, but Scottish Government figures show 331 completions in 2017-18. Looking ahead the agreed 2018 housing land audit programmes an average of 468 dpa until 2022-23. However, thereafter no more completions are anticipated, as the only remaining sites are constrained with a total capacity of c. 400 dwellings.

18. As homebuilders plan site preparation and the delivery of new housing over a 3-5 year period there is now an urgent need for more land to be made available beyond 2022/23. After this there are currently programmed to be no allocated sites capable of delivery (Figure 2).

Table 2 Programmed Housing Land Supply 2018/19 - 2024/25



19. The declining supply means there is an urgent need for the planned release of more sites to address the demographic and affordability changes outlined above.

The Economic Benefits of Home Building

20. A 2015 report for Homes for Scotland by Lichfields found that each home built supported on average 4.1 jobs (either direct, indirect or induced). Applying this ratio to recent average completions rates in East Dunbartonshire suggests that homebuilding supports approximately 1,500 jobs annually. Homebuilding is a labour intensive industry which relies on skilled local subcontractors, as such the jobs created have an important local footprint.

21. Home building also delivers very substantial fiscal benefits, particularly to Local Authorities through increased Council Tax receipts and S.75 contributions. Homes for Scotland's recent _Barriers and Solutions Discussion Paper_ set out a worked example

showing the various taxes paid on a new housing site. It showed that the tax take amounted to 46% of the gross land value with further Council Tax and LBTT payable by the incoming home owners.

22. In addition to addressing the needs of a growing population and affordability pressures, increasing home building would also deliver significant benefits to the local economy and the Council's finances.

Conclusion

23. Homes for Scotland is grateful for the opportunity to put forward our comments at the early stage of the plan-making process. We consider that the evidence in this submission clearly demonstrates the importance ensuring sufficient land supply is made available to allow an increased rate of home building to be realised.

24. To ensure that need and demand is met and that affordability pressure can be addressed there is an urgent need for the allocation of new effective sites for suitable for new homes. We look forward to the opportunity to continue to work collaboratively with Officers over the remainder of the plan preparation process to ensure the emerging LDP seeks to meet the needs and aspirations of those who want to live and work in East Dunbartonshire.

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