Customer Ref: 01555 **Response Ref:** ANON-KU2U-GPUW-A **Supporting Info** Yes

Name Susan Laidlaw **Email** susan.laidlaw@persimmonhomes.com

Response Type Developer / Landowner

On behalf of: Persimmon Homes

Choice **1 A**

We want to connect our places, parks and green spaces together as part of a city-wide, regional, and national green network. We want new development to connect to, and deliver this network. Do you agree with this? - Select support / don't support

Short Response Yes

Explanation As an overarching principal, increased connectivity between green networks is supported. The Council will need to work with its partners to promote such networks, and are best placed to lead on this front. Whilst new development can be a component in achieving this aim within development sites, if new development is also being expected to fund the wider ambition it can only realistically be insofar as contributions sought fairly and reasonable relate to the proposed development or else developers end up paying twice.

Choice **1 B**

We want to change our policy to require all development (including change of use) to include green and blue infrastructure. Do you agree with this? - Support / Object

Short Response No

Explanation We do not agree as insufficient information has provided to allow us to fully understand the implications of such a policy and we are concerned that it would apply to all developments. There have been many instances in other local authorities where the aspirations of the local authority have been unable to align with the requirements of Scottish Water (particularly in the context of the design of SUDs ponds) and their requirements for vesting of such infrastructure.

It is not clear how some change of use/brownfield sites (unless referring specifically to complete redevelopment of such sites) would be able to accord with such a policy, particularly in light of other proposals set out in the document relative to minimum housing density. The aspiration may be correct but significantly more information is required to understand the implications.

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Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **1 C**

We want to identify areas that can be used for future water management to enable adaptation to climate change. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Choice **1 D**

We want to clearly set out under what circumstances the development of poor quality or underused open space will be considered acceptable. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Customer Ref: 01555 **Response Ref:** ANON-KU2U-GPUW-A **Supporting Info** Yes

Name Susan Laidlaw **Email** susan.laidlaw@persimmonhomes.com

Response Type Developer / Landowner

On behalf of: Persimmon Homes

Choice **1 E**

We want to introduce a new 'extra-large green space standard' which recognises that as we grow communities will need access to green spaces more than 5 hectares. Do you agree with this? - Yes / No

Short Response No

Explanation The proposed increase from 3 hectares is not specifically justified nor fully understood and it is further noted that the figure associated with large green space standard would appear to be 2 hectares in the Council's current Open Space 2021 strategy. We are unable to comment specifically on this proposal without a fuller understanding of what criteria are being proposed to test such a standard, and what account is being taken of existing spaces and how these large spaces will be owned/managed. Whilst it is assumed that this will be relative to the accessibility to spaces of this size being available within a specified distance, however, neither this distance nor what actually constitutes such a green space is set out or discussed within the document.

Choice **1 F**

We want to identify specific sites for new allotments and food growing, both as part of new development sites and within open space in the urban area. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A
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On behalf of:	Persimmon Homes		

Choice **1 F**

We want to identify specific sites for new allotments and food growing, both as part of new development sites and within open space in the urban area. Do you agree with this? - Upload (max size 3mb)

Short Response No

Explanation

Choice **1 G**

We want to identify space for additional cemetery provision, including the potential for green and woodland burials. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Choice **1 H**

We want to revise our existing policies and green space designations to ensure that new green spaces have long term maintenance and management arrangements in place. Do you agree with this? - Yes/No

Short Response No

Explanation Insufficient detail has been provided and it remains unclear as to whether the terms relate specifically to green space within proposed developments or whether this is to be applied to potential new green spaces for public use within the locality. Whilst factoring may well be appropriate for many greenspaces which are associated with a specific development, it would not appear to be proper for residents of individual developments to meet the costs associated with the long-term maintenance of large public greenspaces.

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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **2 A**

We want all development (including change of use), through design and access statements, to demonstrate how their design will incorporate measures to tackle and adapt to climate change, their future adaptability and measures to address accessibility for people with varying needs, age and mobility issues as a key part of their layouts. - Yes / No

Short Response No

Explanation To some extent, we agree that these are relevant considerations but are of the opinion that many of these issues will already be adequately addressed under other policies. We therefore consider care should be taken to avoid duplication and adding unnecessarily to the significant amount of documents already required to accompany planning applications adding time and cost to both their preparation and processing. Such policy changes will require to be implemented in association with a full understanding of what is technically achievable and having regard to other regulatory regimes such as the building standards. Planning policy which conflicts or goes beyond other statutory requirements causes confusion and delay and adds unnecessarily to costs.

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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **2 B**

We want to revise our policies on density to ensure that we make best use of the limited space in our city and that sites are not under-developed. Do you agree with this? - Yes / No

Short Response No

Explanation

Whilst Persimmon agree that the Council should seek to ensure the efficient use of land, we do not agree that seeking a minimum of 65 dwellings per hectare will be appropriate in all cases and may indeed have a detrimental impact upon the character of some sensitive areas. It would appear that the Consultation Paper is seeking views on the following aspects:1. A minimum gross density of at least 65dph for all housing development;2. A minimum gross density of 100dph in as yet unspecified locations which are identified for ‘higher density development’3. A policy on a vertical mix of usesWe will therefore cover each aspect separately below.1. Minimum Gross Density of at least 65 dwellings/hectareIt is understood from discussions with Council Officers that the 65 dwellings/hectare figure has been derived from taking the average density of new developments within the city between 2008 and 2018. Persimmon has been closely involved in the preparation of the Homes for Scotland response on the Choices for City Plan 2030 consultation document and agree with their calculations that the average is figure for this period actually amounts to 63 dwellings/hectare and when also by taking the 2019 completions into account this figure drops to 59 dwellings/hectare. Likewise, more detailed assessment actually indicates that the average is actually 70 dwellings/hectare on brownfield sites and 30 dwellings/hectare on greenfield sites. It is therefore considered that the evidence base used to justify the minimum of 65 dwellings/hectare is unjustified and that setting a minimum of 65 dwellings/hectare across the City may actually be construed as planning to fail.Application of a minimum density of 65 dwellings per hectare is likely to have an undesirable impact upon the City’s housing market, in that, it will severely limit the range and choice of homes which can be built within Edinburgh. This will result in very few homes being built which have private garden space and will force developers to provide principally flatted accommodation in all locations. It is anticipated that the application of such a policy would force those looking for private garden space or family accommodation to look outwith the City boundary which would be at odds with the Council’s proposed strategy to increase active travel and minimise the reliance on private vehicles. The application of this proposed policy across the City will put sensitive areas and those with specific features at risk by incorporating new development which does not align with the existing character of such areas. Furthermore, application of this policy alongside other design-led policies included in the Plan may result in future housing allocations being unable to deliver the housing numbers that were anticipated of them. Delivering a range of densities across the city, and even within larger sites, is a sensible approach but this seems like a very blunt tool in trying to look at density in isolation without taking other location, design or market considerations into account.2. A Minimum Density of 100 Dwellings/hectare in specific locationsPersimmon Homes remains supportive of using land efficiently and has no objection to increasing densities on sites which are well located to public transport, local facilities and where this will have no adverse impact upon the characteristics of the surrounding area. It would, however, be helpful if such locations were identified within the Consultation Draft.3. A Vertical Mix of UsesIt is agreed that there may be some locations, such as the city centre where a vertical mix of uses may be possible. It is however anticipated that these sites will be in the minority and generally located in areas with high footfall. In our experience, mixing uses tends to create amenity issues unless careful controls are associated with the non-residential element of such schemes. This policy may be more appropriate to brownfield sites in established commercial areas or to ensure the incorporation of local facilities in less established residential areas but it is anticipated that the demand for such facilities in new residential development would be limited. In summary, we do not consider that the policy option set out at 2B is appropriate as it does not allow sufficient flexibility to protect the individual character of some areas and does not allow sufficient flexibility provide a full range and choice of housing opportunities. In this respect, we would support that the Council should potentially consider using their existing policy (or a slight variation thereof) which is set out as Option 2E.

Choice **2 C**

We want to revise our design and layout policies to achieve ensure their layouts deliver active travel and connectivity links. Do you agree with this? - Yes / No

Short Response No

Explanation Whilst Persimmon agree with the Council's aspiration to incorporate active travel and connectivity links and recognise the positive benefits these can deliver – we do not believe that sufficient supporting detail has been provided to allow us to assess the implications of the proposed policies. We remain of the opinion that existing policies are probably sufficient relative to smaller sites and that more strategic sites are likely to be the subject of development briefs or masterplans which are prepared in association with the site owner or developer.

Choice **2 D**

We want all development, including student housing, to deliver quality open space and public realm, useable for a range of activities, including drying space, without losing densities. Do you agree with this? - Yes / No

Short Response No

Explanation While this policy sounds agreeable – we will again need to see the detail of the policy wording to be able to comment more comprehensively. We would have to raise some concerns on how this may be implemented in the context of meeting any proposed requirement for minimum densities. That said, questions over the calculation of any minimum density in the context of whether this is calculated on a gross or net basis would be significant in the industry being able to provide sufficient open space and public realm.

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On behalf of:	Persimmon Homes				

Choice **3 A**

We want all buildings and conversions to meet the zero carbon / platinum standards as set out in the current Scottish Building Regulations. Instead we could require new development to meet the bronze, silver or gold standard. Which standard should new development in Edinburgh meet? - Which standard?

Short Response Current Building S

Explanation Whilst Persimmon supports the requirement to reduce carbon dioxide emissions, we remain firmly of the view that emissions standards for new buildings should continue to sit within the Building Standards regulatory regime. It is anticipated that current additional standards (such as Platinum, Gold and Silver standard) may become out of date with further and future reviews of the Building Standards.Significant progress has already been achieved in reducing emissions through recent reviews of Building Standards and substantial further changes are already planned to be implemented over the over the next five years. It is therefore our opinion that the introduction of different targets via the planning system will simply complicate matters, create additional work for planning officers and result in greater confusion.

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On behalf of:	Persimmon Homes				

Choice **4 A**

We want to work with local communities to prepare Place Briefs for areas and sites within City Plan 2030 highlighting the key elements of design, layout, and transport, education and healthcare infrastructure development should deliver. Do you agree with this? - Yes / No

Short Response Yes

Explanation Persimmon agrees that Place Briefs could be appropriate for specific areas and large scale strategic sites. It is, however, our opinion that these should only be utilised where the Brief seeks to cover an area where multiple ownerships exist or where a strategic redevelopment is being proposed. In such cases, it will be important to ensure that any consultation with local communities remains focused and they proceed with a good understanding of the need for development (and particularly housing) in the local area.We would propose that smaller scale standalone development and re-development sites should not require specific Briefs, as sufficient community consultation will be undertaken via statutory pre-application consultation events. As well as consulting the public and local communities it will be essential to seek the input from both developers and landowners who hold interests that may be directly affected by the creation of such Briefs. Working together at an early stage and appreciating the technical expertise that the developers can bring to the table is likely to result in Briefs that more likely to be deliverable in the longer term. We would also hope that consideration is given to the practical process of delivering against this objective if it is to be adopted i.e. will CEC play the role of facilitator, what costs will the developer cover and what costs will the authority or public cover, what staff availability does CEC have to manage this additional interaction?

Choice **4 B**

We want to support Local Place Plans being prepared by our communities. City Plan 2030 will set out how Local Place Plans can help us achieve great places and support community ambitions. - How should the Council work with local communities to prepare Local Place Plans?

Short Response Not Answered

Explanation

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On behalf of:	Persimmon Homes				

Choice **5 A**

We want City Plan 2030 to direct development to where there is existing infrastructure capacity, including education, healthcare and sustainable transport, or where potential new infrastructure will be accommodated and deliverable within the plan period. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Choice **5 B**

We want City Plan 2030 to set out where new community facilities are needed, and that these must be well connected to active travel routes and in locations with high accessibility to good sustainable public transport services. Do you agree with this? - Yes / NO

Short Response Not Answered

Explanation

Choice **5 C**

We want to reflect the desire to co-locate our community services close to the communities they serve, supporting a high walk-in population and reducing the need to travel. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

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On behalf of:	Persimmon Homes		

Choice **5 D1**

We want to set out in the plan where development will be expected to contribute toward new or expanded community infrastructure. Do you agree with this? - Yes / No

Short Response Yes

Explanation Persimmon agree that the Plan should clearly set out what infrastructure will be expected to be provided or contributed towards. Any requirement for such infrastructure must be properly justified having regard to policy and should be able to be viably delivered.

Choice **5 D2**

We want to use cumulative contribution zones to determine infrastructure actions, costs and delivery mechanisms. Do you agree with this? - Yes / No

Short Response No

Explanation Unfortunately, Persimmon are not able to agree with the second part of this question at this point in time as the current consultation document does not provide sufficient supporting evidence to allow us to fully consider what is being proposed. In this regard, full details will be essential and any associated charging mechanisms will need to be both consistent with policy and legally compliant. Recent appeal decisions show that there is a weakness in the current “contribution zone” strategy and without changes in legislation the cumulative approach to contributions will continue to be challengeable.Page 16 of the Choices document refers specifically to healthcare Infrastructure and Persimmon objects to new development being required to fund new healthcare facilities. The majority of GP practices in Edinburgh are privately operated who make informed financial decisions as to whether to expand their businesses. Given that the NHS is funded from general taxation, we do not believe it is the place of Section 75 contributions to finance the capital costs of private businesses. To this end, we are of the opinion that developer obligations remain focused on their current scope.

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On behalf of:	Persimmon Homes				

Choice **5 E**

We want to stop using supplementary guidance and set out guidance for developer contributions within the plan, Action Programme and in non-statutory guidance. Do you agree with this? - Yes / No

Short Response No

Explanation Whilst Persimmon support the proposal to stop using Supplementary Guidance and welcome the inclusion of such policy within the Plan and in the Action Programme. We do not however support the Council's proposal to use non-statutory guidance alongside the Plan and Action Programme. The intention behind removing supplementary guidance was to clearly simplify the planning system and it is our belief that non-statutory guidance should only ever be exceptional circumstances.Non-statutory guidance with no formal process for adoption does not have a place within the plan led system and all relevant matters which would usually have been incorporated within Supplementary Guidance should be fully worked up at an early stage and incorporated within the policies in the LDP in order that it can be properly consulted upon. The recent rejection of the draft Supplementary Guidance on Developer Obligations associated with the current LDP clearly demonstrates why it is important for such documents to be fully scrutinised and based on firm evidence bases. This is fundamental to a fair and balanced plan led system that recognises it must meet the needs of all, including developers.

Choice **6 A**

We want to create a new policy that assesses development against its ability to meet our targets for public transport usage and walking and cycling. These targets will vary according to the current or planned public transport services and high-quality active travel routes. Do you agree with this? - Yes / No

Short Response No

Explanation Further detail on the proposed wording of any such any policy and the targets it would propose to set would be necessary to be able to consider the impact of such a policy and to provide a fully considered response. Any such policy would require to be flexible in its application and needs to take account of the fact that not every Edinburgh resident will be working/travelling only within the confines of the City. The policy needs to be mindful of such cases and not discriminate against those who may require to travel further afield for work. Individual development sites have very limited ability to influence the wider provision of public transport and therefore are reliant on others to deliver buses/trains etc. Any policy needs to understand that development can help with this but cannot deliver alone and cannot be punished if there is insufficient provision of these services to facilitate the council's aspirations.

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On behalf of:	Persimmon Homes				

Choice **6 B**

We want to use Place Briefs to set the targets for trips by walking, cycling and public transport based on current and planned transit interventions. This will determine appropriate parking levels to support high use of public transport. Do you agree with this? - Yes / No

Short Response No

Explanation

Whilst Persimmon recognise and understand the requirement to decrease dependence on cars, we believe that the Council also needs to consider that there are some households who will choose to live within the city boundary yet require to work further afield – often requiring travel along routes which are not served by public transport or provide safe and useable walking and cycling routes. Should such a policy introduce a Place Brief based upon a planned public transport intervention which does not materialise there is a risk that the determined parking level is insufficient and this is turn would affect the future marketability of the properties built within the area. Also because of the historic nature of Edinburgh's city centre employment hubs are dispersed around it, as well as on the fringes of the city. It is also the employment focal centre for the Lothians. These factors mean that it is not as simple as reducing parking to focus people onto other modes of transport because they don't live close to their place of work or on a public transport link that easily connects between the two. In Persimmon's experience, new homes approved and built with reduced car parking provision are often less marketable as public perception remains that they should be able to park their cars in the vicinity of their property. Whilst this may not be the case where a regular and efficient public transport system is in place, we believe that there is a need to provide a range and choice of properties which meet the needs of the wider population. This, it could be argued, is reflected in the fact that policies to deliver more use of electric vehicles are already in place. So use of private cars should not be seen as entirely contrary to sustainability ambitions.We consider there is an important balance to be stuck in the formulation of this policy. It is appropriate to ensure residents are capable of making the most of any public transport or active travel options while ensuring that appropriate choice is available for residents and that properties remain marketable and provide parking provision which is appropriate to the local area.

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On behalf of:	Persimmon Homes		

Choice **7 A**

We want to determine parking levels in development based on targets for trips by walking, cycling and public transport. These targets could be set by area, development type, or both and will be supported by other measures to control on-street parking. Do you agree with this? - Yes / No

Short Response No

Explanation Whilst we agree that some areas will be may be well served by local facilities, active travel routes and public transport and may be considered suitable for reduced parking levels, we are unable to support the target based approach to parking levels as insufficient information is provided in order to allow any meaningful assessment. Without any information on the levels of targets for walking, cycling and public transport use – it is impossible to determine what level of parking should be provided within new developments. A potential issue with setting such targets and determining an appropriate level of parking off the back of this, is that by the time the evidence is available in terms of the success of such targets, there may have been a number of developments built with inappropriate parking standards. This could then have a knock on effect for the future marketability of such properties.

Choice **7 B**

We want to protect against the development of additional car parking in the city centre to support the delivery of the Council’s city centre transformation programme. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Customer Ref: 01555 | Response Ref: ANON-KU2U-GPUW-A | Supporting Info: Yes

Name: Susan Laidlaw

Email: susan.laidlaw@persimmonhomes.com

Response Type: Developer / Landowner

On behalf of: Persimmon Homes

Choice **7 C**

We want to update our parking policies to control demand and to support parking for bikes, those with disabilities and electric vehicles via charging infrastructure. Do you agree with this? - Yes / No

Short Response: Yes

Explanation: Persimmon agree in principle, however, our ability to provide a full response is limited by the lack of any detail as to the Council's anticipated proposals.

Whilst there are already some policies in place regarding Electric vehicle charging in new developments, it is unclear whether the Plan intends to review these policies further or whether this proposed change is more relative to existing built up areas?

Choice **7 D**

We want to support the city's park and ride infrastructure by safeguarding sites for new park and ride and extensions, including any other sites that are identified in the City Mobility Plan or its action plan. Do you agree with this? - We want to support the city's park and ride infrastructure by safeguarding sites for new park and ride and extensions, including any other sites that are identified in the City Mobility Plan or its action plan.

Short Response: Not Answered

Explanation:

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A
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On behalf of:	Persimmon Homes		

Choice **8 A**

We want to update our policy on the Cycle and Footpath Network to provide criteria for identifying new routes. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **8 B**

As part of the City Centre Transformation and other Council and partner projects to improve strategic walking and cycling links around the city, we want to add the following routes (along with our existing safeguards) to our network as active travel proposals to ensure that they are delivered. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Choice **8 C**

We want City Plan 2030 to safeguard and add any other strategic active travel links within any of the proposed options for allocated sites. We also want the City Plan 2030 to include any new strategic active travel links which may be identified in the forthcoming City Plan 2030 Transport Appraisal, the City Mobility Plan, or which are identified through this consultation. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation Not Answered

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On behalf of:	Persimmon Homes				

Choice **8 C**

We want City Plan 2030 to safeguard and add any other strategic active travel links within any of the proposed options for allocated sites. We also want the City Plan 2030 to include any new strategic active travel links which may be identified in the forthcoming City Plan 2030 Transport Appraisal, the City Mobility Plan, or which are identified through this consultation. Do you agree with this? - Upload new cycle routes

Short Response: No

Explanation:

Choice **9 A**

We want to consult on designating Edinburgh, or parts of Edinburgh, as a 'Short Term Let Control Area' where planning permission will always be required for the change of use of whole properties for short-term lets. Do you agree with this approach? - Yes / No

Short Response: Not Answered

Explanation: Not Answered

Choice **9 B**

We want to create a new policy on the loss of homes to alternative uses. This new policy will be used when planning permission is required for a change of use of residential flats and houses to short-stay commercial visitor accommodation or other uses. Do you agree with this? - Yes / No

Short Response: Not Answered

Explanation: Not Answered

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On behalf of:	Persimmon Homes				

Choice **10 A**

We want to revise our policy on purpose-built student housing. We want to ensure that student housing is delivered at the right scale and in the right locations, helps create sustainable communities and looks after student's wellbeing. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation

Choice **10 B**

We want to create a new policy framework which sets out a requirement for housing on all sites over a certain size coming forward for development. Do you agree with this? - Yes / No

Short Response Yes

Explanation

Persimmon Homes agrees with the Council's proposal to set out a requirement for all sites coming forward for development over 0.25ha to include an element of housing and views this as a welcome effort to boost housing supply and create strong sustainable communities. It is noted that this will only apply to sites being developed for certain compliant uses and would not apply on sites which are allocated or designated for specific uses.Whilst on the face of it, such a policy may assist in boosting housing supply, it may require the current threshold of 0.25ha being re-visited and potentially increased to ensure the viability of both the development which is proposed as the primary use and the residential element? This approach is likely to lead to more complex and costly planning applications as proposals need to deal with the mixed use elements and this may put of some smaller developers/developments. It is important that no policy has the opposite effect of what it is trying to achieve by making over-complicating matters and unviable.

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On behalf of:	Persimmon Homes				

Choice **10 C**

We want to create a new policy promoting the better use of stand-alone out of centre retail units and commercial centres, where their redevelopment for mixed use including housing would be supported. Do you agree with this? - Yes / No

Short Response Yes

Explanation Persimmon Homes fully supports the efforts to increase housing supply. However, whether this approach is likely to actually work in practice will be dependent on site specific considerations and the aspirations of the owners. Many retail and commercial centres are owned by institutions and, in Persimmon’s experience, are often unwilling vendors as incomes from existing leases usually outstrip the value that can be generated from re-development of the site for residential purposes. We do not believe that such a policy could be relied upon to provide any significant level of new housing supply.

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On behalf of:	Persimmon Homes				

Choice **11 A**

We want to amend our policy to increase the provision of affordable housing requirement from 25% to 35%. Do you agree with this approach? - Yes / No

Short Response No

Explanation

Persimmon do not agree with the approach being taken by the Council in this regard. Whilst we appreciate that affordability remains a major challenge within Edinburgh we believe that more housing will be required to be delivered across all tenures to meet the housing needs of the city. Unfortunately, the Choices 2030 document provides little background as to whether this proposal will be allied to a change in the Council's definition of affordable housing and on what basis the 35% figure has been derived. Should any increased percentage above the current 25% threshold be introduced, it may be marginally more palatable if a wider definition of 'affordable housing' be adopted by the Council.Persimmon have also been involved in the preparation of the 'industry-wide' response to the Choices document by Homes for Scotland and fully support the position being promoted by Homes for Scotland with regards to the affordable housing threshold. Persimmon believe that overall delivery needs to be dealt with in far greater detail and in a more realistic manner.
The threshold will be somewhat notional if the overall delivery of new homes across the city is not substantially increased. Caution is also needed in moving away from the clear national 25% threshold set out in SPP. This threshold is well understood an achievable in most areas and we believe that incorporating regional variations could add further uncertainty.Before entering into more detailed discussions regarding an appropriate affordable housing threshold we would like to see more detailed and credible plans set out for addressing the overall tenure mismatch between supply and demand. In this regard, Homes for Scotland (and a number of its associated member bodies) appointed Rettie to prepare an Analysis (sent to the Council under separate cover) which clearly sets out that the lack of home building in Scotland has created significant affordability issues and has subsequently increased wealth inequalities. In addition to supporting a significant number of jobs, higher levels of residential development have been shown to improve housing stock, health, educational attainment and social opportunities.As set out in the more detailed response by Homes for Scotland, we would support the concerns that they have raised regarding the constrained housing land supply which has long been advocated by Edinburgh. Indeed, in this regard it is clear that the Council has not planned to meet the housing need and demand identified in its own evidence base. When housing supply targets were belatedly produced to support SESplan 1 in November 2014, the 2009-24 target for Edinburgh was just 61% of the figure set out in the Housing Need and Demand Assessment (HNDA, Table 5.1.2). whilst SESPlan 2 only set out to meet 39% of need and demand arising between 2012-30 in Edinburgh. It is unsurprising, that a failure to plan to meet housing need and demand appropriately appears to have had a knock on effect and has created affordability issues and an increase in reliance upon the private car as households have required to move outwith the city boundaries to find a home which suits their needs. In addition the Council need to consider the cumulative effect of policy changes and must avoid making development unviable because the overall planning gain contribution, including delivery of affordable housing, becomes too great.

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **11 B**

We want City Plan 2030 to require a mix of housing types and tenures – we want the plan to be prescriptive on the required mix, including the percentage requirement for family housing and support for the Private Rented Sector. Do you agree with this? - Yes / No

Short Response No

Explanation

Persimmon are not supportive of City Plan being prescriptive on the required housing mix. Housebuilders undertake detailed market analysis and build what the market requires at a particular point in time. Indeed, the majority of successful housebuilders will always prefer to provide a range of choice of product on development sites as this will subsequently increase the volume of sales. All developments either under construction by Persimmon in Edinburgh (including those recently completed) irrespective of location have included both flatted accommodation alongside family homes which have ranged from 2 bed terraces to 4 bed detached properties. Site location and the availability of suitable sites will, however, have an impact on the final product as small brownfield sites in city centre locations are more likely to be developed for solely flatted accommodation. In a similar vein, affordable housing sizes and mix will generally be informed by the Council's information on need and waiting lists and where this is being provided on a predominantly private residential development site, either the local authority or the local housing associations will be involved in shaping the range of accommodation associated with the affordable housing element. In this respect, we do not consider it is necessary to apply prescriptive targets for the mix of market housing. There needs to be sufficient flexibility to respond to variations in demand over time and across different locations. The failure to deliver enough housing of all types in the city is at the heart of the current shortage. Adding a further highly prescriptive layer of bureaucracy, such as this, will not solve the wider delivery issue. If sufficient land in different market allocations is allocated then a range and mix of house types and tenures will be delivered. It is not the role of planning to dictate to the market in this way.

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On behalf of:	Persimmon Homes				

Choice **12 A**

Which option do you support? - Option 1/2/3

Short Response Option 3 (Blended

Explanation

Persimmon Homes favours a mix of brownfield and greenfield allocations as set out in Option 3, however, it is our belief that significantly more greenfield land will need to be allocated than demonstrated in Option 3 of the Choices document as we do not consider it realistic that the identified urban capacity sites will be delivered over the LDP period. Our reasons and thoughts behind this are set out below and we would also take this opportunity to advise that Persimmon, alongside a number of other member companies, have collaborated to inform an overarching response which has been submitted by Homes for Scotland.Context for establishing How Many HomesIn this regard, we recognise that the policy context for the preparation of this LDP is somewhat unique. LDPs in areas covered by a Strategic Development Planning Authority (SDPA) are meant to be produced shortly after the Strategic Development Plan (SDP) has been adopted. However, the latest SDP was adopted in 2013 and does not include housing targets broken down by Local Authority beyond 2024.

When setting a housing supply target (HST) outwith an SDP area the starting point is the output of the Housing Need and Demand Assessment (SPP, paras. 113 – 115). It is considered that the HNDA methodology for assessing housing need and demand has shortcomings as a method of establishing the appropriate amount of new homes to plan for and it fails to make adequate adjustments to account for suppressed household formation, particularly during the last recession. Nevertheless, we consider at this stage HNDA 2 should be viewed as a reasonable starting point.The precise splits between tenures are sensitive to minor changes in variables and these variables can change significantly over time. We therefore consider that the all tenure output of the HNDA should be the primary piece of information which informs the Housing Supply Target (HST). To his end, the Reporter at the recent Falkirk LDP Examination (DPEA ref. LDP-240-2) endorsed this approach in March 2020. "I do however acknowledge that needs and demands for different tenures are likely to vary over the course of the plan period. Therefore I reiterate that it is the overall, all tenure housing supply target against which the number of completions and availability of effective land should ultimately be tested, regardless of tenure." (Issue 2, para. 66)Housing Targets as set out in Choices 2030 sets out two options, as follows:1.Preferred Option: 43,400 homes between 2019-32, comprised of 20,800 affordable homes and the market output for the HMDA 2 Wealth Distribution Scenario less completions between 2012 and 2019. 2.Alternative Option: 52,800 homes between 2019-32, comprised of 20,800 affordable homes and the market output for the HMDA 2 Wealth Distribution Scenario less completions between 2012 and 2019. It is considered that both of these options fall some way short of meeting housing need and demand in full. Option 1 would meet just 65% of identified need and demand in the HNDA 2 Wealth Distribution Scenario (once completions to 2019 are accounted for), whilst Option 2 would meet 79% of identified need and demand in the HNDA 2 Wealth Distribution Scenario or 65% of the Strong Economic Growth Scenario. Using the HNDAThe aforementioned Rettie Analysis points to the Wealth Distribution (middle) HNDA scenario as being the most appropriate meaning that the starting point for the setting of the HST should therefore be 67,174 for the period 2019-32. Population and employment growth in Edinburgh have both been exceptional in a Scottish context and add further weight to the importance of dealing effectively with past undersupply. 1.The population of Edinburgh has grown by 13% between 2008-18 or 6,000 people per year and is continuing to grow at this rate. This is nearly 3 times the rate of change in Scotland's population over the same period;2.Employment growth in

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Edinburgh is running at nearly 2.5% per annum over 2010-19, well in excess of any other area of Scotland - Glasgow is next at around 1.7%. (Appendix 3, part 4.1); 3. Edinburgh topped the most recent (2019) Lambert Smith Hampton Vitality Index, which assessed 66 UK towns and cities. This reflected strong wage growth which was expected to continue as well as house price growth.This growth and economic strength combined with the relative lack of new housing in Edinburgh and lack of churn of second-hand stock has resulted in a sizeable migration of residents into other parts of the Lothians (refer to Appendix 3 of Rettie Analysis).It is appreciated that Edinburgh can export its housing need and demand to an extent, however, it cannot move jobs to neighbouring authorities and this has subsequently contributed to congestion within the City. According to the 2011 Census, one third of people working in the city commute in from other local authority areas (circa 95,000 inward trips per day). It is therefore considered that any failure to address need and demand within Edinburgh will therefore increase the level of in commuting. Generosity Associated with the HSTAdded to the HST should be an appropriate margin of generosity to provide the Housing Land Requirement (HLR). Choices suggests a generosity margin of 10%. This could be an appropriate uplift if proven forms of new housing supply are relied upon. However, if more unconventional forms of supply such as sites currently occupied by existing businesses make up a reasonable portion of supply it is considered that a higher generosity margin will be necessary. Applying a 10% generosity would give a HLR of 73,891. This HLR should therefore serve as the starting point when considering the housing land supply. Other Factors Influencing the Setting of the HSTIt is not considered that either Choices 2030 or the associated Housing Study 2020 adequately justify why housing need and demand cannot be met in full and it is not explained why a downward adjustment from the HNDA output is justified. Given the historic undersupply of housing and housing land in Edinburgh and merits further attention. It is not immediately apparent whether the Council has considered how the starting HLR identified above could be met before deciding a reduced HST was necessary? This subject was recently addressed in the Examination findings of the Falkirk LDP2 as follows:"I agree with representees that this is not an appropriate approach for the council to have adopted; diagram 1 on page 30 of SPP makes clear that the setting of the housing supply target comes before the identification of land, as does a fair reading of SPP paragraph 120." (Issue 2, para. 35)"In my view it is illogical to take a supply-led approach to the setting of the housing land requirement. The housing land requirement is intended to be the driver for ensuring a sufficiently generous supply of land is available to meet the housing supply target. If the housing land requirement is derived from the identified supply, rather than the opposite way round, the housing land requirement cannot have directly informed decision-making over which sites ought to be allocated." (Issue 2, para. 71)In recent years Edinburgh has not allocated sufficient land to meet its housing need and demand in full and this has been partly redistributed to other authorities. Table 1: Private Completions in the Lothians (sent under separate cover) demonstrates that despite weaker wage and house price growth since the 2008 recession compared to the period before housing delivery has increased significantly particularly in East Lothian and Midlothian. This demonstrates the impact that making land available for development has had. [Refer to Table 1: Private Completions in the Lothians]We collectively believe that the principal reason why the HNDA 2 output is not being met in full is because the Council consider that the 20,800 affordable homes target is the maximum which can be delivered and whilst this may be a reasonable conclusion, it remains unclear from the level of information that has been provided. However, the conclusion that in the absence of affordable housing provision there is no possible substitute to addressing the identified affordable need identified in HNDA 2 and that it should be ignored is flawed. As residential developers, we believe that Edinburgh is capable of delivering at above the average annual delivery rate of 1,740 market homes assumed in the HST. This potential should be harnessed as addressing affordability will require increased supply of all tenures and we do consider that constraints on the delivery of subsidised affordable housing is a reason for a downward adjustment to the HST. This could have a negative impact on affordability in the longer term whereas increasing the land supply would create opportunities for more housing development which in turn creates a more active market, making it easier for people to move between houses and tenures.

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Conclusion Persimmon supports the approach set out by Homes for Scotland whereby a higher Housing Supply Target (HST) of 52,800 between 2019-32 may be an appropriate target (as a minimum). This equates to approximately 79% of the middle HNDA output. The Edinburgh housing market has self containment in moves of between 81% and 90% according to HNDA 2. 79% is close to the lower threshold and similar to the representations HFS made to SESPlan 2. However, utilising this reduced target would require the Council to enter discussions with other authorities to ensure that any unmet need and demand is appropriately covered. Housing Land Supply There are four components to the housing land supply; effective sites, constrained sites, brownfield urban capacity sites and new greenfield allocations. The assumptions for the delivery of the first two are the same for all three options set out in Choices 2030. For the latter two components they differ between each of the three options and these components of the land supply are discussed below in turn. Effective Sites It is agreed that all effective sites in the 2019 Housing Land Audit (HLA) should be included in the land supply. However, the contributions they can make to the land supply between 2019 and 2032 needs to be considered robustly as some of the largest sites will not be complete by 2032. It is understood that site programming associated with the 2019 HLA was agreed between the Council and Homes for Scotland and covers the 7 year period from 2019/20 – 2025/26. Given that the LDP period would extend for a further 6 years beyond this initial period (2026/27 – 2031/32), Homes for Scotland have submitted extrapolated rates of programming for the remaining years until the site capacity is exhausted or until the end of the LDP period is reached. Using this approach demonstrates that the contribution of effective sites in the period 2019 – 2032 would be 21,055 dwellings rather than the 22,696 identified in the Housing Land Study (Table 4 – Option A). Constrained Sites Based on recent consider that only currently effective sites should be relied upon to contribute to the land supply and this approach was recently endorsed by the Reporter in the Aberdeen City and Shire SDP Examination.

Urban Capacity Brownfield Sites Persimmon Homes fully supports the reuse of brownfield land and has a strong track record of brownfield delivery across the whole of the UK, with 42% of all sites under construction during 2019 being brownfield sites. We do not, however, believe that the Council’s preferred approach of seeking to meet all of Edinburgh’s housing need on brownfield land (as set out on page 32 of Choices 2030 - Option 1) is achievable. The fact that after detailed investigation just 11ha of land in the Housing Study could be found for residential development is clear evidence that further greenfield release is necessary. Indeed, by applying the Council’s own target density of 65 dwelling per hectare would result in these sites only delivering 715 homes. It is also clear that the deliverability of the identified sites has not been considered in the supporting Housing Study and no investigations have been made as to whether the current owners would be willing sellers. Despite this lack of information, Option 1 assumes that each site identified in the Housing Study will deliver in full between 2019 and 2032 and provide 16,900 new homes. The suitability review associated with these sites which is also included within the Housing Study suggests that only 6 hectares of land is identified as suitable while a further 140 hectares is identified as being partially suitable for development and 127 hectares as unsuitable. To make up the 16,900 units it has clearly been assumed that all of these sites, despite their relevant classification will need be delivered in full.In a similar vein, of the 275ha of land just 4% is currently vacant and potentially available. The delivery of the identified land therefore assumes that a very significant number of existing businesses or public sector organisations will require to cease or relocate to other locations. In order for this to become a viable prospect, the values associate with residential development would need to generate a land value at, or in excess of, the existing use value to incentive for the landowner to sell. In Persimmon’s experience, it has become clear that residential land values (particularly taking into account abnormal development costs associated with brownfield sites and factoring in the anticipated level of developer contributions) are increasingly not able to meet landowners aspirations on value or being able to reach existing use value. The Council has suggested utilising the powers associated with Compulsory Purchase Order if sites do not come forward for development. It is not however clear how the use of such powers will manage to deliver the necessary land without becoming a significant burden on already overstretched Council resources. Greenfield Sites In

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order to provide a deliverable and effective pipeline of residential development sites to meet the needs of Edinburgh over the period of Cityplan 2030, we believe that large scale greenfield release similar to the amount contemplated in Choice 12C Option 2 will be required. By looking at a range and choice of site sizes i.e. also including some smaller greenfield releases over and above the large larger scale greenfield sites identified within the Choices will assist in bolstering the housing land supply in the earlier years of the Plan period. ConclusionAs set out at the beginning of this Section, Persimmon Homes has concluded that a mix of brownfield and greenfield allocations as set out in Option 12C Option 3 should be partly supported. We would however caveat our support of the ‘Blended Approach’ set out in Option 3 (11,000 brownfield and 6,600 greenfield) in that this would be on the basis of allocating significantly more greenfield land than is currently identified in Choices 2030. The principal reasoning behind this recommendation is that Persimmon do not believe that it is realistic to assume that the Urban Capacity sites will be delivered in full over the LDP period due to the constraints highlighted above i.e. ownership, existing use value and that the fact that many of these properties may be held under long leases. That said, even if all off the sites identified in the Urban Capacity came forward for development, the proposed 6,600 units on greenfield land would still be insufficient to meet the housing needs of the City. It is therefore proposed that the ‘blended’ option should include a greenfield element of in the region of 27,900 (the figure set out in the all-greenfield option as Option 2). The inclusion of any additional greenfield land should include a range of site sizes rather than rely entirely upon large greenfield releases which generally have a much longer lead in time due to the need for significant new infrastructure.In accordance with paragraphs 119 / 120 and Diagram 1 in SPP we consider that the amount of new allocations required should be calculated by subtracting existing “sites which are effective or expected to become effective in the plan period” (para. 119/120) from the Housing Land Requirement. The revised assessment of this figure based on the suggestions set out above is therefore set out below.Revised Land RequirementHousing Supply Target (2019-32) 52,800Generosity @ 10% 58,080Effective Supply 21,055Remaining Land to be Allocated 37,025

Choice **12 B1**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Support - Calderwood

Short Response Not Answered

Explanation

Customer Ref:	01555	Response Ref:	ANON-KU2U-GPUW-A
Supporting Info	Yes		
Name	Susan Laidlaw	Email	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner		
On behalf of:	Persimmon Homes		

Choice **12 B2**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Support - Kirkliston

Short Response: Not Answered

Explanation

Choice **12 B3**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Support - West Edinburgh

Short Response: Not Answered

Explanation

Choice **12 B4**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Support - East of Riccarton

Short Response: Not Answered

Explanation

Customer Ref: 01555 Response Ref: ANON-KU2U-GPUW-A Supporting Info Yes
Name Susan Laidlaw Email susan.laidlaw@persimmonhomes.com
Response Type Developer / Landowner
On behalf of: Persimmon Homes

Choice 12 B5

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Support - South East Edinburgh

Short Response Not Answered

Explanation

Choice 12 B6

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Object - Calderwood

Short Response Not Answered

Explanation

Choice 12 B7

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Object - Kirkliston

Short Response Not Answered

Explanation

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Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **12 B8**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Object - West Edinburgh

Short Response Not Answered

Explanation

Choice **12 B9**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Object - East of Riccarton

Short Response Not Answered

Explanation

Choice **12 B10**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Support Greenfield - Object - South East Edinburgh

Short Response Not Answered

Explanation

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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **12 BX**

Do you support or object to any of the proposed greenfield areas? (Please tick all that apply) - Explain why

Short Response Not Answered

Explanation

Choice **12 C**

Do you have a greenfield site you wish us to consider in the proposed Plan? - Greenfield file upload

Short Response No

Explanation

Choice **12 C**

Do you have a greenfield site you wish us to consider in the proposed Plan? - Greenfield file upload

Short Response No

Explanation

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **12 C**

Do you have a greenfield site you wish us to consider in the proposed Plan? - Greenfield file upload

Short Response No

Explanation

Choice **12 D**

Do you have a brownfield site you wish us to consider in the proposed Plan? - Brownfield sites upload

Short Response No

Explanation

Choice **13 A**

We want to create a new policy that provides support for social enterprises, start-ups, culture and tourism, innovation and learning, and the low carbon sector, where there is a contribution to good growth for Edinburgh. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation Not Answered

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On behalf of:	Persimmon Homes				

Choice **14 A**

We want City Plan 2030 to support the best use of existing public transport infrastructure in West Edinburgh and accommodate the development of a mix of uses to support inclusive, sustainable growth. We will do this through 'an area of search' which allows a wide consideration of future uses within West Edinburgh without being tied to individual sites. Do you support this approach? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **14 B**

We want to remove the safeguard in the existing plan for the Royal Highland Showground site to the south of the A8 at Norton Park and allocate the site for other uses. Do you agree with this approach? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **14 C**

We want City Plan 2030 to allocate the Airport's contingency runway, the "crosswinds runway" for the development of alternative uses next to the Edinburgh Gateway interchange. Do you agree with this approach? - Yes / No

Short Response Not Answered

Explanation Not Answered

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Supporting Info	Yes		
Name	Susan Laidlaw	**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner		
On behalf of:	Persimmon Homes		

Choice **15 A**

We want to continue to use the national 'town centre first' approach. City Plan 2030 will protect and enhance the city centre as the regional core of south east Scotland providing shopping, commercial leisure, and entertainment and tourism activities. Do you agree with this? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **15 B**

New shopping and leisure development will only be allowed within our town and local centres (including any new local centres) justified by the Commercial Needs study. Outwith local centres, small scale proposals will be permitted only in areas where there is evidence of a lack of food shopping within walking distance. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **15 C**

We want to review our existing town and local centres including the potential for new identified centres and boundary changes where they support walking and cycling access to local services in outer areas, consistent with the outcomes of the City Mobility Plan. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **15 D**

We want to continue to prepare and update supplementary guidance for our town centres to adapt to changing retail patterns and trends, and ensure an appropriate balance of uses within our centres to maintain their vitality, viability and deliver good placemaking. Instead we could stop using supplementary guidance for town centres and set out guidance within the plan. Which approach do you support? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **15 E**

We want to support new hotel provision in local, town, commercial centres and other locations with good public transport access throughout Edinburgh. Do you agree with this approach? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **15 G**

We could also seek to reduce the quantity of retail floorspace within centres in favour of alternative uses such as increased leisure provision and permit commercial centres to accommodate any growing demand. Do you agree with this approach? - Yes / No

Short Response Not Answered

Explanation Not Answered

Customer Ref: 01555 Response Ref: ANON-KU2U-GPUW-A Supporting Info Yes
Name Susan Laidlaw Email susan.laidlaw@persimmonhomes.com
Response Type Developer / Landowner
On behalf of: Persimmon Homes

Choice **16 A1**

We want to continue to support office use at strategic office locations at Edinburgh Park/South Gyle, the International Business Gateway, Leith, the city centre, and in town and local centres. Do you agree? - Yes / No

Short Response: Not Answered

Explanation: Not Answered

Choice **16 A2**

We want to support office development at commercial centres as these also provide accessible locations. - Yes / No

Short Response: Not Answered

Explanation: Not Answered

Choice **16 A3**

We want to strengthen the requirement within the city centre to provide significant office floorspace within major mixed-use developments. Do you agree? - Yes / No

Short Response: Not Answered

Explanation: Not Answered

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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **16 A4**

We want to amend the boundary of the Leith strategic office location to remove areas with residential development consent. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **16 A5**

We want to continue to support office development in other accessible locations elsewhere in the urban area. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **16 A5**

We want to continue to support office development in other accessible locations elsewhere in the urban area. Do you agree? - Do you have an office site you wish us to consider in the proposed Plan?

Short Response

Explanation

Customer Ref: 01555
Response Ref: ANON-KU2U-GPUW-A
Supporting Info: Yes
Name: Susan Laidlaw
Email: susan.laidlaw@persimmonhomes.com
Response Type: Developer / Landowner
On behalf of: Persimmon Homes

Choice **16 B**

We want to identify sites and locations within Edinburgh with potential for office development. Do you agree with this? - Yes/No

Short Response: Not Answered

Explanation: Not Answered

Choice **16 C**

We want to introduce a loss of office policy to retain accessible office accommodation. This would not permit the redevelopment of office buildings other than for office use, unless existing office space is provided as part of denser development. This would apply across the city to recognise that office locations outwith the city centre and strategic office locations are important in meeting the needs of the mid-market. Or we could Introduce a 'loss of office' policy only in the city centre. - Yes / No

Short Response: Not Answered

Explanation: Not Answered

Choice **16 E1**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Support - Leith Strategic Business Centre

Short Response: Not Answered

Explanation:

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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **16 E2**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Support - Newbridge

Short Response: Not Answered

Explanation

Choice **16 E3**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Support - Newcraighall Industrial Estate.

Short Response: Not Answered

Explanation

Choice **16 E4**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Support - The Crosswinds Runway

Short Response: Not Answered

Explanation

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
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Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **16 E5**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Do not support - Leith Strategic Business Centre

Short Response Not Answered

Explanation

Choice **16 E6**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Do not support - Newbridge

Short Response Not Answered

Explanation

Choice **16 E7**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Do not support - Newcraighall Industrial Estate.

Short Response Not Answered

Explanation

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **16 E8**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Yes / No - Do not support - The Crosswinds Runway

Short Response Not Answered

Explanation

Choice **16 EX**

We want to identify proposals for new modern business and industrial sites to provide necessary floorspace at the following locations. Do you agree? - Explain why

Short Response Not Answered

Explanation Not Answered

Choice **16 F**

We want to ensure new business space is provided as part of the redevelopment of urban sites and considered in Place Briefs for greenfield sites. We want to set out the amount expected to be re-provided, clearer criteria on what constitutes flexible business space, and how to deliver it, including the location on-site, and considering adjacent uses, servicing and visibility. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Customer Ref:	01555	**Response Ref:**	ANON-KU2U-GPUW-A	**Supporting Info**	Yes
Name	Susan Laidlaw			**Email**	susan.laidlaw@persimmonhomes.com
Response Type	Developer / Landowner				
On behalf of:	Persimmon Homes				

Choice **16 G**

We want to continue to protect industrial estates that are designated under our current policy on Employment Sites and Premises (Emp 8). Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Choice **16 H**

We want to introduce a policy that provides criteria for locations that we would support city-wide and neighbourhood goods distribution hubs. Do you agree? - Yes / No

Short Response Not Answered

Explanation Not Answered

Table 1: Private Completions in the Lothians

	Pre-recession Annual Average (2000-07)	2018/19	2018/19 Difference with Pre-Recession	2017-19	2017-19 Difference with Pre-Recession	Year to Q3 2019	Year to Q3 2019 Difference with Pre-Recession
Scotland	19,950	13,031	79%	28741	72%	16444	82%
East Lothian	450	678	162%	1408	156%	795	177%
Edinburgh, City of	1,655	1,523	137%	3793	115%	2581	156%
Midlothian	144	448	445%	1089	378%	659	458%
West Lothian	1,085	494	58%	1125	52%	687	63%
Edinburgh and Lothians	3,333	3,143	128%	7415	111%	4722	142%

RESEARCH & CONSULTANCY

INFORMING RESPONSE TO EDINBURGH MAIN ISSUES REPORT

HOMES FOR SCOTLAND

PRIVATE AND CONFIDENTIAL

DATE OF REPORT: 19TH MARCH 2020

CONTENTS

1 INTRODUCTION

Homes for Scotland want to update and expand on a report conducted by Rettie & Co. in 2016 relating to housing targets and findings in the City of Edinburgh Council's Main Issues Report (MIR) and SESPlan Housing Needs and Demand Assessment (HNDA) 2.

As part of this, they have commissioned Rettie & Co. to prepare a report that provides an update on their previous 2016 report and addresses other key questions within the study objectives.

1.1 STUDY OBJECTIVES

The main objectives of this assignment are as follows.

1. To assess whether the conclusions of the Rettie work in November 2016 remain valid.

2. To identify new market housing could potentially address some of the HNDA output identified for affordable products given Edinburgh is planning to meet less than 50% of its affordable need.

3. To analyse changes in mortgage availability since HNDA 2 and the implications of these on the ability of households to buy.

4. To assess the evidence for the 35% affordable housing target set by CEC and consider the merits of an 'all tenure' target.

5. Provide commentary on the general functioning of the housing market, in particular the benefits of new market supply and the wider linkages this has in increasing transactions and facilitating movement in the market, e.g. through 'right-sizing'.

1.2 SOURCES

We have used a range of sources to provide this data analysis including:

- Office for National Statistics (ONS)
- Nomis
- Registers of Scotland
- Scottish Neighbourhood Statistics
- Scottish Government
- General Register Office for Scotland
- Scottish Census
- National Records of Scotland
- Scottish Household Survey
- City of Edinburgh Council
- Bank of England
- Citylets.

2 KEY FINDINGS

2.1 HOUSING MARKET OPERATIONS

- The Scottish housing market has experienced numerous interventions and events in recent years that have impacted on market operations.
- Politically, Brexit and economic and political uncertainty have impacted on consumer sentiment and confidence, contributing to slowing transactions over 2018 and 2019.
- However, the market continues to grow and has been on an upward trajectory since 2013.
- The introduction of Land & Buildings Transaction Tax (LBTT) has materially increased transaction costs for higher value properties, which has most keenly affected the Edinburgh family housing market, leading to a downturn in activity and market churn and concerns over potential over-occupation of housing stock due to lack of incentives to downsize.
- There has been a recent uplift in housing supply numbers in most parts of Scotland, including the SESPlan area. This has been supported by a substantial Scottish Government Affordable Housing Supply Programme (AHSP).

2.2 GROWTH SCENARIOS

- A review of the key indicators of house price growth, economic growth, migration and households, and income growth has shown that the SESPlan region is achieving above the Steady Recovery scenario for many indicators.
- Household growth rates in the SESplan and Edinburgh areas have been around the previous and current principal projections, which would support the Wealth Distribution scenario.
- The highest growth rates have occurred in Midlothian and West Lothian, which have also seen the highest build rates per capita.
- Edinburgh and the wider SESPlan region have seen steady house price growth, akin to the modest recovery supported by the Wealth Distribution scenario.
- Income growth in the SESPlan area and Edinburgh would support both the Steady Recovery and Wealth Distribution scenarios, lying between each.
- Changes in income distribution across the SESPlan area as a whole points towards ‘creeping equality’ and the Wealth Distribution scenario, while changes in Edinburgh point towards ‘creeping inequality’ and the Strong Recovery scenario.
- Housing market affordability in most SESPlan local authority areas, including Edinburgh, evidence ‘creeping inequality’, which supports the Strong Recovery scenario.

2.3 AFFORDABLE HOUSING

- Under the Edinburgh Choice 2030 Local Development Plan, it has been acknowledged that to meet the ambitious new housing and affordable housing targets for the city, a blended approach using market housing (at 35% affordable) with new greenfield release will be the most likely way to meet targets.

- The current allocation, or reliance on brownfield supply, would likely create a shortfall in housing supply and not meet the identified housing need in the city. The introduction of a 35% affordable rate may have the unintended consequence of disincentivising brownfield development by impacting viability.

- Recent evidence has shown substantial demand for affordable alternative housing tenures and more innovative ways of building affordable housing that is not as subsidy dependent.

2.4 CHANGES IN MORTGAGE AVAILABILITY

- Since the Mortgage Market Review (MMR) in 2014, lending criteria has been constrained and this has limited changes to mortgage lending and market growth.

- Since the MMR in 2014, there have been product innovations to encourage and enable first time buyers (FTBs) to enter the market and to accommodate limited companies, responding to changes in the Buy to Let (BTL) sector.

- Overall, since 2014, FTB lending has increased by c.19% and overall mortgage lending by c.2% within Scotland.

- Trends in mortgage lending show that, since 2014, there has been a trend for higher loan to value (LTV) and income multiples for both single and joint applications in the UK.

- Schemes such as Help to Buy have been fundamental in unlocking transactions and stimulating market activity through reduced deposits and equity loans. The Government's new First Home Fund has the potential to continue this positive market intervention.

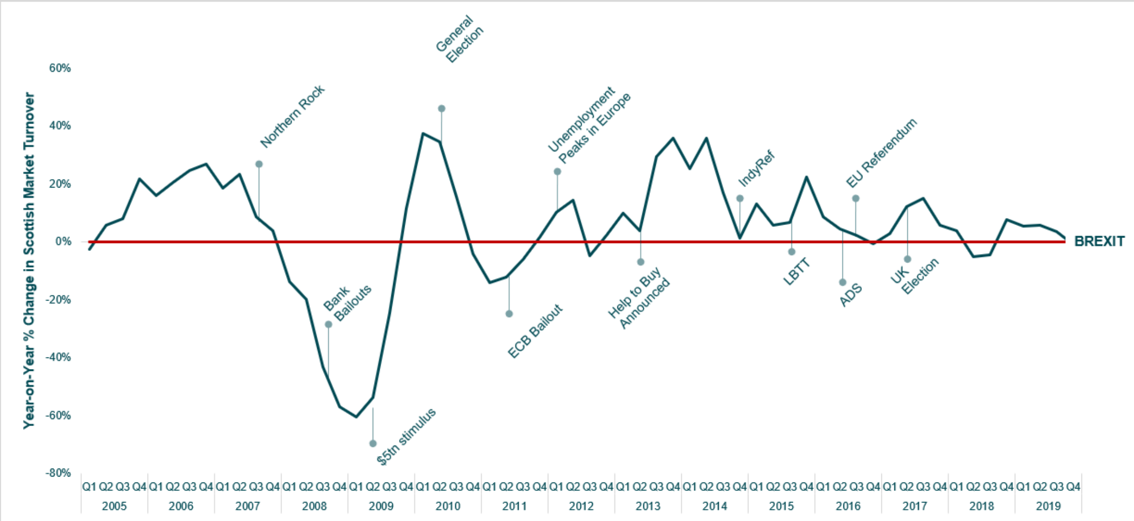
3 HOUSING MARKET PERFORMANCE

The Scottish housing market has experienced a number of events and interventions over the past few years that have shaped transaction activity.

The rise in activity leading up to 2008 is clearly evident from Figure 3.1, as is the size of the fall. The market lost over two-thirds of its turnover from Q3 2007 to Q1 2009. After a rise in activity in 2010, the recovery thereafter was flat until the tail-end of 2013, when stronger economic growth and packages such as Help to Buy accelerated sales. However, there have been significant economic and political headwinds since that have curtailed growth, although the market was still growing at the end of 2019.

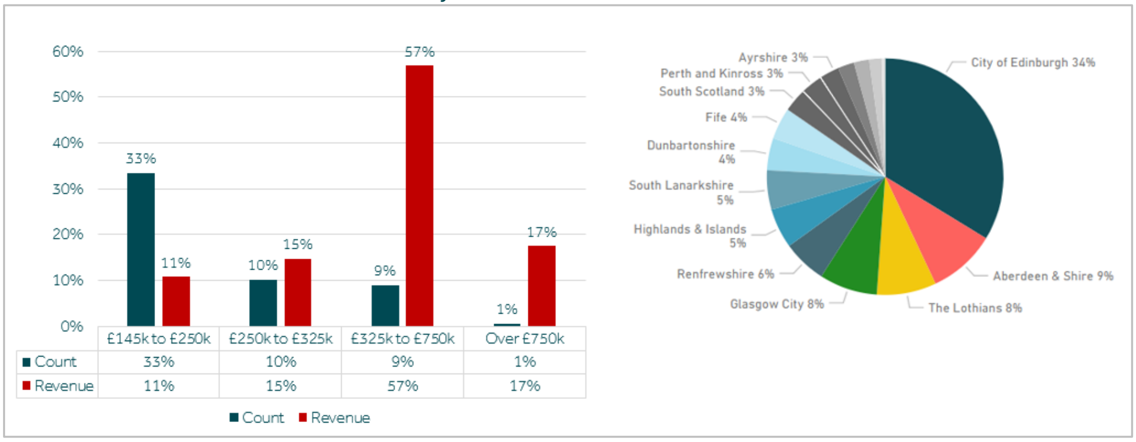
The introduction of Land & Buildings Transaction Tax (LBTT) in 2015 increased costs for higher value transactions and this has notably slowed transaction activity in higher value locations, such as the family market in Edinburgh. The cash requirement to transact in these markets is impacting households that may be 'asset rich' but 'cash poor' or see the costs of transacting as poor value compared to not moving or renovating. Key among these groups are downsizers and 'empty nesters.' Such groups generally over-occupy housing stock as they are disincentivised from 'right-sizing' and this can have implications on property availability, affordability and upward movement in chains.

Figure 3.1 Timeline of SESPlan area year-on-year change in market turnover against key events, 2005-19



Source: Rettie & Co.

Figure 3.2 LBTT is a geographical tax that has impacted Edinburgh & higher values sales
Estimated Distribution of LBTT revenue by Area and Price Brackets, 2018/19



	£145k to £250k	£250k to £325k	£325k to £750k	Over £750k
Count	33%	10%	9%	1%
Revenue	11%	15%	57%	17%

Source: Rettie & Co.

Price growth in the SESPlan region has been strongest in the most accessible commuter regions surrounding the capital as demand has been displaced from the city due to a lack of affordable family homes.

Extensive new build in the Lothians has delivered larger family housing stock, moving values within the regions up faster than in Edinburgh. This price growth has supported overall growth in market turnover.

Notably, transaction performance has been mixed levels, especially for the capital, where transaction activity change over the past five years has been lower than other regions within the SESPlan area and Scotland as a whole. The combination of limited new supply, rising values for existing housing stock and interventions such as LBTT have driven down market churn. This has meant that Edinburgh has recorded the lowest transaction growth over five years in the SESPlan area and lower than the Scottish average, as well as recording the only decline in transactions over three years across the SESPlan area.

Figure 3.3 Changes in Average House Price, Count of Sales and Market Turnover in SESPlan Area

Average House Price

Year	City of Edinburgh	East Lothian	Fife	Midlothian	Scottish Borders	West Lothian	SESPlan	Scotland
2007/08 Max	£225,960	£211,527	£146,564	£173,931	£175,672	£146,401	£176,076	£160,155
2009	£202,724	£191,209	£135,871	£166,124	£163,389	£138,046	£171,708	£150,333
2014	£227,023	£209,962	£139,663	£173,513	£168,331	£147,628	£187,951	£163,544
2015	£238,241	£215,626	£147,749	£183,985	£172,941	£160,301	£198,157	£169,295
2016	£234,409	£213,221	£150,306	£192,696	£173,825	£159,369	£197,403	£166,069
2019	£266,789	£256,684	£160,428	£225,400	£174,205	£180,441	£219,592	£181,279
From Peak	18%	21%	9%	30%	-1%	23%	25%	13%
10 Year	32%	34%	18%	36%	7%	31%	28%	21%
5 Year	18%	22%	15%	30%	3%	22%	17%	11%
3 Year	12%	19%	9%	23%	1%	13%	11%	7%

Count of Sales

Year	City of Edinburgh	East Lothian	Fife	Midlothian	Scottish Borders	West Lothian	SESPlan	Scotland
2007	16372	3010	11117	1970	3081	5082	40632	155241
2009	7122	1222	4667	895	1385	1811	17102	69623
2014	11072	1732	6221	1584	1757	2802	25168	93531
2015	11880	1846	6420	1636	1845	3041	26668	96707
2016	12161	1915	6491	1893	1966	3138	27564	99469
2019	11349	2411	7032	1850	2022	3269	27933	102930
From Peak	-31%	-20%	-37%	-6%	-34%	-36%	-31%	-34%
10 Year	59%	97%	51%	107%	46%	81%	63%	48%
5 Year	3%	39%	13%	17%	15%	17%	11%	10%
3 Year	-4%	31%	10%	13%	10%	7%	5%	6%

Market Turnover

Year	City of Edinburgh	East Lothian	Fife	Midlothian	Scottish Borders	West Lothian	SESPlan	Scotland
2007	£1,722,778,274	£283,280,174	£648,547,798	£170,992,407	£216,893,609	£283,607,887	£1,722,778,274	£23,681,983,351
2009	£1,443,800,275	£233,656,891	£634,111,872	£148,680,733	£226,293,949	£250,001,018	£2,936,544,738	£10,466,659,827
2014	£2,513,595,738	£363,654,966	£868,842,946	£274,843,871	£295,757,952	£413,652,470	£4,730,347,942	£15,296,413,492
2015	£2,830,305,050	£398,046,201	£948,549,580	£300,999,707	£319,075,614	£487,475,683	£5,284,451,836	£16,372,059,797
2016	£2,850,649,967	£408,317,447	£975,635,685	£364,774,179	£341,740,787	£500,098,941	£5,441,217,006	£16,518,669,000
2019	£3,027,784,601	£618,865,745	£1,128,131,733	£416,990,566	£352,242,419	£589,860,627	£6,133,875,691	£18,659,039,940
From Peak	76%	118%	74%	144%	62%	108%	256%	-21%
10 Year	110%	165%	78%	180%	56%	136%	109%	78%
5 Year	20%	70%	30%	52%	19%	43%	30%	22%
3 Year	7%	55%	19%	39%	10%	21%	16%	14%

Source: Registers of Scotland

4 ECONOMIC GROWTH SCENARIOS

Rettie & Co was asked to consider the economic scenarios – Steady Recovery (low end forecast), Wealth Distribution (mid forecast) and Strong Economic Growth (high end forecast) that were used in the HNDA and the variables used to explain them.

To do this, Rettie & Co. considered the key assumptions underpinning these scenarios, e.g. on population, migration, earnings and housing. Movements in key indicators were assessed to ascertain which of the scenarios best matched recent socioeconomic conditions. Broadly, the economic scenarios can be set out as follows.

- **Steady Recovery** – Modest economic and employment growth throughout the region together with modest population and household growth. Predicated on business confidence taking longer to return post-recession and large-scale developments drifting out in time as a consequence.

- **Wealth Distribution** – Anticipates a wider distribution of wealth in the region, creating more high and low skilled jobs and increasing economic activity throughout the working age population.

- **Strong Economic Growth** – Characterised by increasing economic wealth and productivity and includes significant population growth and innovation, raising economic output and employment. The Edinburgh City Region in this scenario would be one of the fastest growing regions of the UK in terms of population, drawing in workers from across the country. This facilitates strong economic and income growth.

Figure 4.1 compares the defined variables in the SESplan Study (supporting HNDA document) by Oxford Economics against the variables described in SESplan HNDA 2 Final Report. While many of the scenarios remain unchanged from our 2016 report, household projections have acknowledged the growth within Midlothian.

Figure 4.1 Comparison of scenarios in 2016 vs current HNDA SESPlan 2 figures

Variable	Source	Steady Recovery	Wealth Distribution	Strong Economic Growth
Household Projections	Variable used for HNDA based Alternative Futures	Low Migration' using 2012 based projections	Principal' using 2012 based projections	High Migration' using 2012 based household projections
	HNDA Tool Scenarios Used to Construct Alternative Futures for SESplan HNDA2	Alternaitve Headship with 'Low Migration with High Migration for Midlothian	Alternative headship (alternative headship with high migration for Midlothian)	Alternative headship with high migration
Existing Clearance Period	Variable used for HNDA based Alternative Futures	10 Years	10 Years	5 Years
	HNDA Tool Scenarios Used to Construct Alternative Futures for SESplan HNDA2	10 Years	10 Years	5 Years
Average (Median) Household Income Growth	Variable used for HNDA based Alternative Futures	No Real Growth (Inflation Target)	Modest Increases	Reasonable Growth
	HNDA Tool Scenarios Used to Construct Alternative Futures for SESplan HNDA2	No Real Growth (Inflation Target)	Modest Increases	Reasonable Growth
Change in Income Distribution	Variable used for HNDA based Alternative Futures	Flat (No Change)	Creeping Equality	Creeping Inequality
	HNDA Tool Scenarios Used to Construct Alternative Futures for SESplan HNDA2	Flat (No Change)	Creeping Equality	Creeping Inequality
Projected House Prices	Variable used for HNDA based Alternative Futures	No Real Growth' (Inflation target) OBR Estimates for CEC and Modest Increases for West Lothian	Modest Increase with strong recovery for Edinburgh and West Lothian	Strong Recovery
	HNDA Tool Scenarios Used to Construct Alternative Futures for SESplan HNDA2	No Real Growth' (Inflation target) OBR Estimates for CEC and Modest Increases for West Lothian	Modest Increase with strong recovery for Edinburgh and West Lothian	Strong Recovery

Source: Alternative Futures / SESPlan 2

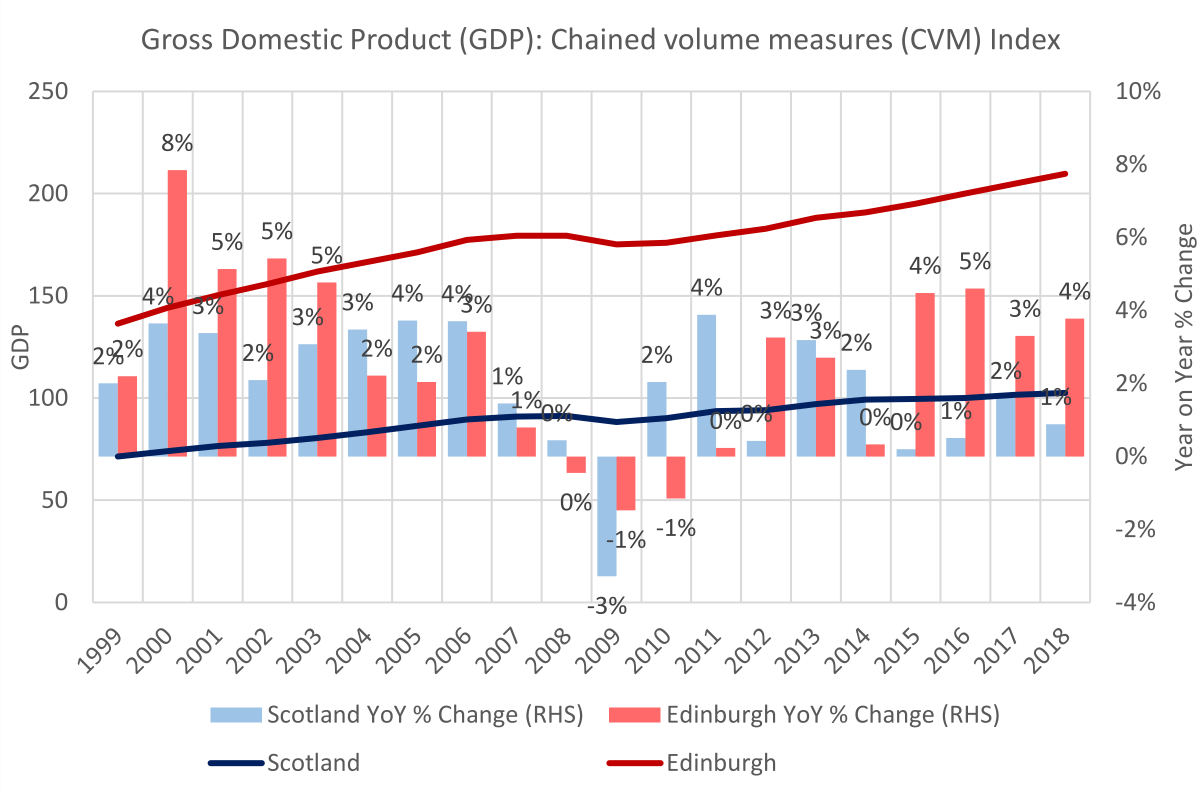
The variables for which we have quality time series data will be considered over the last 12 and 20 years to provide a benchmark for the time ranges considered by the HNDA and SESplan housing delivery targets (2012-32 and 2018-30 respectively) and compared against updated data available up to 2019.

The 'Post HNDA Economic Commentary Review' included in the Housing Background paper reflected on change over a relatively narrow period of time and this was used to justify a relatively downbeat assessment of the future of the Scottish economy and therefore a low to mid end recovery scenarios on which to base supply targets.

However, as noted in the previous report, economic cycles are typically longer than a few years and any assessment of future performance should consider what is likely to happen over economic peaks as well as slumps, which can be reflected on if we consider the performance of these variables over the previous 12 and 20 year periods.

This is justified not just because it contains the sort of time periods used in the HNDA and SESplan targets, but because economic growth fluctuates significantly over this sort of interval, as highlighted below. GDP has averaged 1.4% growth per annum since 1999 but ranged from -2.4% to 3.4%.

Figure 4.2 GDP growth in Scotland has averaged 1.4% pa since 1999
Year-on-Year Change in Scottish GDP, 1999-2019



Source: Scottish Government

4.1 MIGRATION AND HOUSEHOLD NUMBERS

Household growth rates over the past ten years are in line with current principal projection rates, with household growth rate over the past two years aligning within the 2016 high projections.

Over 2016 to 2018, household estimates for the SESPlan region have reported household growth running at 0.9% per annum, with the strongest growth occurring in East Lothian (1.4%) and Midlothian (1.8%). Edinburgh has recorded 0.9% annual growth in households.

The rise in other parts of the Lothians is largely due to the Edinburgh economy. Employment growth in Edinburgh is running at nearly 2.5% per annum over 2010-19, well in excess of any other area of Scotland - Glasgow is next at around 1.7%. The relative lack of new housing in Edinburgh and lack of churn of second-hand stock has meant a sizeable movement of people into other parts of the Lothians[1].

This would align Edinburgh and the wider region with the Wealth Distribution scenario based on current projections if these growth rates persist as projected, i.e. growth in line with the principal projection from 2012, which is not markedly different from that of 2016 and in line with actual rate of growth since 2012.

A comparison of household projections from 2012 and 2016 shows that, across the SESPlan region, overall household numbers have not seen much movement across Low, Principal and High variants. In each of the variants, there has been a slight downward moderation of -0.1% between the two projections (see

Figure 4.3). For Edinburgh, this reduction is in the range of -0.1% to -0.4%. However, current 2016 household projections have been lowered compared to previous projections for most of Scotland to reflect changes in population projections and household formation and composition[2].

In Edinburgh, a reason for the reduction in future households has been a decline of expected household formation and a rise in average household size, both of which are likely to have been at least partly driven by a lack of supply in the city (see Figure 4.5).

Figure 4.3 Household growth rates have been reduced between the 2012 and 2016 household projections
Average Annual Percentage Change in Household Projections in the SESPlan Area, 2012-37 vs 2016-41

[1] https://fraserofallander.org/scottish-economy/the-economic-rise-of-the-east-scotlands-powerhouse-region/
[2] https://www.nrscotland.gov.uk/files/statistics/household-projections/16/household-proj-16-pub.pdf

	2012 Projections			2016 Projections				Difference		
Low	**2012-24**	**2012-35**	**2012-37**	**2016-24**	**2016-35**	**2016-37**	**2016-41**	**2016-24**	**2016-35**	**2016-37**
East Lothian	0.9%	0.9%	0.9%	1.1%	0.9%	0.9%	0.8%	0.2%	0.0%	0.0%
Edinburgh	1.2%	1.1%	1.1%	0.8%	0.7%	0.7%	0.6%	-0.4%	-0.4%	-0.4%
Fife	0.5%	0.4%	0.3%	0.4%	0.3%	0.2%	0.2%	-0.1%	-0.1%	-0.1%
Midlothian	0.8%	0.7%	0.7%	1.4%	1.2%	1.2%	1.1%	0.6%	0.5%	0.5%
West Lothian	0.7%	0.6%	0.5%	0.9%	0.7%	0.7%	0.6%	0.2%	0.1%	0.2%
Scottish Borders	0.3%	0.2%	0.1%	0.4%	0.2%	0.2%	0.2%	0.1%	0.0%	0.1%
All Area	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%	-0.1%	-0.1%	-0.1%
Principal	**2012-24**	**2012-35**	**2012-37**	**2016-24**	**2016-35**	**2016-37**	**2016-41**	**2016-24**	**2016-35**	**2016-37**
East Lothian	1.0%	1.0%	0.9%	1.2%	1.0%	1.0%	0.9%	0.2%	0.0%	0.1%
Edinburgh	1.4%	1.3%	1.3%	1.1%	1.0%	1.0%	0.9%	-0.3%	-0.3%	-0.3%
Fife	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%	0.3%	-0.1%	-0.1%	-0.1%
Midlothian	0.9%	0.8%	0.8%	1.5%	1.3%	1.3%	1.3%	0.6%	0.5%	0.5%
West Lothian	0.7%	0.7%	0.6%	1.0%	0.8%	0.8%	0.7%	0.3%	0.1%	0.2%
Scottish Borders	0.5%	0.3%	0.3%	0.5%	0.4%	0.3%	0.3%	0.0%	0.1%	0.0%
All Area	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%	0.0%	-0.1%	-0.1%
High	**2012-24**	**2012-35**	**2012-37**	**2016-24**	**2016-35**	**2016-37**	**2016-41**	**2016-24**	**2016-35**	**2016-37**
East Lothian	1.6%	1.6%	1.6%	1.2%	1.1%	1.1%	1.1%	-0.4%	-0.5%	-0.5%
Edinburgh	1.1%	1.1%	1.1%	1.4%	1.3%	1.2%	1.2%	0.3%	0.2%	0.1%
Fife	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.0%	-0.1%	-0.1%
Midlothian	0.9%	0.9%	0.8%	1.6%	1.4%	1.4%	1.4%	0.7%	0.5%	0.6%
West Lothian	0.8%	0.7%	0.7%	1.1%	0.9%	0.9%	0.9%	0.3%	0.2%	0.2%
Scottish Borders	0.6%	0.5%	0.4%	0.6%	0.5%	0.5%	0.4%	0.0%	0.0%	0.1%
All Area	1.1%	1.1%	1.0%	1.1%	1.0%	0.9%	0.9%	0.0%	-0.1%	-0.1%

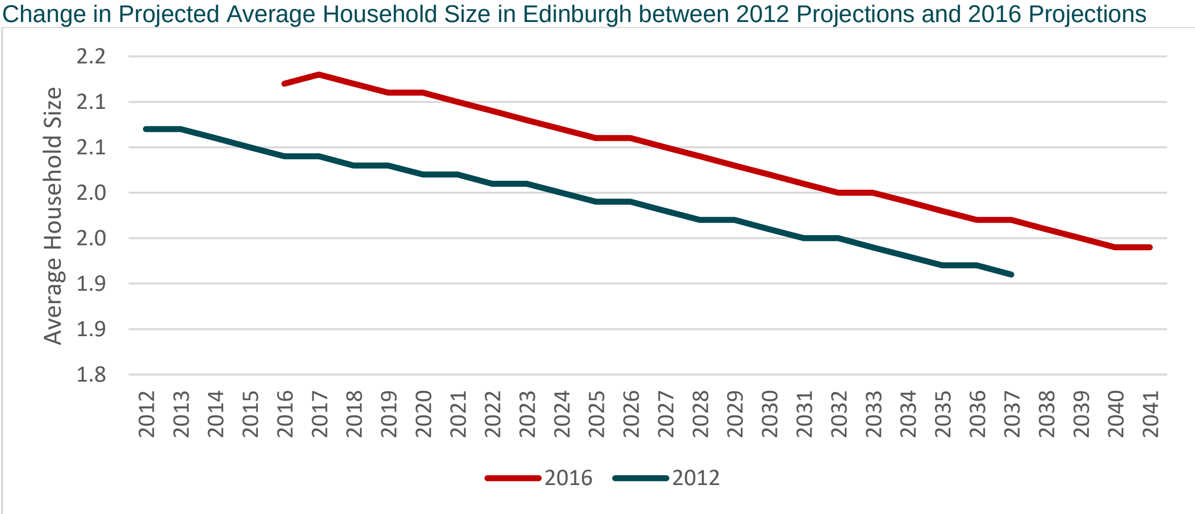
Source: NRS Scotland

Figure 4.4 Household estimate growth rates align with Wealth Distribution scenario
Household Projections vs Household Estimates in SESPlan Area for Selected Time Periods

	2016-41			Actual		2008-2018 Diff to 2016 Projections			2016-18 Diff to 2016 Projections		
Area	**Low**	**Principal**	**High**	**2008-18**	**2016-18**	**Low**	**Principal**	**High**	**Low**	**Principal**	**High**
East Lothian	0.8%	0.9%	1.1%	1.0%	1.4%	0.2%	0.0%	-0.1%	0.6%	0.4%	0.3%
Edinburgh	0.6%	0.9%	1.2%	0.7%	0.9%	0.1%	-0.2%	-0.5%	0.3%	0.0%	-0.3%
Fife	0.2%	0.3%	0.5%	0.6%	0.6%	0.4%	0.2%	0.1%	0.4%	0.3%	0.2%
Midlothian	1.1%	1.3%	1.4%	1.5%	1.8%	0.4%	0.2%	0.1%	0.7%	0.5%	0.4%
West Lothian	0.6%	0.7%	0.9%	0.8%	0.9%	0.1%	0.0%	-0.1%	0.2%	0.1%	0.0%
Scottish Border	0.2%	0.3%	0.4%	0.6%	0.6%	0.4%	0.2%	0.1%	0.4%	0.3%	0.1%
All Area	0.5%	0.7%	0.9%	0.7%	0.9%	0.2%	0.0%	-0.2%	0.4%	0.2%	0.0%

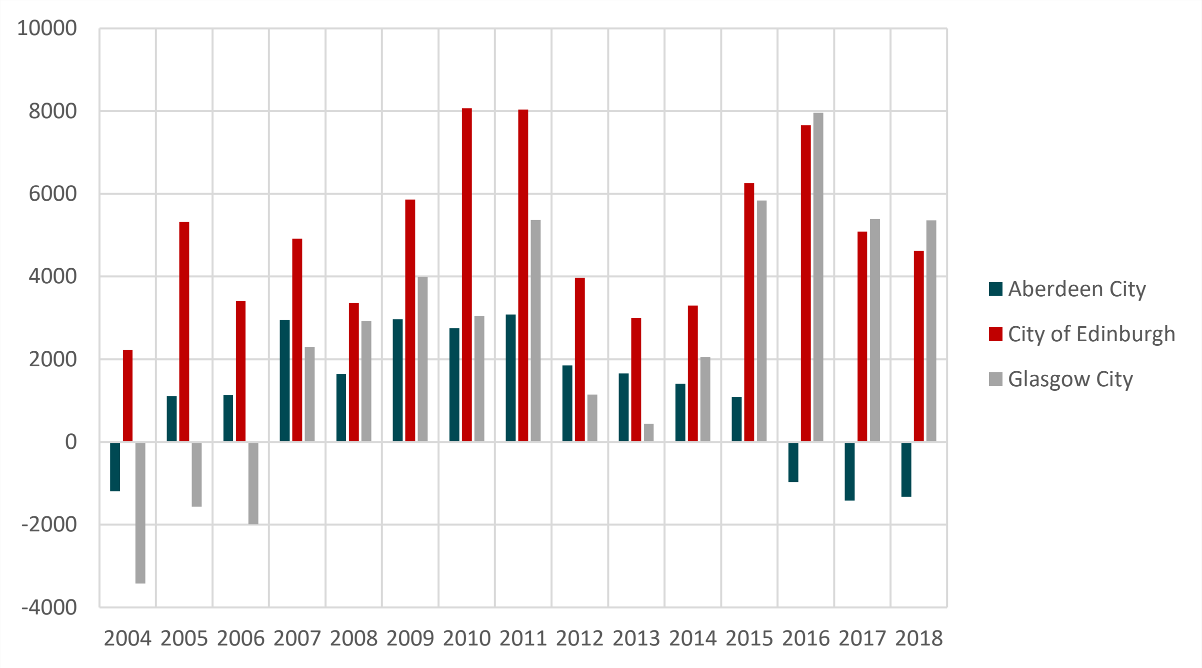
Source: NRS

Figure 4.5 Average household size projections have been moved up between projection periods
Change in Projected Average Household Size in Edinburgh between 2012 Projections and 2016 Projections



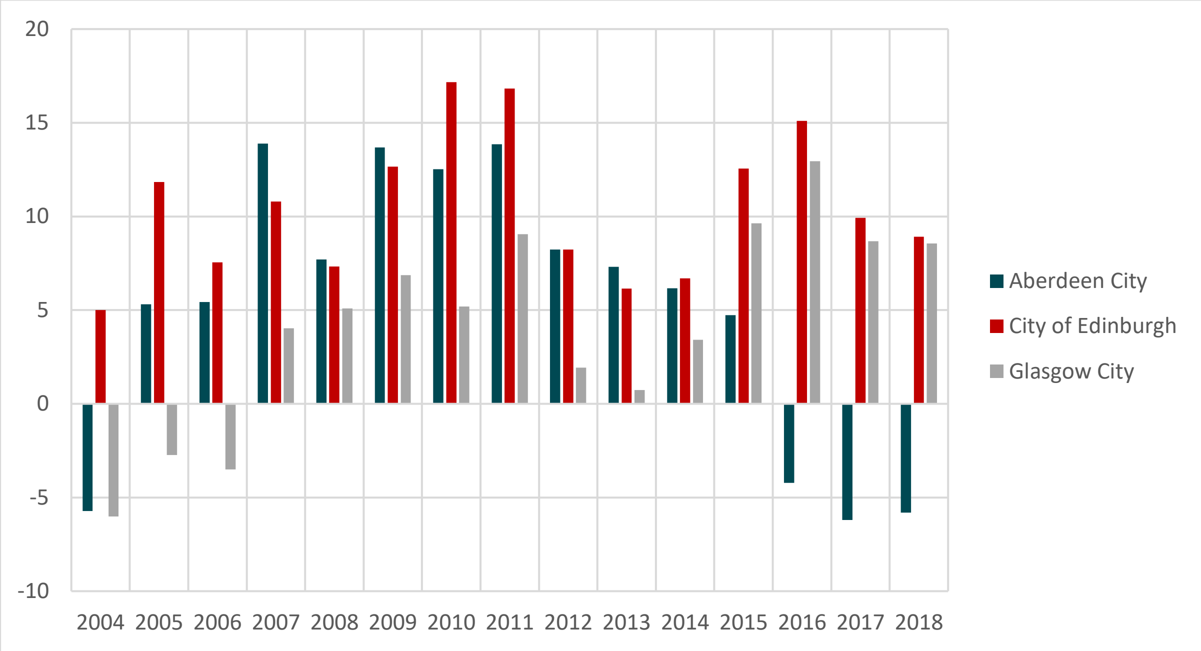
Source: NRS

Figure 4.6 Edinburgh has experienced higher nominal in-migration than other major Scottish cities
Total Net Migration (Count) by Major Scottish City, 2004-18



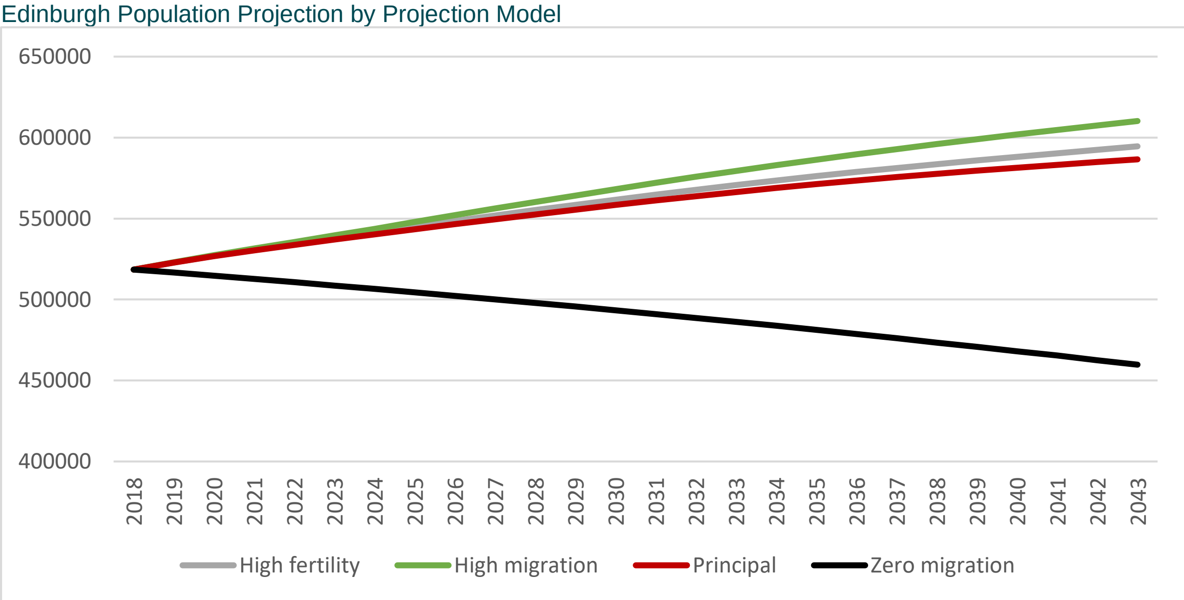
Source: Scottish Government

Figure 4.7 Based on population size Edinburgh has consistently seen great in-migration than other cities
Total Net Migration (Rate Per Population*) by Major Scottish City, 2004-18



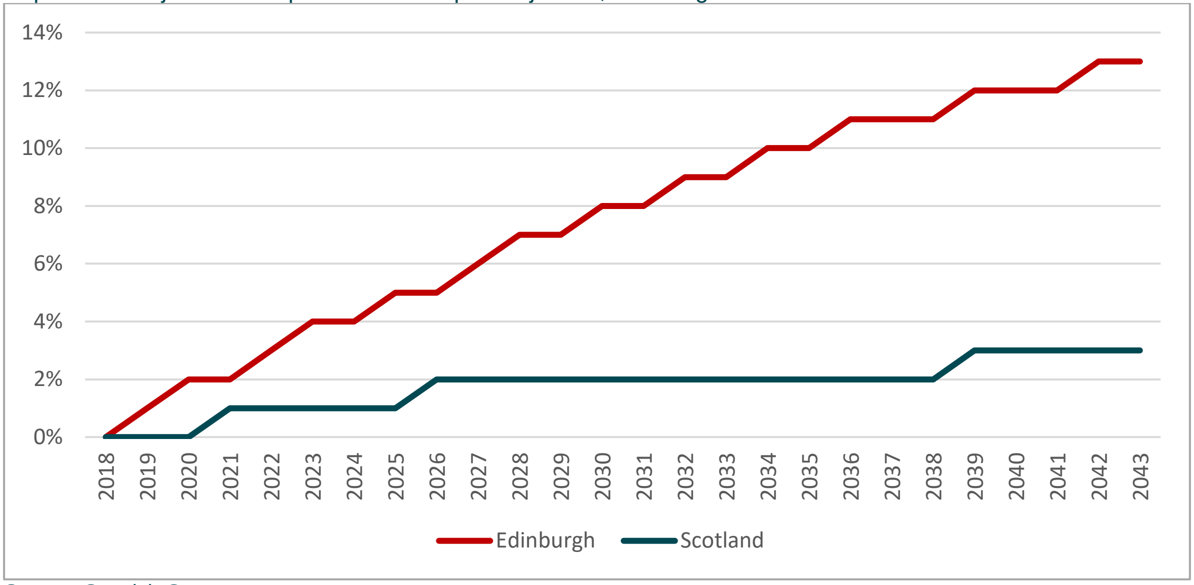
Source: Scottish Government
*Rate per population refers to the rate per 1,000 of the resident population for that area at the mid-year (as at 30 June) of the relevant year.

Figure 4.8 In-migration is the main driver of population growth in Edinburgh
Edinburgh Population Projection by Projection Model



Source: Scottish Government

Figure 4.9 Edinburgh's population projection is signicantly above national averages
Population Projection Comparison – Principal Projection, Edinburgh and Scotland



Source: Scottish Government

4.2 INCOME GROWTH

The assumption under the Steady Recovery scenario assumes that there will be no real growth in income, i.e. following the Bank of England inflation target of 2% per annum (based on the median).

The CHMA provided 'moderate' and 'reasonable' income growth projections of around 3-4% and 3-6% respectively over the period up to 2030, which are aligned with the Wealth Distribution and Strong Economic Growth scenarios.

Figure 4.10 CHMA income growth rate projections, 2013-41

	2013	2014	2015	2016	2020	2030	2030-2041 (Avg PA)
Inflation Target	2.0%	2.0%	2.0%	2.0%	2.0%	2.5%	2.5%
Modest Increase	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%
Reasonable Growth	5.0%	6.0%	6.0%	6.0%	6.0%	3.0%	2.7%
Slow Decline	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	2.0%	2.4%

Source: CHMA

Across the SESPlan region as a whole, the most recent income growth figures from 2016-19 show median income increasing by 2.4% per annum. Over a longer time period (2002-19), the increase is 2.6% per annum. For Edinburgh, the long-term growth rate is 2.1% per annum. This would be between the CHMA's flat and modest increase definitions and would align above the Steady Recovery scenario and below the Wealth Distribution scenario. This said, sub regions areas such as East Lothian, Midlothian and West Lothian have seen higher rates of growth, especially at the lower quartile as earnings and employment move out of the city.

Overall, in the SESPlan area the lowest quartile has had a 3.3% annual growth rate over the past three years, faster than other groups, which would point towards the 'creeping equality' scenario. This is not uniform however, as within Edinburgh the fastest growth rate (also at 3.3%) has been in the upper quartile of employees, pointing to 'creeping inequality' within the city. This offers some further support for the Wealth Distribution scenario in the SESPlan context and a Strong Economic Growth scenario for Edinburgh.

Figure 4.11 SESPlan and Edinburgh income rises have been positive and modest overall

Annual pay - Gross (£) - For All Employee Jobs, Actual and Year-on-Year % Change for Scotland and SESPlan Local Authority Areas, 2002-19

	Years																		Compound Annual Growth Rate			
City of Edinburgh	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
25th Percentile	£10,616	£11,577	£11,630	£12,246	£13,259	£12,625	£14,516	£14,318	£14,521	£14,350	£14,625	£14,431	£14,575	£15,292	£16,303	£16,425	£16,243	£16,773	2.9%	2.8%	2.7%	1.0%
Median	£18,422	£19,191	£19,075	£21,028	£22,167	£22,008	£22,894	£23,238	£23,175	£23,758	£23,749	£24,204	£24,204	£24,636	£25,618	£25,943	£25,725	£26,187	2.5%	1.9%	2.1%	0.7%
Mean	£21,204	£22,153	£22,767	£24,818	£26,135	£27,201	£28,116	£28,594	£28,211	£29,316	£29,339	£30,986	£28,879	£29,703	£32,729	£34,341	£33,315	£33,968	3.1%	2.8%	2.8%	1.2%
75th Percentile	£27,120	£28,506	£29,404	£31,517	£32,479	£32,855	£33,251	£34,731	£34,646	£34,954	£35,663	£37,059	£37,148	£37,885	£38,046	£40,115	£39,004	£41,973	2.2%	1.6%	2.6%	3.3%

East Lothian	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019				
25th Percentile	£10,911	£10,047	£10,514	£12,583	£12,573	£13,254	£13,430	£13,336	£14,377	£12,981	£12,780	£12,909	-	£14,342	£13,565	£14,005	£15,278	-	2.1%	1.5%		
Median	£16,611	£16,456	£17,568	£18,753	£18,739	£19,468	£20,857	£21,980	£21,783	£21,147	£21,491	£22,081	-	£23,245	£22,916	£22,988	£24,516	£25,716	2.2%	1.6%	2.6%	3.9%
Mean	£18,919	£19,017	£20,032	£21,372	£21,894	£23,911	£25,668	£28,000	£28,701	£26,618	£26,104	£27,639	£25,469	£25,810	£26,645	£27,770	£28,480	£29,044	2.4%	0.5%	2.6%	2.9%
75th Percentile	£25,081	£24,947	£26,141	£28,132	£27,878	£29,497	-	-	£32,669	£32,429	£32,148	£33,267	-	£33,040	£35,000	£36,138	£35,349	-	2.5%	2.1%		

Fife	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
25th Percentile	£10,058	£10,700	£10,398	£10,877	£11,194	£11,647	£12,076	£12,146	£12,246	£11,997	£12,616	£13,314	£13,193	£13,741	£14,227	£14,041	£15,194	£15,537	2.6%	3.0%	2.6%	3.0%
Median	£15,518	£15,979	£16,373	£17,035	£17,872	£18,259	£19,452	£19,623	£20,147	£19,982	£20,585	£20,814	£20,977	£21,682	£23,011	£22,038	£23,475	£23,850	2.9%	2.8%	2.6%	1.2%
Mean	£17,747	£18,360	£19,482	£20,035	£20,300	£21,342	£22,794	£22,998	£23,013	£23,148	£23,751	£24,117	£24,568	£25,347	£26,050	£25,178	£26,713	£26,645	2.5%	2.3%	2.4%	0.8%
75th Percentile	£23,301	£23,278	£24,612	£25,525	£26,109	£27,822	£29,483	£29,869	£30,265	£30,866	£30,985	£31,022	£32,094	£33,635	£34,011	£32,459	£35,000	£34,864	2.7%	2.4%	2.4%	0.8%

Midlothian	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
25th Percentile	£9,662	£10,532	£11,224	£11,799	£11,245	-	£13,612	£13,552	£13,124	£13,430	£11,960	-	£13,500	£13,994	£14,921	£14,475	£15,536	£16,911	2.4%	5.7%	3.3%	4.3%
Median	£14,400	£15,544	£16,150	£16,504	£17,663	-	£18,807	£19,047	£20,319	£19,517	£20,148	£20,275	£20,442	£21,955	£22,643	£23,283	£23,237	£24,074	2.9%	3.0%	3.1%	2.1%
Mean	£18,145	£19,289	£20,080	£21,083	£22,591	£22,103	£23,770	£23,638	£23,928	£23,941	£23,945	£23,057	£25,961	£27,409	£25,998	£26,628	£26,491	£27,950	2.2%	2.1%	2.6%	2.4%
75th Percentile	£21,792	£23,949	£24,909	-	£26,553	-	£28,528	£28,612	£29,687	£28,741	£28,514	-	£29,607	£31,746	£32,786	£34,456	£34,442	£36,279	2.3%	3.6%	3.0%	3.4%

Scottish Borders	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
25th Percentile	£8,916	£9,773	£9,066	£10,405	£10,925	£11,608	£12,018	£11,093	£11,740	£11,431	£12,211	£11,542	£12,728	£12,970	-	£16,232	£15,232	£15,239			3.2%	
Median	£13,171	£14,468	£14,409	£16,335	£17,278	£18,303	£18,954	£18,551	£18,937	£18,856	£18,458	£20,012	£20,645	£21,207	£21,258	£22,748	£22,458	£22,938	3.3%	3.6%	3.3%	2.6%
Mean	£17,871	£18,905	£17,988	£20,320	£21,505	£22,416	£24,158	£23,156	£23,136	£21,678	£22,828	£23,325	£24,228	£25,004	£25,985	£28,679	£27,027	£26,777	3.1%	3.3%	2.4%	1.0%
75th Percentile	£23,170	£24,014	£22,119	£25,219	£25,583	£29,109	£31,724	-	£28,830	£27,406	£28,099	£29,733	£30,222	£31,492	-	£34,250	£34,189	£34,577			2.4%	

West Lothian	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
25th Percentile	£11,539	£11,765	£11,513	£12,233	£12,940	£13,758	£12,839	£13,888	£14,795	£13,846	£15,045	£15,296	£15,121	£15,502	£15,032	£16,309	£16,807	£17,137	2.2%	0.0%	2.4%	4.5%
Median	£17,014	£16,724	£16,984	£17,994	£18,474	£19,420	£18,524	£19,754	£20,448	£21,011	£22,351	£21,887	£22,581	£22,312	£22,371	£24,002	£23,931	£25,080	2.3%	0.0%	2.3%	3.9%
Mean	£18,685	£18,972	£20,664	£21,948	£22,588	£22,949	£22,335	£23,832	£24,174	£27,274	£29,283	£26,291	£26,392	£26,605	£26,181	£27,404	£27,726	£29,552	2.0%	-2.8%	2.7%	4.1%
75th Percentile	£24,162	£23,451	£25,329	£27,276	£27,691	£28,245	£28,074	£29,341	£29,566	£30,113	£31,900	£32,089	£32,708	£32,359	£32,783	£34,322	£34,754	£36,488	2.2%	0.7%	2.5%	3.6%

SESPLan Arth Avg	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2004-2016	2012-2016	2002-2019	2016-2019
Total 25th Percentile	£10,284	£10,732	£10,724	£11,691	£12,023	£12,578	£13,082	£13,056	£13,467	£13,006	£13,206	£13,498	£13,823	£14,307	£14,810	£15,248	£15,715	£16,319	2.7%	2.9%	2.8%	3.3%
Total Median	£15,856	£16,394	£16,760	£17,942	£18,699	£19,492	£19,915	£20,366	£20,802	£20,712	£21,130	£21,546	£21,770	£22,506	£22,970	£23,500	£23,890	£24,641	2.7%	2.1%	2.6%	2.4%
Total Mean	£18,762	£19,449	£20,169	£21,596	£22,502	£23,320	£24,474	£25,036	£25,194	£25,329	£25,875	£25,903	£25,916	£26,646	£27,265	£28,333	£28,292	£28,989	2.5%	1.3%	2.6%	2.1%
Total 75th Percentile	£24,104	£24,691	£25,419	£27,534	£27,716	£29,506	£30,212	£30,638	£30,944	£30,752	£31,218	£32,634	£32,356	£33,360	£34,525	£35,290	£35,456	£36,836	2.6%	2.5%	2.5%	2.2%

Source: ASHE

4.3 HOUSE PRICES

The housing need assessment, outlined in the SESPlan Housing Background Paper, considered three likely market scenarios in relation to house prices.

- The Steady Recovery scenario assumed 'no real growth', which, in effect, is 2% nominal growth (based on an inflation target of 2%). The only qualifiers to this are use of the Office of Budget Responsibility (OBR) targets for Edinburgh (around 4% on average) and 'modest increases' for West Lothian (around 5% up to 2020 and dropping to 2.5% longer term).

- The Wealth Distribution scenario assumes 'modest increases' across the SESplan area as a whole, with 'strong recovery' for Edinburgh and West Lothian. As shown in the CHMA table below, this implies an average annual rate of change across the area of around 2.5%-5% and a higher level of upward movement in Edinburgh and West Lothian, at least up to 2020.

- The Strong Recovery scenario assumes 'strong recovery' across the whole SESplan area, which, again from the table below, suggests an average annual long-term growth rate of 2.5%-8%, with the higher levels of growth in the period up to 2020.

Figure 4.12 CHMA Growth Rate Forecasts, House Prices, All Areas

	2013	2014	2015	2016	2020	2030	2030-2041 (Avg PA)
OBR Estimates (Core)	1.6%	3.6%	3.9%	4.0%	4.5%	4.5%	4.5%
No Real Growth (Inflation Target	2.0%	2.0%	2.0%	2.0%	2.0%	2.5%	2.5%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%
Modest Increase	5.0%	5.0%	5.0%	5.0%	5.0%	2.5%	2.5%
Strong Recovery	5.0%	6.0%	7.0%	8.0%	8.0%	2.5%	2.5%
Gradual Decline	-1.0%	-2.0%	-2.0%	-4.0%	-1.0%	2.5%	2.5%

Source: CHMA

The rapid growth of house prices in the years up to the 2008 market crash was frequently in double digits each year, but the crash had a far greater impact on transactions than house pries as people were generally able to 'sit tight' due to low mortgage rates and little appetite from the banks to repossess. Since stronger market recovery from 2014, house price growth has been steady but not spectacular.

Over the past three years, average house prices in the SESPlan region have averaged 3.6% compound annual growth (CAGR), higher than the long-term 15-year average (2004-19) of 3.2%.

The strongest growth has occurred in the key commuter areas of East Lothian and Midlothian, where new build supply has combined with displaced demand from Edinburgh families to support housing demand. House price growth in Edinburgh has averaged 4.4% CAGR over 2016-19. All other SESPlan local authority areas (with the exceptions of the Scottish Borders and Fife) have seen price growth above 4%, with East Lothian and Midlothian showing the strongest increases.

This would support a Wealth Distribution scenario across the SESPlan region as a whole, rather than the Steady Recovery scenario, which expected the strongest growth concentrated only in Edinburgh and West Lothian.

Figure 4.13 Year-on-Year % house price change by SESPlan area, 2004-19

Year	Edinburgh	East Lothian	Fife	Midlothian	Scottish Borders	West Lothian	SESPLan
2004	11%	11%	15%	8%	19%	14%	12%
2005	6%	8%	9%	8%	4%	5%	6%
2006	10%	8%	10%	12%	12%	13%	11%
2007	10%	16%	12%	12%	13%	12%	11%
2008	1%	-3%	5%	3%	2%	0%	2%
2009	-6%	-2%	-4%	-3%	-3%	-3%	-4%
2010	8%	10%	0%	3%	4%	3%	6%
2011	-1%	-6%	0%	-4%	2%	1%	-1%
2012	0%	0%	-3%	3%	-6%	-3%	-1%
2013	-1%	3%	0%	5%	-1%	0%	0%
2014	6%	4%	5%	-2%	3%	6%	5%
2015	5%	3%	6%	6%	3%	9%	5%
2016	-2%	-1%	2%	5%	1%	-1%	0%
2017	7%	7%	3%	4%	5%	0%	5%
2018	7%	5%	4%	9%	0%	8%	5%
2019	0%	7%	0%	4%	-4%	5%	1%
Average 2004-2019	3.8%	4.3%	3.9%	4.5%	3.3%	4.3%	3.9%
CAGR 15 Yr	3.2%	3.7%	3.1%	4.1%	2.2%	3.5%	3.3%

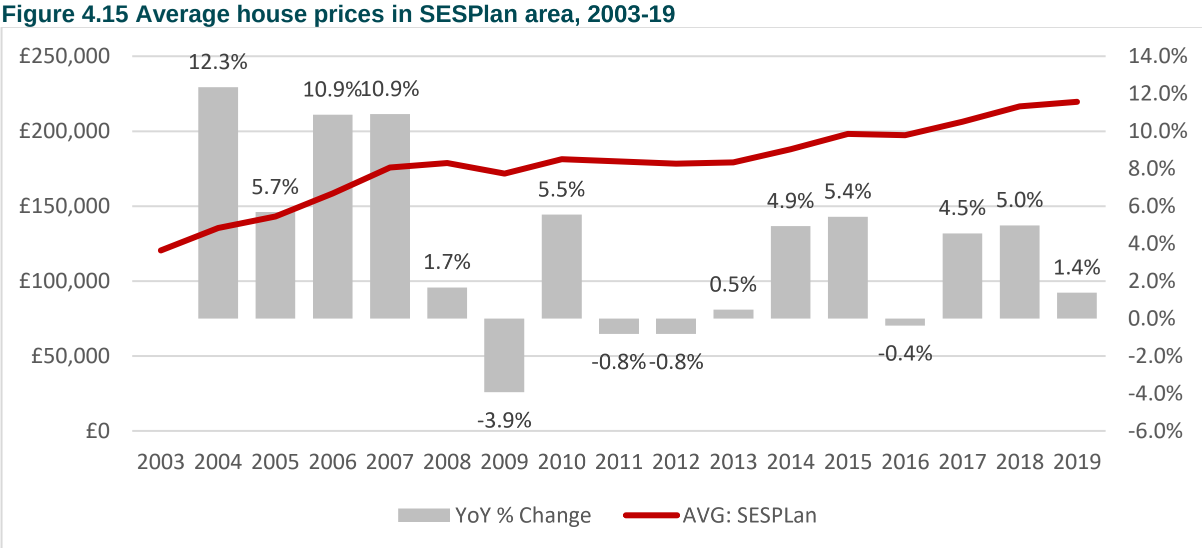
Source: Registers of Scotland

Figure 4.14 Summary of house price growth rates by SESPlan area over different time periods

	3yr%	3yr CAGR	10yr %	10yr CAGR	15yr %	15yr CAGR
City of Edinburgh	14%	4.4%	32%	2.8%	61%	3.2%
East Lothian	20%	6.4%	34%	3.0%	73%	3.7%
Fife	7%	2.2%	18%	1.7%	59%	3.1%
Midlothian	17%	5.4%	36%	3.1%	83%	4.1%
Scottish Borders	0%	0.1%	7%	0.6%	38%	2.2%
West Lothian	13%	4.2%	31%	2.7%	67%	3.5%
SESPLan	11%	3.6%	28%	2.5%	62%	3.3%

Source: Registers of Scotland

Figure 4.15 Average house prices in SESPlan area, 2003-19



Source: Registers of Scotland

4.4 HOUSING MARKET AFFORDABILITY

The impact of rising rents and house prices alongside earnings has altered the affordability dynamic within the regional market. Most areas have seen the ratio of average house prices to earnings, or percentage of gross average income against average rents, increase and become less affordable. The exceptions in the SESPlan area are in the Scottish Borders and West Lothian, where affordability ratios have improved. These figures cover broad geographies and the specifics of local neighbourhood markets can vary significantly.

Based on 2019 average house prices and median and mean earnings, Edinburgh and East Lothian are the most unaffordable SESPlan locations, with median earnings to house price ratios of over 10, compared to West Lothian where the mean ratio is 7.2.

Comparing this to 2016 ratios, Edinburgh, East Lothian, Fife and Midlothian have all become less affordable, suggesting ‘creeping inequality’, while the Scottish Borders and West Lothian have seen marginally improved affordability measures.

Figure 4.16 Affordability pressures have generally increased in most SESplan areas
Average Rent and House Price vs Average Earnings in SESplan Areas, 2019 v 2016

	2019 Avg Earning		2019	House Price to Average Earning Ratio		2019	Gross	
Description	Median	Mean	Avg House Price	Median	Mean	Avg Rent	Median	Mean
East Lothian	£25,716	£29,044	£256,684	10.0	8.8	£880	41%	36%
City of Edinburgh	£26,187	£33,968	£266,789	10.2	7.9	£1,103	51%	39%
Fife	£23,850	£26,645	£160,428	6.7	6.0	£634	32%	29%
Midlothian	£24,074	£27,950	£225,400	9.4	8.1	£813	41%	35%
Scottish Borders	£22,938	£26,777	£174,205	7.6	6.5	£599	31%	27%
West Lothian	£25,080	£29,552	£180,441	7.2	6.1	£665	32%	27%

	2016 Avg Earning		2016	House Price to Average Earning Ratio		2016	Gross	
Description	Median	Mean	Avg House Price	Median	Mean	Avg Rent	Median	Mean
East Lothian	£22,916	£26,645	£213,118	9.3	8.0	£750	39%	34%
City of Edinburgh	£25,618	£32,729	£234,226	9.1	7.2	£970	45%	36%
Fife	£23,011	£26,050	£150,399	6.5	5.8	£595	31%	27%
Midlothian	£22,643	£25,998	£192,950	8.5	7.4	£745	39%	34%
Scottish Borders	£21,258	£25,985	£173,195	8.1	6.7	£565	32%	26%
West Lothian	£22,371	£26,181	£159,221	7.1	6.1	£622	33%	29%

Source: ASHE / Registers of Scotland / Citylets

5 HOUSING MARKET SUPPLY

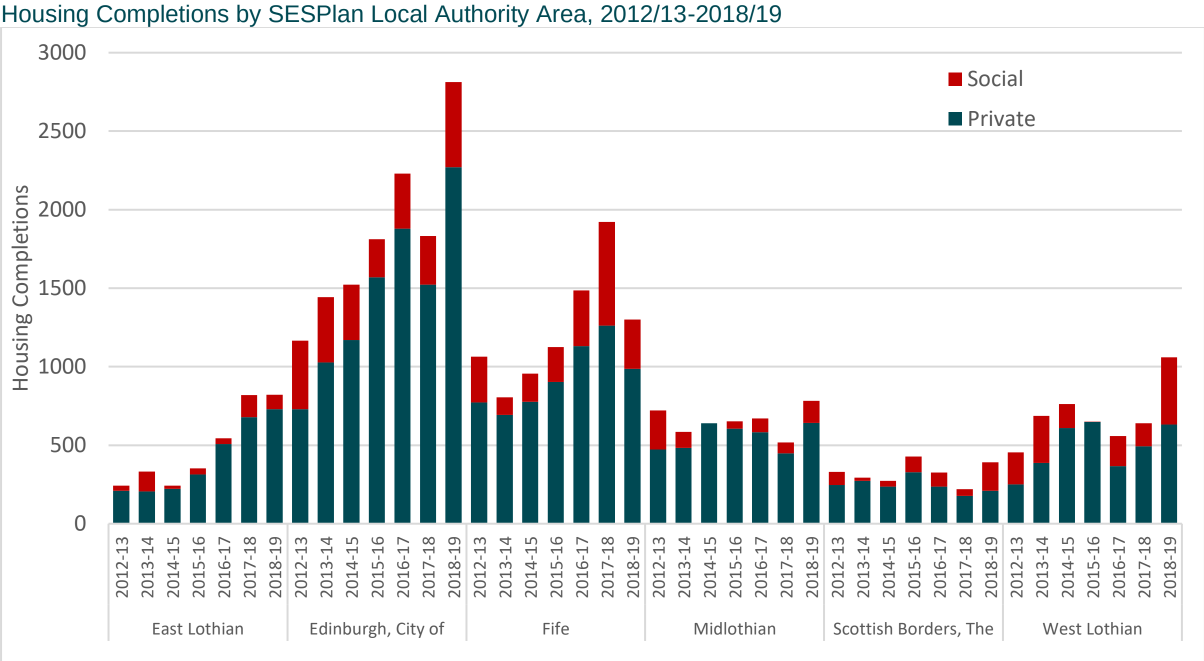
With an ambitious Scottish Government target set for affordable housing delivery of 50,000 in a 5-year period from 2016 and the City of Edinburgh Council's own ambitious housing targets, set out in the Choices 2030 paper (22,600 units of market housing and 20,800 of affordable homes over 2019-32), there is a requirement to increase housing delivery significantly to meet these goals.

To deliver 43,400 homes in the period between 2019 and 2032, would require an annual delivery rate in Edinburgh of c.3,338 homes per annum. Only once in the past 20 years has Edinburgh exceeded this target, with 3,588 completions 2004/05. Over the past ten years, completions in Edinburgh have averaged 1,650 per annum and, in the last five years, this has been 2,042 per annum. To meet the affordable target alone of 1,600 units per annum, Edinburgh would have to be building affordable housing at near the same rate as its 20-year average for all housing.

In recent years, the proportion of new homes being delivered by the social sector has increased to just under one quarter, with current delivery running at 1,699 a year across the region. This is a marked increase from the 13% of delivery recorded in 2015/16.

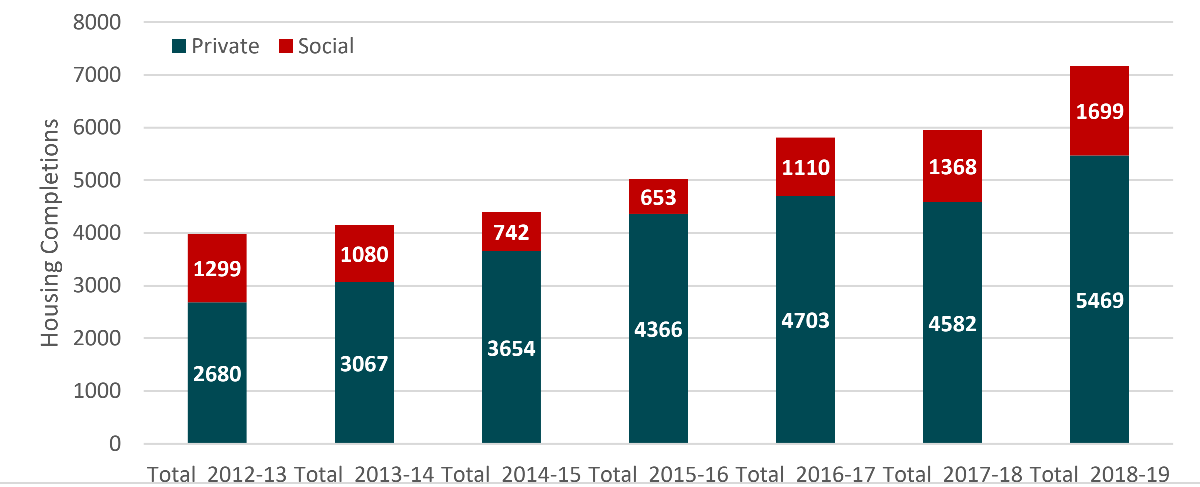
It is clear that the rise in housing delivery in recent years has been of both private and social housing numbers, unsurprising as the delivery of affordable is often dependent on the delivery of market housing.

Figure 5.1 There has been a rise in housing completions in the SESPlan area
Housing Completions by SESPlan Local Authority Area, 2012/13-2018/19



Source: Scottish Government Housing Figures

Figure 5.2 There have been rise in both market and affordable housing delivery
Total Housing Completions by SESPlan Local Authority Area and Sector of Delivery, 2012/13-2018/19



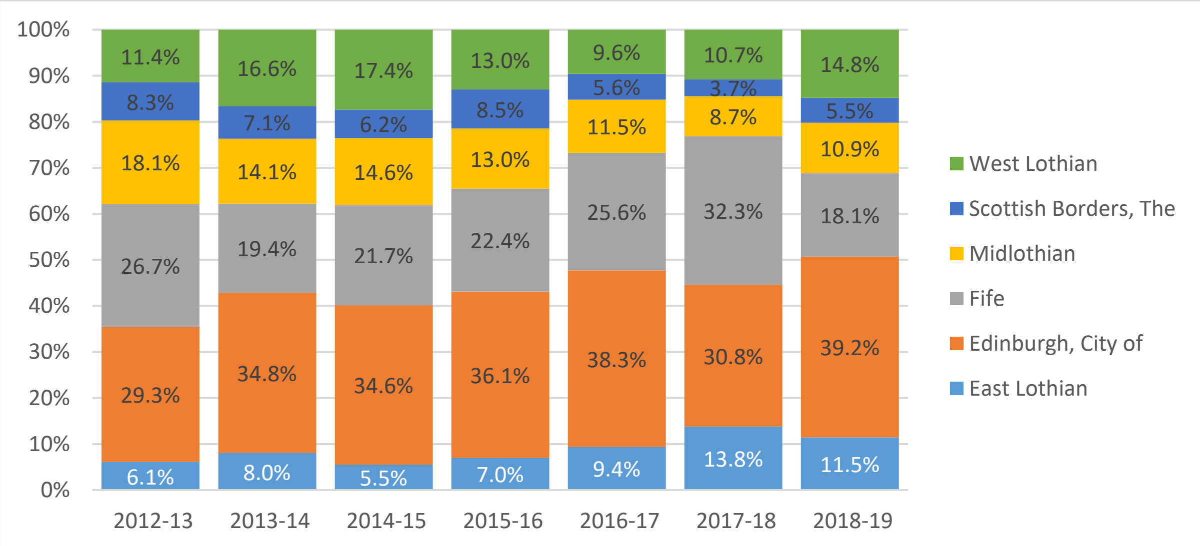
Source: Scottish Government Housing Figures

Currently, Midlothian and East Lothian are delivering new housing at the fastest rate relative to their size within the SESPlan region, with a ratio of 20 and 17.9 new homes per 1,000 households respectively.

However, while these areas are experiencing strong relative growth, they each only represent around 11% of housing completions within the SESPlan area, with Edinburgh and Fife representing the largest new housing delivery areas. Edinburgh's share of new housing completions in the SESPlan area has expanded to over 39% of completions in 2018/19, up from around 36% in 2015/16.

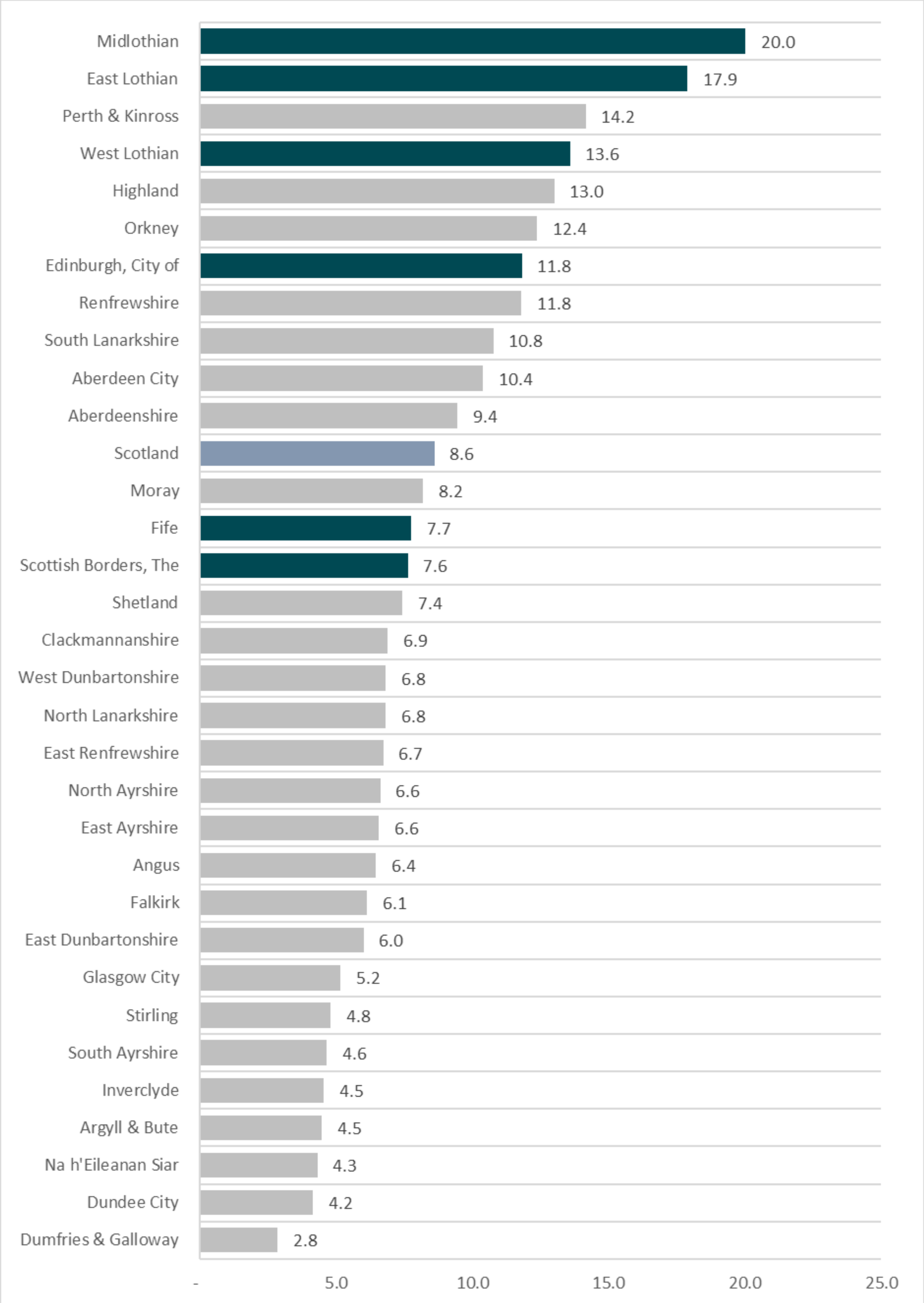
In terms of delivery, the SESPLan local authority areas are performing relatively well in a Scottish context, with most well above national rates, and still in the top half of the league table of all local authority areas.

Figure 5.3 Edinburgh's share of new housing in the SESPlan Area has risen to over 39%
Breakdown of Housing Delivery by Council within SESPlan Area, 2012/13-2018/19



Source: Scottish Government Housing Figures

Figure 5.4 Midlothian and East Lothian have been delivering a high volume of new build properties
Housing Completions per 1,000 Households in Scottish Local Authority Areas, 2018/19



Source: Scottish Government Housing Figures

5.1.1 Benefits of increased supply

As evidenced in the recent Homes for Scotland report[3], the lack of home building in Scotland, especially in the main cities, has caused significant affordability issues, especially for younger people, and has increased wealth inequalities.

It has also created difficulties for older people, with a dearth of suitable quality housing for a rapidly increasing older population. Substantial savings in health and social care could also be generated through providing more of this accommodation and, additionally, it can free up currently inefficiently used housing stock.

The benefits of housebuilding are clear in economic terms – housebuilding currently provides around 80,000 jobs in Scotland and could support another 20,000 if numbers once again reached pre-recession levels. Residential development also stokes public finances through LBTT, Corporation Tax, PAYE, landfill tax, business rates, VAT, Council Tax and section 75 agreements.

There are also wider social benefits. Higher levels of residential development have been shown to improve the housing stock, health, educational attainment and social opportunities. Housing development has also been shown to improve places and regenerate entire areas that have been in long-term decline.

With the Scottish Government's commitment to inclusive growth, also enthusiastically adopted by many local authority areas including Edinburgh, it seems clear that higher levels of housing completions should be a major element of any such approach.

5.2 AFFORDABLE HOUSING DELIVERY

A notable shift in the delivery of affordable homes within the SESPlan area over the past few years has been the diversification of delivery via alternative tenure models. Examples such as Mid Market Rent (MMR), Open Market Share Equity (OMSE), National Housing Trust (NHT) and LAR Housing Trust have all supplemented traditional social rent and contributed to delivery over the past four years; some of these models being new innovations since 2015-16.

If the Scottish Government and local councils wish to hit their affordable housing targets, embracing alternative tenure models such as MMR will be key to increasing capacity and investment in affordable housing without relying solely on the capacity of the council and RSL sectors. With institutional rental investment in Scotland increasing in recent years, models such as this offer the potential to attract private investment to supplement available government and grant funding.

However, the bulk of affordable housing delivery in the region remains social rent, currently around 61% of all affordable delivery, up from 35% in 2015/16. It is clear that much of the new Government funding has gone into social rent, as the Government had intended. Of concern, has been the drop back of other affordable delivery in 2018/19 despite the available funding.

The sustainability of this delivery post-2021 is a major issue. The programme from 2016 has been made possible by generous levels of Government grant funding, in the order of £3 billion. It is not known whether this will be sustained.. Alternative and innovative sources of funding and delivery mechanisms therefore have to be considered and it appears unquestionably the case that more market housing will be a requirement to deliver more affordable housing going forward.

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3 https://www.homesforscotland.com/Portals/HomesForScotland/THE%20VALUE%20OF%20RESIDENTIAL%20DEVELOPMENT%20-%20Review%20of%20Literature%20180919.pdf?ver=2019-09-18-090743-993

Figure 5.5 Alternative tenure models allow for more affordable housing to be delivered than by grant funding alone

Affordable Housing Supply in SESPlan Area, 2015/16-2018/19

Year	2015-16	2016-17	2017-18	2018-19
RSL Rent	393	540	544	1080
Council House (Rent)	353	773	831	870
Town Centre Empty Homes (RSL Rent)		0	6	0
Town Centre Houinsg Fund (RSL Rent)		14		
Home Owners Support Fund (Rent)	24	15	7	3
Total Social Rent	770	1342	1392	1953
Mid Market Rent (MMR)		350	511	308
National Housing Trust	105	130	80	169
New Supply Share Equity (NSSE)		69	54	29
Open Market Shared Equity (OMSE)	784	935	788	712
Local Affordable Rentad Housing Trust (LAR)		0	38	26
Partnership Support for Regeneration (PSR)		0	16	0
Rural and Islands Housing Fund			0	0
Town Centre Housing Fund		4		
Town Centre Empty Home Fund		0		
Shared Ownership (LCHO)		0	0	
Homeownership	0		0	
Empty Homes Loan Fund	1			
Homes Owners Support Fund	1			
Other Suppliers Rent	453			
Rural Home Ownership Grant (RHOG)				
Improvement & Repair				
Council House Build Shared Equity				0
Total Affordable	1416	1488	1487	1247
Grand Total	2186	2830	2879	3200

Source: Affordable Housing Supply Programme Monitoring

The ability for alternative affordable tenures to supplement traditional social housing provision will be a crucial element of increasing capacity and investment in the sector. The potential of the sector can be seen in the uptake and characteristics of applicants in the case study at Harbour Gateway in Western Harbour Edinburgh.

5.2.1 Harbour Gateway Case Study

With a household income cap of £39,000, the Harbour Gateway development received over 3,700 applicants for the 138 MMR apartments. The average applicant age was 35 years-old, with just under 90% of applicants being economically activity and 82% in full-time employment. Around 80% were in the PRS or informal PRS (living with parents or friends).

In terms of motivation for applying, 89% of applicants rated 'rental affordability' as very important. Also receiving a high positive response was 'setting up home for the first time", with 85% saying this was very important or quite important.

On average, applicants were paying around £550 pcm in rent in their current tenures, with those in the PRS paying slightly higher at around £626 pcm.

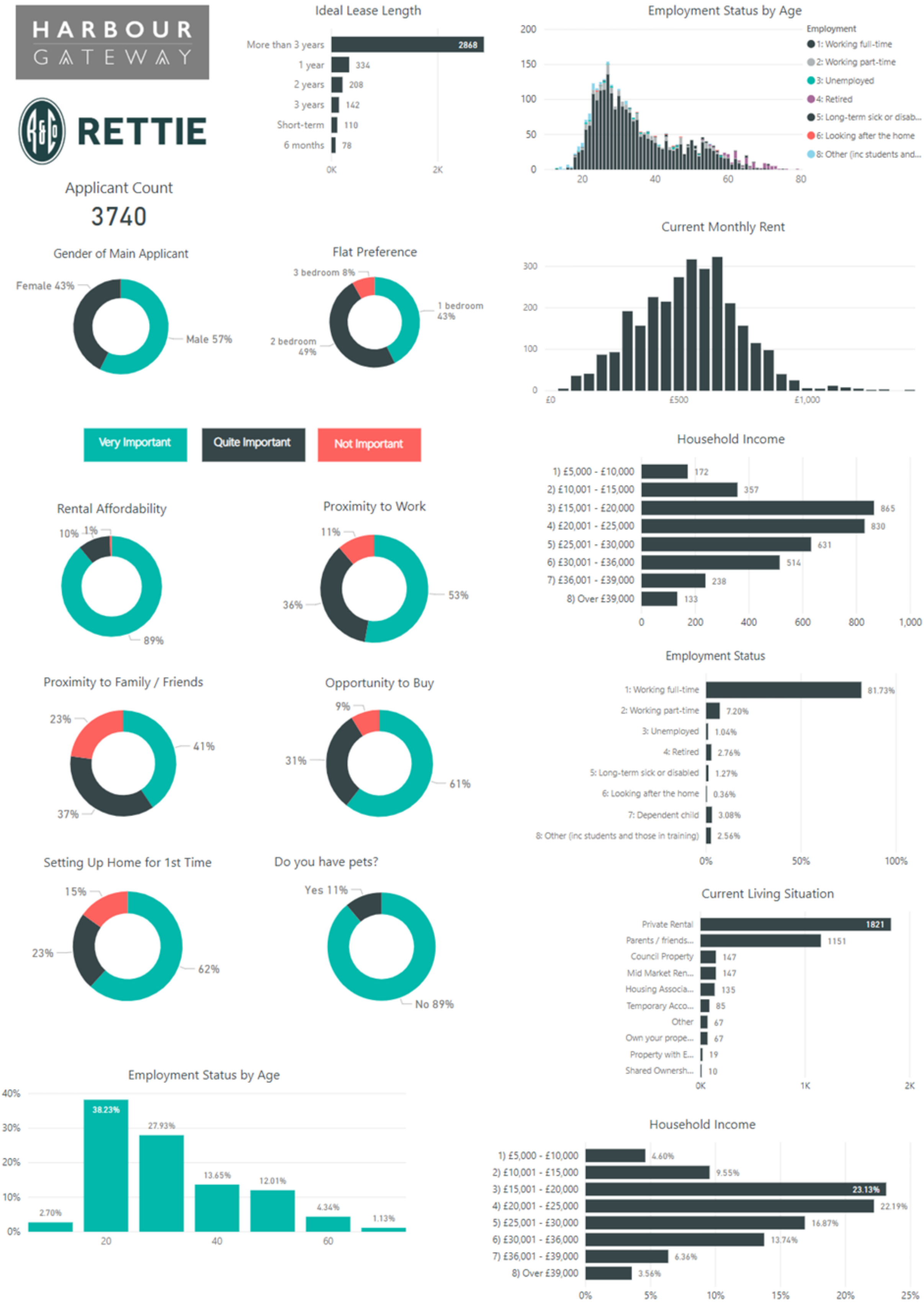
In terms of property aspirations 43% were after a 1-bed apartment and 49% wanted a 2-bed apartment. With a ratio of over 27 applicants per property, the demand demonstrated for affordable rental homes from economically activity residents, mainly coming from the PRS and being driven by affordability, is clearly demonstrated in this case study.

This scheme was delivered under NHT, i.e. it had a significant element of government subsidy but considerably less than would have been required under grant funding of the units. MMR is now being delivered without subsidy, as evidenced by schemes in Edinburgh (such as Build to Rent schemes) and at Dunbar[4]. The Building Scotland Fund has also made Government loan funding available for MMR (backing Places for People Capital with a £47.5 million loan, helping it to leverage in a total fund of £150 million, and Sigma with a £30 million loan to leverage £43 million of total funding to provide affordable rented accommodation for families).

Schemes like Harbour Gateway show the ample demand for this type of product and schemes are emerging now that are more innovative in terms of sourcing funding and repaying of Government funding so that it can be recycled. These types of initiatives have the potential to accelerate affordable housing provision in Scotland going forward.

[4] https://www.scottishconstructionnow.com/article/scotland-s-first-affordable-rented-homes-built-without-government-subsidy-launched

Figure 5.6 Breakdown of applicant profile for Harbour Gate development in Western Harbour



Source: Rettie & Co

5.2.2 Affordable Housing Target of 35%

Within the Edinburgh Choices 2030 paper, there is a proposed increase in affordable housing contribution from 25% of total units to 35% of total units for all developments over 12 units, including conversions. This level is similar to the measure introduced in London in 2016 and would represent a significant change to the current development landscape in the city. The Council instructed the District Valuer to model the impact of changes to affordable housing policy on development viability in Edinburgh. The conclusions of this work suggest that land values in Edinburgh are high enough to support a much higher affordable housing requirement than the current 25%. An analysis suggests that 35% could be achievable[5]. However, it should be noted that this appraisal has not been made publicly available. We understand this appraisal of viability is high level and does not include the viability impact of other policy requirements, which may be introduced through the Local Development Plan review.

The current Edinburgh Housing Land Audit (HLA) 2019 has identified total effective supply of 24,781 units in Edinburgh, of which 7,851 are affordable. This represents an affordable to market percentage of c.32%. The future delivery programme has the effective affordable housing supply identified at 29% to 32% of total upcoming supply from 2021/22 to 2023/24.

Under the Choices 2030 paper, the Council has acknowledged that to meet the ambitious market and affordable housing targets under the current established land supply, then a blended approach using market housing to facilitate affordable delivery would be required. This will also likely require a release of greenfield land as the current brownfield supply would not be capable of supporting the desired level of affordable delivery at current approved or allocated levels.

It should be noted that the introduction of a 35% affordable housing rate may have the unintended consequence of making brownfield sites, which are already often more challenging, less viable and drive development toward greenfield sites. This may not support the Council's ambition to utilise brownfield sites as effectively as possible and may also have a detrimental effect on delivering high density urban sites.

Figure 5.7 The supply programme set out in the HLA for effective affordable capacity does not cover 35% affordable ambitions for market land

Edinburgh Future Supply Progrramme

	Total Site Capacity	Total Affordable	All Completions	Total Dwellings	2019/20	2020/21	2021/22	2022/23	2023/24	Total 2019/24	2024/25	2025/26	Post 2026
Under Construction	8,969	2,949	2,083	6,886	2,507	2,267	1,156	504	161	6,595	182	50	59
Consent	7,471	2,385	0	7,471	54	406	1,203	1,367	1,118	4,202	948	607	1,714
No Consent	8,022	2,407	0	8,022	0	115	508	934	1,077	2,634	1,030	760	3,598
Small Sites	319	2	2	317	63	64	63	64	63	317	0	0	0
Total Effective Supply	24,781	7,743	2,085	22,696	2,624	2,852	2,930	2,869	2,419	13,748	2,160	1,417	5,371
Market	16,930	0	1,592	15,338	1,485	1,903	2,090	2,040	1,639	9,157	1,389	995	3,837
Affordable	7,851	7,851	497	7,358	1,139	1,003	840	829	780	4,591	771	462	1,534
Effective Affordable Ratio	32%	101%	24%	32%	43%	35%	29%	29%	32%	33%	36%	33%	29%
Constrained	7,841	1,595	373	7,468									
Total Established Supply	**32,622**	**9,446**	**2,462**	**30,164**									

Source: Edinburgh HLA

[5] City Plan 2030, Housing Study Part 1

6 THE VALUE OF THE ALL TENURE APPROACH

With high levels of housing need within Scotland and ambitious housing targets under pressure, the delivery of homes via all tenures and leveraging public sector capacity and finance is essential. The all tenure approach aims to provide homes in the open market, intermediate and social rented sectors.

This all tenure approach allows for a broad range of affordability, aspiration and need to be met. The delivery of open market homes, which has built the majority of new homes since the late 1970s (see

Figure 6.1), meets the aspirations of many home owners and provides new private rental homes, while also contributing to the delivery of intermediate and affordable homes through Section 75 and affordable housing contributions. The delivery of intermediate tenures, such as affordable rental homes or low-cost home ownership, allows households with constrained affordability to access higher quality homes or access tenures that would be out of reach in the open market. Such tenures can also assist in the reduction of in-work housing benefits. The social rented tenure is then available to support those in housing need, reduce welfare dependency and contribute to overall housing supply.

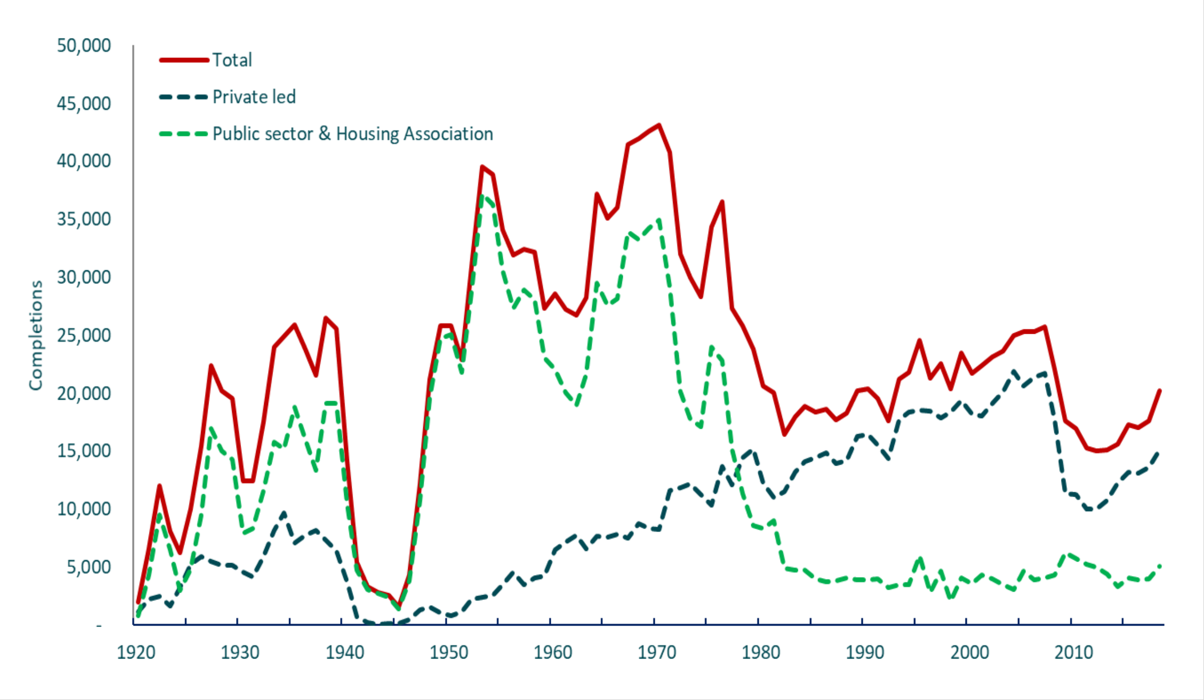
The Scottish market has seen significant change in tenure over the past 25 years (see Figure 6.3) with role of local authorities dropping significantly from over one-third of households in local authority owned housing in the early 90s to c.12% now. Conversely, the number of households in the PRS has doubled over that period. This increasing diversity of housing options and the flexibility people need supports an all tenure approach where private, intermediate and social options to buy, rent or live exist and allow for the transition between tenures.

The diversification of models and tenures in the affordable housing sector has been one that has proven successful in recent years (see

Figure 6.2). While the traditional RSL rent model has fluctuated over the past 20 years, the greatest increases in new affordable housing supply has come from council house new build, affordable rental and open market shared equity.

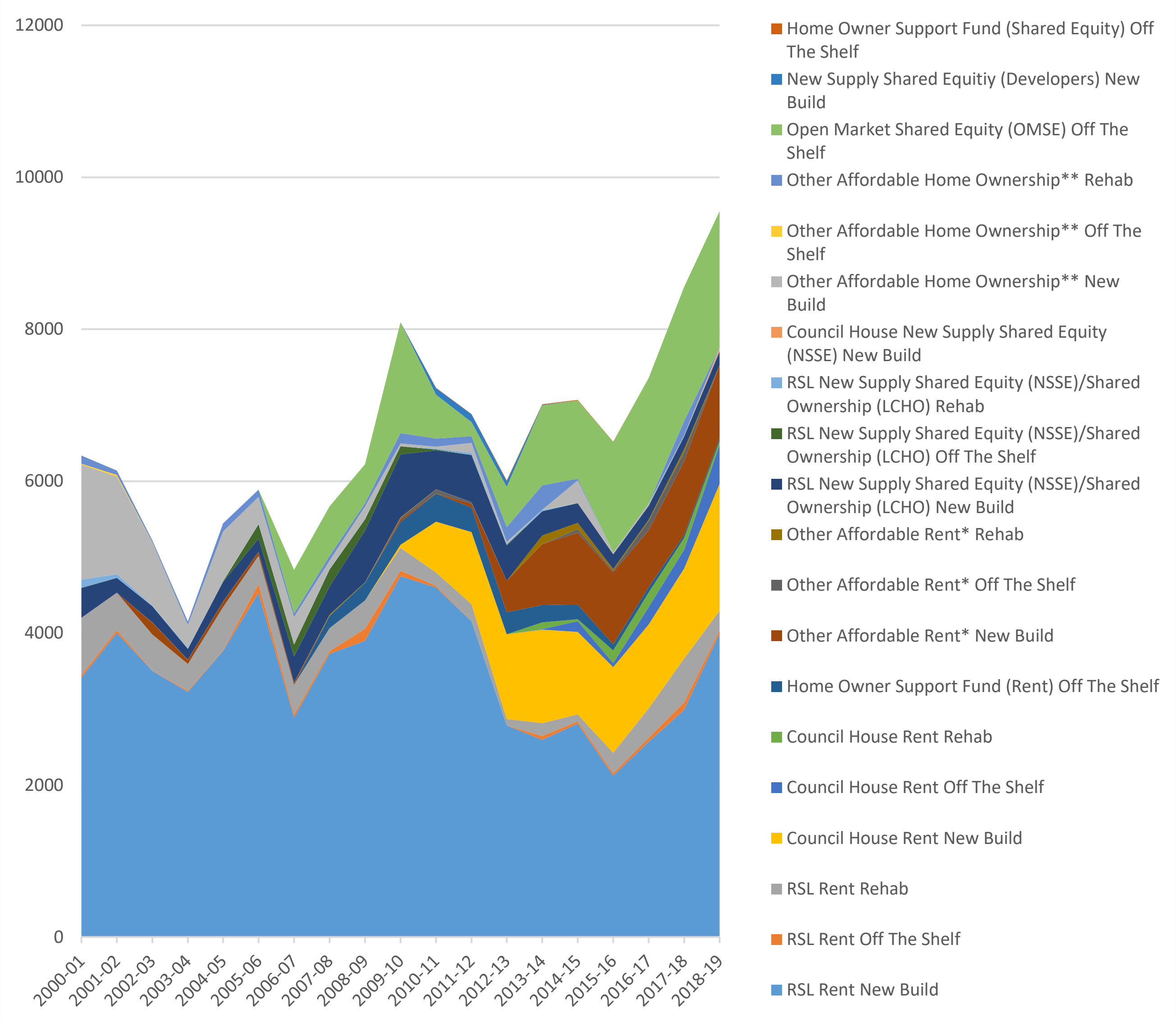
The case studies in Section 6.1 demonstrate how private developers and the public sector are working together to deliver market and affordable housing. The provision of affordable housing will require market mechanisms and the provision of private housing to facilitate affordable delivery. An all tenure target that recognises that the provision of all types of housing is needed and should be done flexibly in line with need and demand is superior in our view to separate targets for private and affordable housing, which may not take proper account of the synergies between the two or the flexibility required to achieve the right blend of tenures.

Figure 6.1 The delivery of new housing has changed dramatically over the past century
New Home Completions in Scotland by Sector and Year, 1920-2020



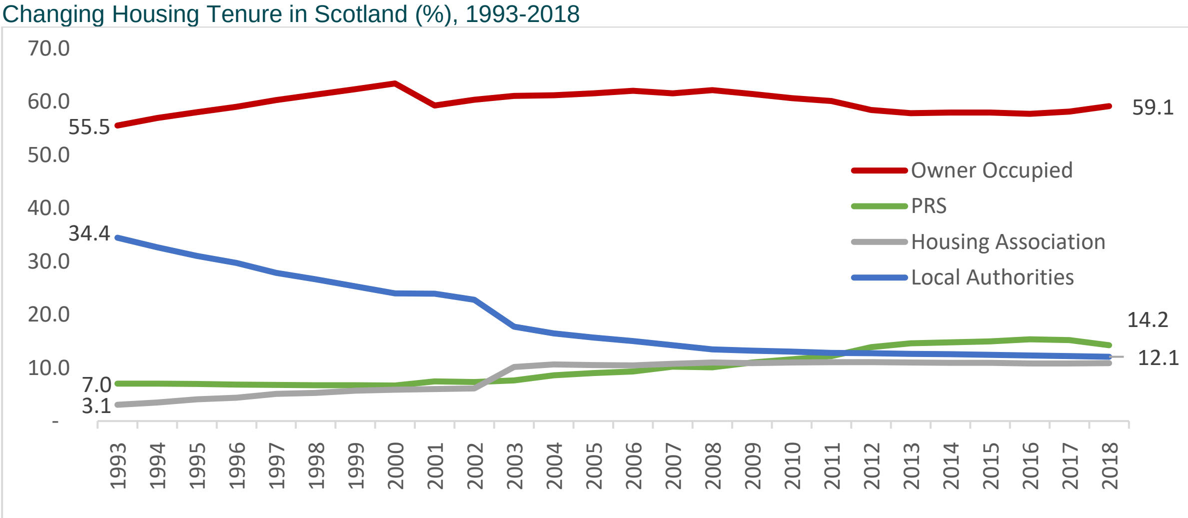
Source: Scottish Government

Figure 6.2 Diversification of affordable tenures has supported affordable housing delivery in Scotland
Scotland Affordable Housing Supply. 2000/01-2018/19



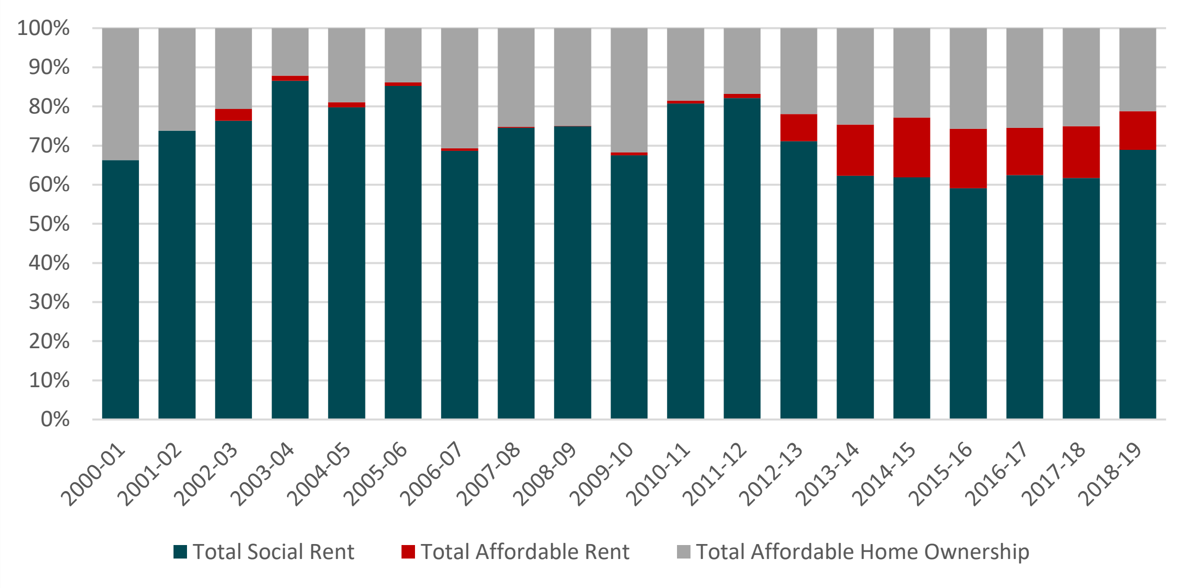
Source: Scottish Government

Figure 6.3 The role of local authorities and the PRS has changed dramatically over the past 25 years
Changing Housing Tenure in Scotland (%), 1993-2018



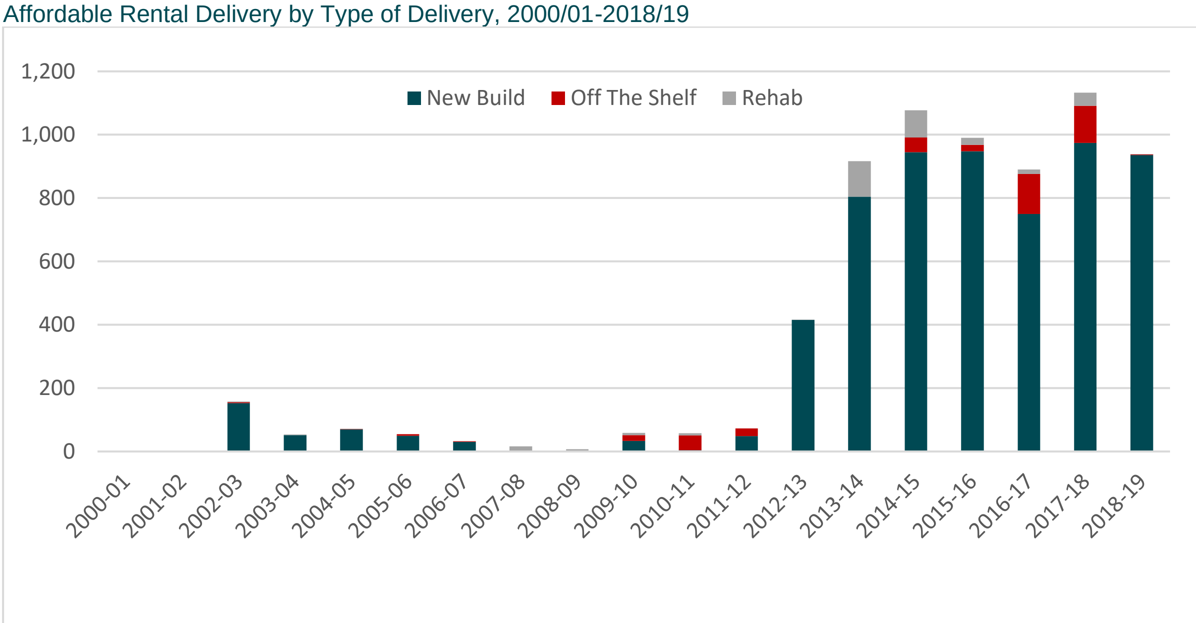
Source: Scottish Government

Figure 6.4 In recent years affordable rent has risen to 10%-15% of total affordable delivery
Percentage of Scottish Affordable Housing Completions by Tenure, 2000/01-2018/19



Source: Scottish Government

Figure 6.5 Affordable rent has mainly been driven by new build delivery
Affordable Rental Delivery by Type of Delivery, 2000/01-2018/19



Source: Scottish Government

6.1 PRIVATE AFFORDABLE CASE STUDIES

The following cases studies provide examples where private development and investment is delivering affordable homes within communities.

6.1.1 Development in Hallhill, Dunbar[6]

50 homes are being provided for rent at mid-market rates without subsidy, funded using private sector investment, while 10 will be for social rent, funded using the council's capital budget with Scottish Government grant support.

The development has been facilitated by the investment by the Co-op Pension Fund via their fund managers, PGIM and their partners 3H York. The Co-op will acquire and hold the 50 mid-market affordable homes as a long-term investment following practical completion and lease the new affordable homes to ELC.

All 50 properties will revert to council ownership at the end of the lease period at no cost to the council.

This methodology means:

- The private sector takes responsibility for acquiring land, procurement, programming and funding.
- The Co-op holds the properties as a long-term investment.
- The Council receives revenue for the right to market, let, manage and maintain the houses.
- The local authority lets to qualifying residents at agreed affordable rents.
- Local residents get new, high-quality homes at affordable rents in a good location with good schools, public transport links, amenities and facilities.
- There is a no reliance on grant funding to build these new homes.
- The Council can accelerate its programme for much needed projects where no alternative funding solution exists.
- The Council acquires the homes at the end of the lease for £1, resulting in ownership of a significant asset with no corresponding capital cost.

Cabinet Secretary for Economy and Finance Derek Mackay said: *"I am pleased to see work starting today on 60 affordable rented homes in Dunbar. 50 of these units will be built without any Government subsidy, with this innovative funding model accessing an ethical pension fund."*

Neil McCormick, managing director, Robertson Capital Projects said: *"We have been working incredibly hard for the last two years to make this delivery and funding model a reality because we understood the need for private sector support in order for local authorities to meet their key housing targets. I am confident that it will be the first of many. We are deeply proud to have played such a significant role in what will be deemed as a game changer in the affordable rental housing market for many other local authorities across Scotland."*

Ken Ross, CEO at Ross Developments and Renewables Ltd and Chair of 3H York said: *"We are delighted to be working in Scotland with a number of councils using this innovative funding model, which does not require a penny of public subsidy. This means that the private sector takes responsibility for acquiring land, procurement, programming and funding and there is no reliance on grant funding to deliver these new affordable homes."*

[6] https://www.eastlothian.gov.uk/news/article/12894/first_affordable_homes_built_without_government_subsidy_in_east_lothian

6.1.2 PfP Capital MMR Fund

The Places for People Capital Fund aims to provide investors with stable CPI-linked returns through the development of 1,000 MMR homes in Scotland. MMR is tied to BRMA 30th percentile levels and can be increased by CPI each year.

The target is to achieve a 4.5%- 5% yield together with long-term capital appreciation over the life of the Fund. The Scottish Government has backed the Fund and pledged £47.5 million as part of its commitment to deliver 50,000 affordable homes across the country by 2021, with the Fund looking to reach around £150 million through leveraging in other investment.

To date, the Fund has confirmed the purchase of two sites. Working in partnership with UK housebuilder Keepmoat Homes, the first development site in Paisley was acquired with a gross development cost of £7.3 million and will deliver 66 new homes. The first 28 homes were completed during March-April 2019 and the remainder will be developed throughout 2019/2020.

The second site was acquired in Edinburgh and planning consent has already been secured for 85 new homes. These will be delivered by Edinburgh based developer Hopefield Partnership and CCG Construction. The brownfield redevelopment site, formerly Oxgangs Primary School, will have a gross delivery cost of £15.5 million, giving PfP Capital a combined investment of over £22 million across both east and west of Scotland.

There is are further sites purchased and awaiting public announcement.

Main Benefit

The PFP Capital Fund represents a significant step combining a soft loan from the government and private equity for the delivery of additional affordable units. It is a genuine public/private sector collaboration to accelerate affordable delivery with public funds repaid so they can be recycled into other schemes.

Downsides / Risks

The targets and rules of the Fund mean that the model of the fund is not viable in all locations, particularly where there is a dislocation between BRMA 30th percentile in the broad regional area and actual rents in the local area that contains the site, making sourcing the volume of units challenging within the target timescales.

6.1.3 Sigma Capital

While not strictly an alternative affordable housing tenure, Sigma Capital are looking for opportunities in Scotland to deliver their affordable family BTR model north of the border. The Sigma Scottish PRS Fund, with total resources estimated at £43 million was enabled by a £30 million revolving credit facility from the Scottish Government's Building Scotland Fund.

The provision of BTR homes specifically targeting family occupation in areas outside prime urban locations represents an alternative housing model that has not been seen within the Scottish market. Having proven successful in England, this family-orientated rental model has the potential to replicate the demand found down south across Scotland.

Sigma has announced a deal with Springfield to deliver PRS units in Dundee, Edinburgh, Perth, Stirling and Inverness, which will operate under Sigma's 'Simple Life' brand. These will b part of larger developments providing private housing for sale.

Main Benefit

Open market rental stock targeting family households whose earnings and life stage stability offer stable rental incomes. Delivered as part of open market sales masterplans creating mixed communities.

Downsides / Risks

Untested in the Scottish market and not delivering affordable homes by any strict definition. Sigma are yet to deliver a development in Scotland.

7 MORTGAGE AVAILABILITY & HOUSING SUPPLY

At the time of SESPlan 1, the economic and mortgage environment was materially different, with the housing market experiencing a severe downturn and mortgage lending heavily constrained.

Since this time, and the subsequent Mortgage Market Review (MMR) in 2014, there have been clear change in the mortgage lending landscape.

The previous HNDA, and earlier 2010 household projections, assumed restricted mortgage finance, limiting households' ability to purchase property and a slower rate of household formation. Since then, mortgage availability and lending levels have increased, with the low interest rate environment supporting affordability.

Mortgage lenders have been increasingly innovating product and criteria to attract borrowers. This has seen an increase in 95% loan to value (LTV) products available for first time buyers (FTBs), split mortgages for FTBs who are being financially supported by their parents, as well as products targeting contractor workers. Buy to Let (BTL) mortgages for limited companies has also seen an increase in volume of products and market participants.

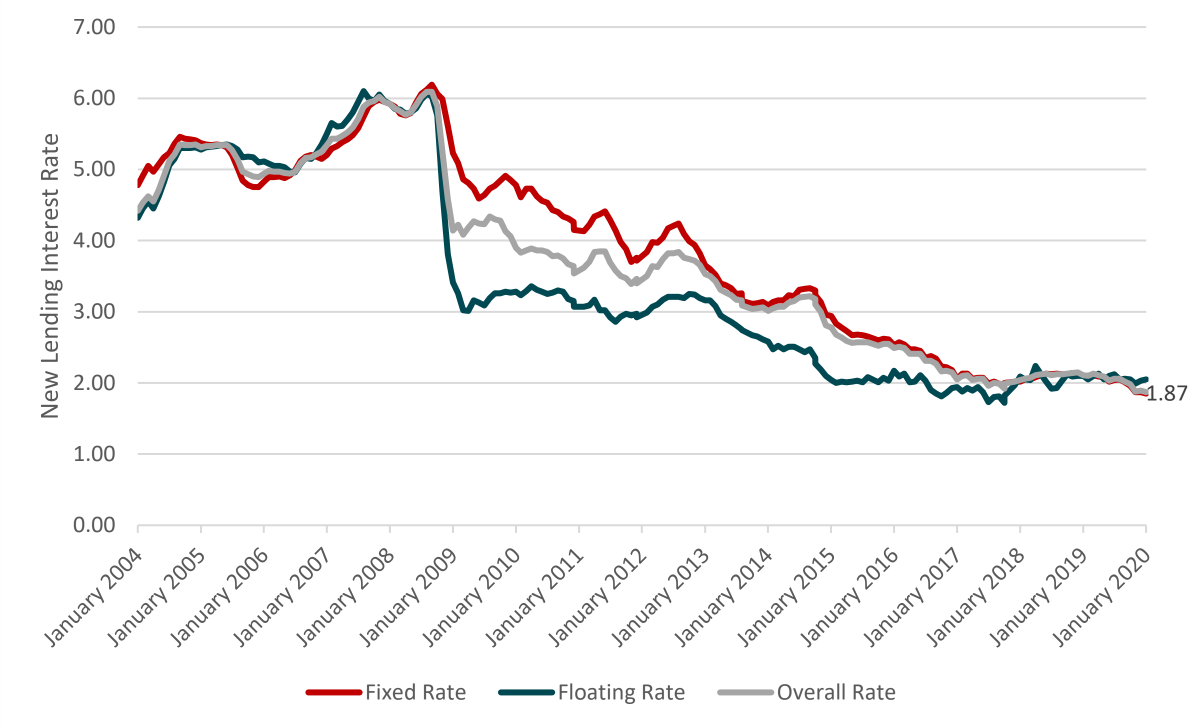
The low interest environment has seen the effective interest rate fall below 2%. The combination of greater mortgage competition and low interest rates is making home ownership relatively affordable in an historic context, if the deposit requirements can be met by buyers, especially FTBs.

Over the past few years, there have been new mortgage lenders entering the market, however, 50% of new lending is made by the Top 4 lenders, which also account for 50% of all outstanding borrowing. Around 50% of new and outstanding BTL lending is done by the Top 5 lenders. Fuller details are in the Appendix.

Overall, since 2014, FTB lending has increased by c.19% and overall mortgage lending by c.2% within Scotland, although the rate of growth has slowed in recent years.

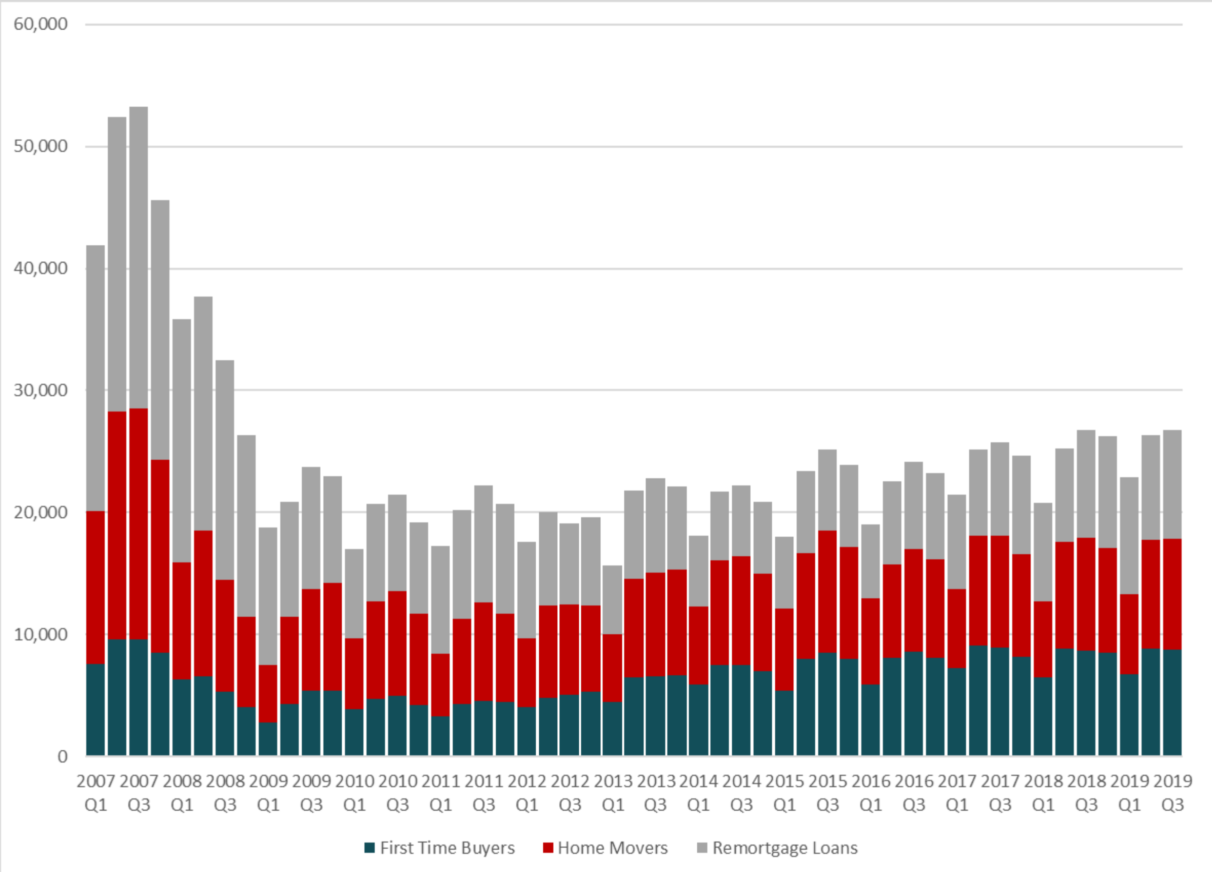
Trends in mortgage lending show that, since 2014, there has been a trend for higher loan to value (LTV) and income multiples for both single and joint applications in the UK.

Figure 7.1 The overall rate for new lending is now under 2%
New Mortgage Lending Rates in UK, 2004-20



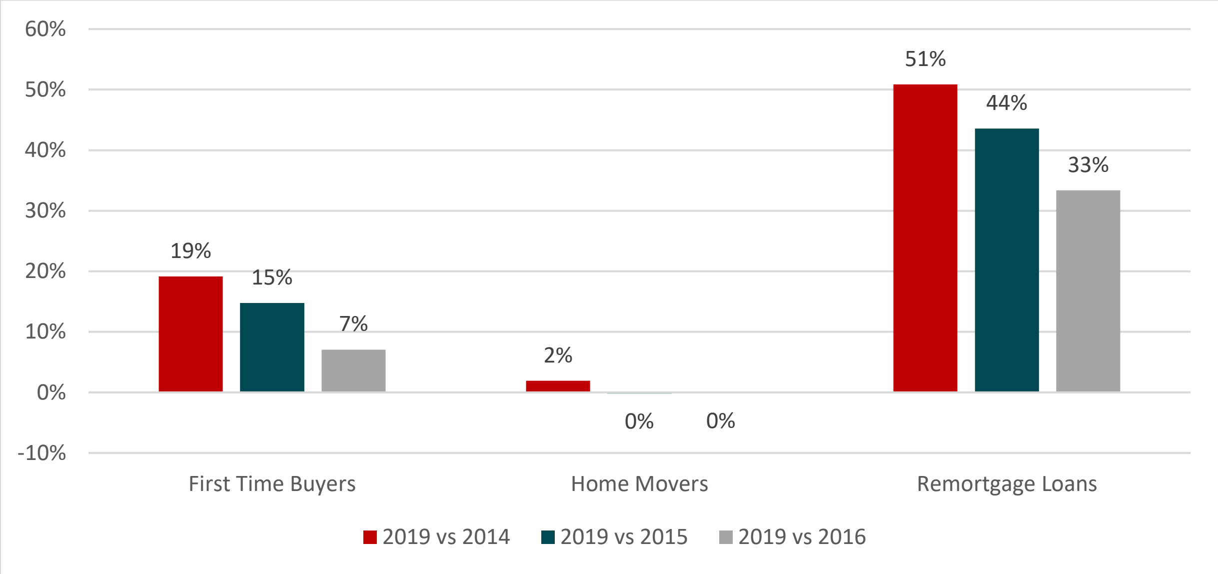
Source: Bank of England

Figure 7.2 Mortgage lending in Scotland has increased modestly over the past 3 years
Count of Mortgages by Type, 2007-19



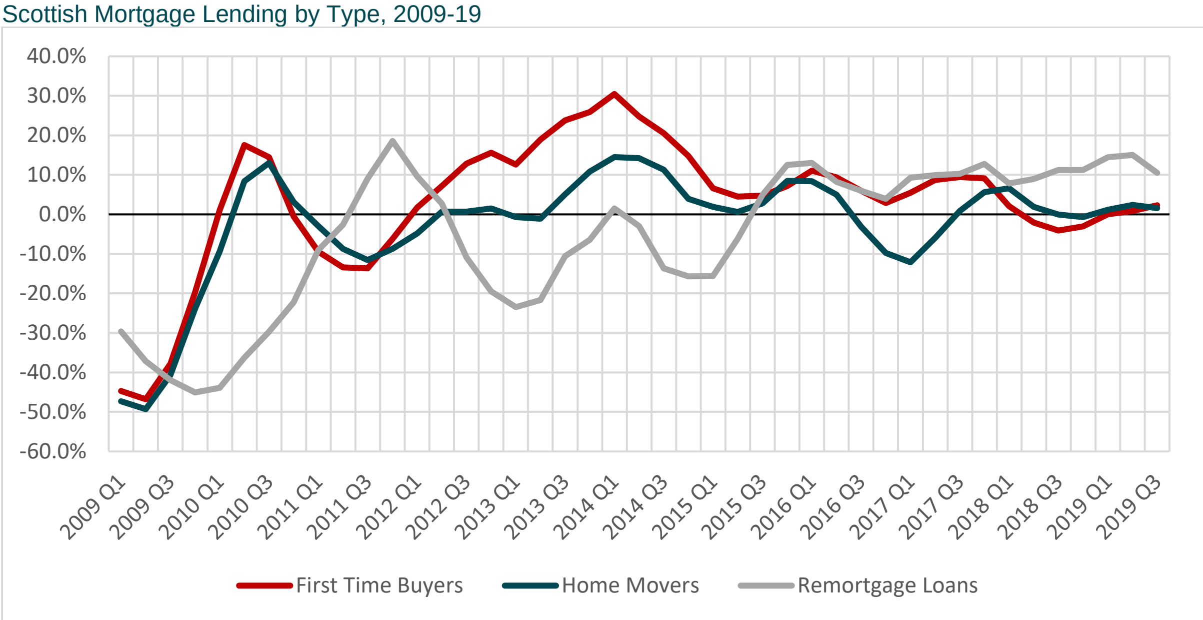
Source: UK Finance

Figure 7.3 Since 2014 FTB have seen a 19% increase in lending
Change in the Total Value of Lending by Type, 2014-19



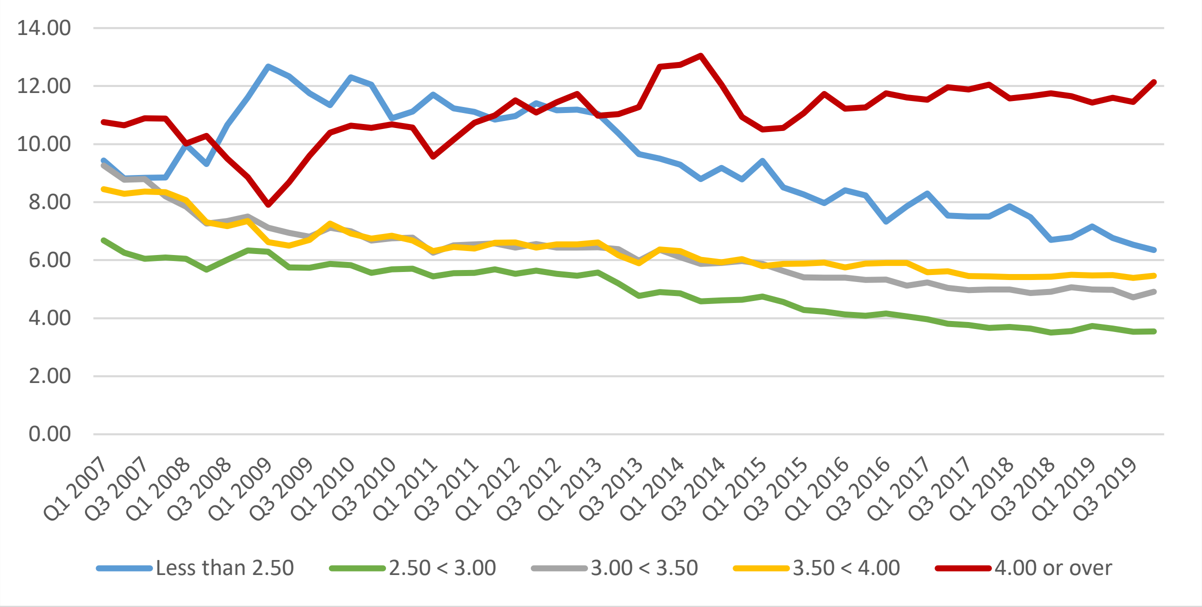
Source: UK Finance

Figure 7.4 New lending to FTBs and home movers slowed over late 2018 and early 2019
Scottish Mortgage Lending by Type, 2009-19



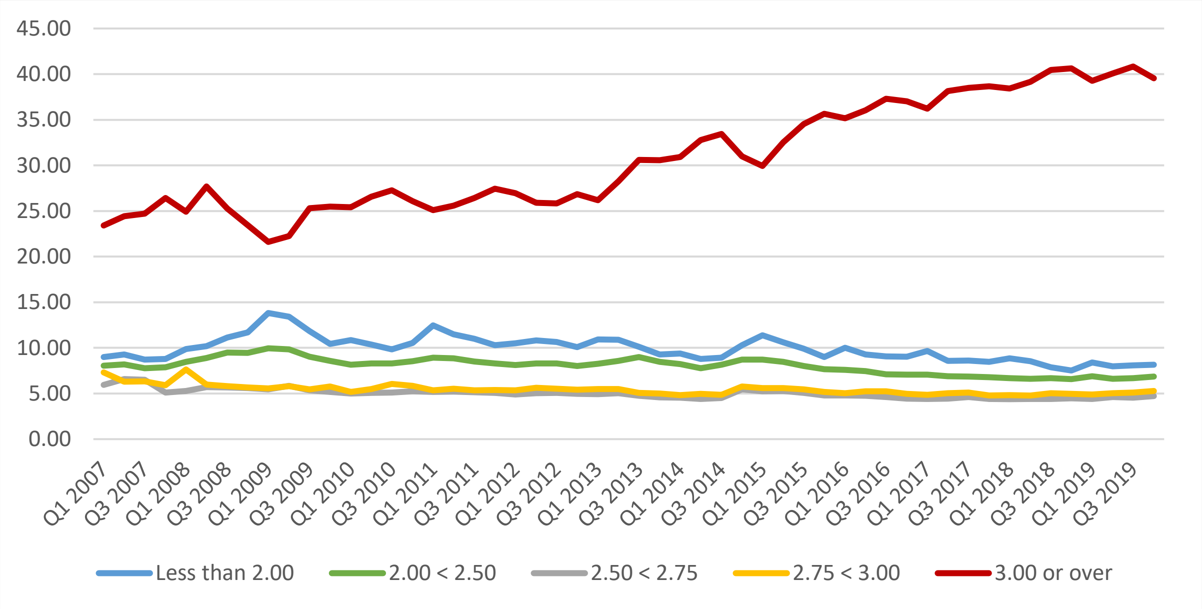
Source: UK Finance

Figure 7.5 Higher income multiples have become more common in mortgage lending
UK Lending: Single Applicant Income Multiples, 2007-19



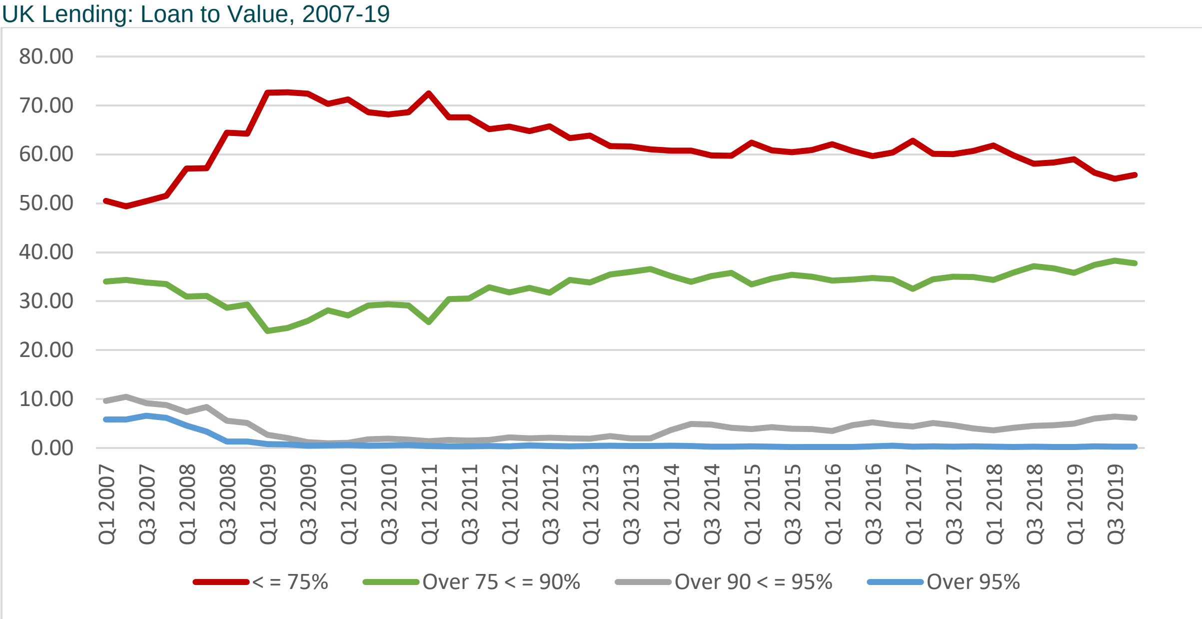
Source: Bank of England: MLAR

Figure 7.6 Higher income multiples for joint applicants have risen significantly frrom 2013 onwards
UK Lending: Joint Application Income Multiples, 2007-19



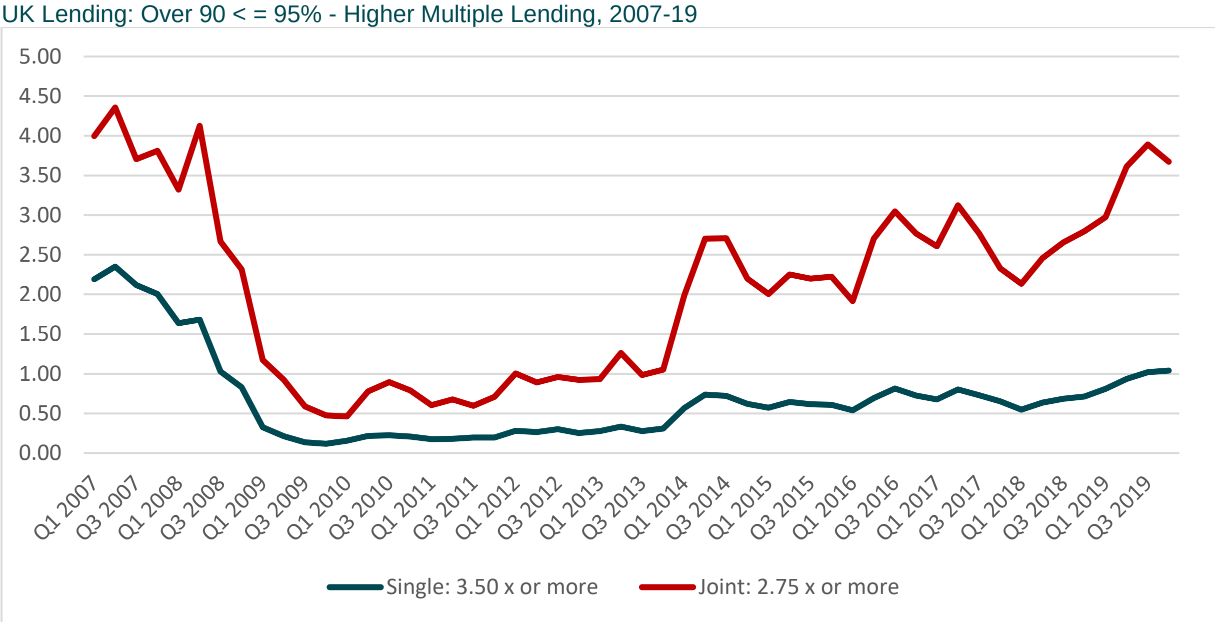
Source: Bank of England: MLAR

Figure 7.7 There has been a rising trend in higher LTV ratios
UK Lending: Loan to Value, 2007-19



Source: Bank of England: MLAR

Figure 7.8 Higher LTVs and income multiples have been on the rise
UK Lending: Over 90 < = 95% - Higher Multiple Lending, 2007-19



Source: Bank of England: MLAR

7.1 GOVERNMENT SCHEMES

Government schemes have been at the heart of stimulating lending in the housing market by reducing the level of deposit required and providing an equity loan to facilitate purchase.

7.1.1 Help to Buy

Help to Buy has been a significant intervention on the housing market, with 4,100 sales being supported by the scheme in the SESPlan area from its introduction in 2013 through to 2018/19. This has equated to over £134 million in Government funding being invested into the market, at an average stake of £32,751, to enable an average purchase of £186,190.

In total, there has been over £760 million worth of property transactions assisted by Help to Buy in the SESPlan region from 2013.

The scheme is for new build properties only but limited available funds have constrained the scheme's impact. However, the scheme has certainly had impact, not just in the direct sales that it has facilitated but also in other sales through chain effects in the market.

The key role of schemes such as Help to Buy and the new First Home Fund is in their ability to unlock further transactions within the chain and facilitate market activity. The impact of this can be seen in Figure 3.1, when the introduction of Help to Buy triggered a dramatic increase in overall market activity, far outweighing the direct impact of the scheme in financial terms.

Figure 7.9 Help to Buy Monitoring Figures

HtB Funding by Local Authority	2013-2016 Total				
	Sales	Scottish Government Funding (£000)	Total Value of Property Purchased (£000)	Average Scottish Government HtB Stake (£)	Average Value of Property Purchased (£)
East Lothian	150	5,900,000	29,367,000	39,070	195,780
Edinburgh	540	21,650,000	110,089,800	40,470	203,870
Fife	450	15,720,000	80,095,500	35,330	177,990
Midlothian	580	21,950,000	111,383,200	38,180	192,040
The Scottish Borders	60	2,110,000	10,528,200	34,640	175,470
West Lothian	470	18,390,000	91,776,900	38,870	195,270

HtB Funding by Local Authority	*2016-17 to 2018-19 Total*				
	Sales	Scottish Government Funding (£000)	Total Value of Property Purchased (£000)	Average Scottish Government HtB Stake (£)	Average Value of Property Purchased (£)
East Lothian	*200*	*5,410,000*	*37,260,000*	*27,050*	*186,300*
Edinburgh	*510*	*13,200,000*	*90,330,000*	*25,880*	*177,120*
Fife	*340*	*8,950,000*	*60,040,000*	*26,320*	*176,590*
Midlothian	*350*	*9,230,000*	*61,690,000*	*26,370*	*176,260*
The Scottish Borders	*60*	*1,220,000*	*9,710,000*	*20,330*	*161,830*
West Lothian	*390*	*10,550,000*	*71,110,000*	*27,050*	*182,330*

HtB Funding by Local Authority	*COMBINED TOTAL*				
	Sales	Scottish Government Funding (£000)	Total Value of Property Purchased (£000)	Average Scottish Government HtB Stake (£)	Average Value of Property Purchased (£)
East Lothian	*350*	*11,310,000*	*66,627,000*	*32,314*	*186,300*
Edinburgh	*1,050*	*34,850,000*	*200,419,800*	*33,190*	*177,120*
Fife	*790*	*24,670,000*	*140,135,500*	*31,228*	*176,590*
Midlothian	*930*	*31,180,000*	*173,073,200*	*33,527*	*176,260*
The Scottish Borders	*120*	*3,330,000*	*20,238,200*	*27,750*	*161,830*
West Lothian	*860*	*28,940,000*	*162,886,900*	*33,651*	*182,330*
Grand Total	**4,100**	**£134,280,000**	**£763,380,600**	**£32,751**	**£186,190**

Source: Scottish Government

7.1.2 First Home Fund

The Scottish Government has recently announced a new First Home Fund. This Fund will provide assistance for up to 6,000 FTBs in Scotland via a £150 million fund, i.e. around three times the size of Help to Buy.

Through this shared equity scheme, FTBs will be able to access up to £25,000 to assist in the purchase of their property. The maximum contribution from the Scottish Government is £25,000 or 49% of the property valuation figure or the purchase price (whichever is lower). If a buyer purchases a property for less than the valuation figure, the maximum Scottish Government contribution is £25,000 or 49% of the purchase price.

Differing from Help to Buy, the First Home Fund can be used for both new build and existing properties, which will open-up a wider range of transactions in different locations and markets. This may assist in unlocking chains for second movers and provide BTL investors with greater buyer demand if they are planning on divesting from the sector.

Based on the uptake from Help to Buy, the SESPlan area accounted for over 25% of all HTB purchases over the lifetime of the scheme. Based on this level of uptake, the SESPlan region could expect to see c.1,500 sales of the 6,000 being targeted under the First Home Fund.

8 APPENDIX

Figure 8.1 UK Finance members, value of mortgages outstanding, UK

Lender	Rank (2018)	Balances (£bn) (2018)	Market share (2018)	Rank (2017)	Balances (£bn) (2017)	Market share (2017)
Lloyds Banking Group	1	287.5	20.4%	1	290.3	21.2%
Nationwide BS	2	183.9	13.0%	2	176.0	12.8%
Santander UK	3	157.6	11.2%	3	154.3	11.3%
Royal Bank of Scotland	4	138.4	9.8%	4	136.3	9.9%
Barclays	5	136.2	9.7%	5	131.3	9.6%
HSBC Bank	6	90.6	6.4%	6	82.2	6.0%
Coventry BS	7	39.2	2.8%	7	35.8	2.6%
Yorkshire BS	8	35.5	2.5%	8	34.0	2.5%
Virgin Money	9	35.1	2.5%	9	33.5	2.4%
TSB Bank	10	27.7	2.0%	10	28.1	2.1%
Clydesdale Bank plc	11	24.8	1.8%	11	23.9	1.7%
Bank of Ireland	12	19.3	1.4%	12	19.9	1.5%
Skipton BS	13	16.6	1.2%	13	15.2	1.1%
Co-operative Bank plc	14	16.0	1.1%	15	14.7	1.1%
Leeds BS	15	15.9	1.1%	14	14.8	1.1%
Topaz Finance	16	11.2	0.8%	53	0.7	0.1%
Paragon Group	17	10.4	0.7%	17	9.8	0.7%
Metro Bank	18	9.9	0.7%	22	6.3	0.5%
Kensington Mortgages	19	8.8	0.6%	18	8.8	0.6%
Aviva Equity Release	20	8.5	0.6%	19	7.9	0.6%
Principality BS	21	7.5	0.5%	21	6.8	0.5%
NRAM plc	22	6.3	0.4%	20	7.4	0.5%
Precise Mortgages	22	6.3	0.4%	25	5.0	0.4%
Just Retirement	24	6.1	0.4%	23	5.3	0.4%
OneSavings Bank	25	5.9	0.4%	24	5.1	0.4%
Aldermore Bank	26	5.3	0.4%	26	4.8	0.4%
West Bromwich BS	27	4.4	0.3%	27	4.4	0.3%
Bradford & Bingley plc	28	3.8	0.3%	16	10.3	0.8%
Tesco Bank	29	3.7	0.3%	29	2.8	0.2%
Nottingham BS	30	3.4	0.2%	28	3.3	0.2%
Legal & General Home Finance	31	3.1	0.2%	36	1.8	0.1%
Danske Bank	32	2.6	0.2%	32	2.2	0.2%
Pepper (UK)	33	2.5	0.2%	32	2.2	0.2%
UBS	34	2.4	0.2%	30	2.4	0.2%
More 2 Life	35	2.2	0.2%	42	1.2	0.1%
Newcastle BS	35	2.2	0.2%	34	2.1	0.2%
Atom Bank	37	2.1	0.1%	45	0.9	0.1%
Bank of America Merrill Lynch	37	2.1	0.1%	31	2.3	0.2%
Foundation Home Loans	39	1.8	0.1%	42	1.2	0.1%
Shawbrook Bank	39	1.8	0.1%	38	1.5	0.1%
Cumberland BS	41	1.6	0.1%	37	1.6	0.1%
Family BS	41	1.6	0.1%	40	1.4	0.1%
Progressive BS	43	1.5	0.1%	38	1.5	0.1%
CHL Mortgages	44	1.4	0.1%	35	1.9	0.1%
Fleet Mortgages	45	1.3	0.1%	44	1.0	0.1%
Sainsburys Bank	45	1.3	0.1%	71	0.2	0.0%
AIB Group (UK)	47	1.2	0.1%	41	1.3	0.1%
Vida HomeLoans	47	1.2	0.1%	60	0.4	0.0%
Ahli United Bank	49	0.9	0.1%	45	0.9	0.1%
Canada Life Home Finance	49	0.9	0.1%	56	0.6	0.0%
Monmouthshire BS	49	0.9	0.1%	47	0.8	0.1%
Newbury BS	49	0.9	0.1%	47	0.8	0.1%
Bank of China	53	0.8	0.1%	53	0.7	0.1%
Furness BS	53	0.8	0.1%	47	0.8	0.1%
Hodge Lifetime	53	0.8	0.1%	53	0.7	0.1%
Leek United BS	53	0.8	0.1%	47	0.8	0.1%
Pure Retirement	53	0.8	0.1%	58	0.5	0.0%
Saffron BS	53	0.8	0.1%	47	0.8	0.1%
Hinckley and Rugby BS	59	0.7	0.0%	56	0.6	0.0%
Butterfield Mortgages	60	0.6	0.0%	60	0.4	0.0%
Darlington BS	61	0.5	0.0%	58	0.5	0.0%
Market Harborough BS	62	0.4	0.0%	60	0.4	0.0%
Together Money	62	0.4	0.0%	64	0.3	0.0%
Axis Bank UK Limited	64	0.3	0.0%	64	0.3	0.0%
Dudley BS	64	0.3	0.0%	64	0.3	0.0%
Hampshire Trust Bank	64	0.3	0.0%	71	0.2	0.0%
Hanley Economic BS	64	0.3	0.0%	64	0.3	0.0%
Morgan Stanley Bank	64	0.3	0.0%	64	0.3	0.0%
Scottish BS	64	0.3	0.0%	64	0.3	0.0%
Tipton & Coseley BS	64	0.3	0.0%	64	0.3	0.0%
Cynergy Bank Limited	71	0.2	0.0%	78	0.1	0.0%
Harpenden BS	71	0.2	0.0%	71	0.2	0.0%
Landbay Partners	71	0.2	0.0%	84	-	0.0%
Manchester BS	71	0.2	0.0%	71	0.2	0.0%
Masthaven	71	0.2	0.0%	84	-	0.0%
OneFamily	71	0.2	0.0%	78	0.1	0.0%
Stafford Railway BS	71	0.2	0.0%	71	0.2	0.0%
Swansea BS	71	0.2	0.0%	71	0.2	0.0%
Vernon BS	71	0.2	0.0%	71	0.2	0.0%
Castle Trust Capital plc	80	0.1	0.0%	78	0.1	0.0%
Ecology BS	80	0.1	0.0%	78	0.1	0.0%
Hampden & Co	80	0.1	0.0%	78	0.1	0.0%
Secure Trust Bank	80	0.1	0.0%	84	-	0.0%
State Bank of India UK	80	0.1	0.0%	84	-	0.0%

Figure 8.2 UK Finance members, value of BTL mortgages outstanding, UK

Lender	Rank (2018)	Balances (£bn) (2018)	Market share (2018)	Rank (2017)	Balances (£bn) (2017)	Market share (2017)
Lloyds Banking Group	1	50.97	20.3%	1	52.51	21.8%
Nationwide BS	2	31.16	12.4%	2	30.74	12.8%
Barclays	3	16.53	6.6%	6	13.77	5.7%
Coventry BS	4	15.72	6.3%	5	13.88	5.8%
Virgin Money	5	14.57	5.8%	4	14.19	5.9%
Royal Bank of Scotland	6	12.87	5.1%	3	14.89	6.2%
Topaz Finance	7	10.32	4.1%	44	0.15	0.1%
Paragon Group	8	10.31	4.1%	7	9.74	4.0%
Santander UK	9	8.27	3.3%	9	6.81	2.8%
Bank of Ireland	10	7.47	3.0%	8	7.41	3.1%
OneSavings Bank	11	6.48	2.6%	10	4.97	2.1%
Precise Mortgages	12	4.53	1.8%	15	3.25	1.3%
Leeds BS	13	4.33	1.7%	13	3.48	1.4%
TSB Bank	14	3.79	1.5%	11	4.22	1.8%
Aldermore Bank	15	3.67	1.5%	14	3.35	1.4%
Yorkshire BS	16	3.18	1.3%	16	2.95	1.2%
Skipton BS	17	3.05	1.2%	18	2.61	1.1%
HSBC Bank	18	2.79	1.1%	17	2.72	1.1%
Metro Bank	19	2.48	1.0%	20	1.85	0.8%
NRAM plc	20	1.96	0.8%	19	2.22	0.9%
Principality BS	21	1.91	0.8%			
Shawbrook Bank	22	1.75	0.7%	23	1.49	0.6%
West Bromwich BS	23	1.53	0.6%	22	1.68	0.7%
CHL Mortgages	24	1.30	0.5%	21	1.83	0.8%
Fleet Mortgages	24	1.30	0.5%	25	1.01	0.4%
Co-operative Bank plc	26	1.25	0.5%	24	1.29	0.5%
Bradford & Bingley plc	27	1.23	0.5%	12	3.77	1.6%
Kensington Mortgages	28	0.94	0.4%	26	0.88	0.4%
Cynergy Bank Limited	29	0.92	0.4%	27	0.79	0.3%
Nottingham BS	30	0.89	0.4%	27	0.79	0.3%
Vida HomeLoans	31	0.85	0.3%	36	0.30	0.1%
Foundation Home Loans	32	0.80	0.3%	32	0.43	0.2%
UBS	33	0.56	0.2%	30	0.53	0.2%
Bank of China	34	0.54	0.2%	34	0.42	0.2%
Ahli United Bank	35	0.51	0.2%	31	0.47	0.2%
Bank of America Merrill Lynch	36	0.50	0.2%	29	0.55	0.2%
Family BS	37	0.49	0.2%	32	0.43	0.2%
Pepper (UK)	38	0.42	0.2%	35	0.33	0.1%
Butterfield Mortgages	39	0.33	0.1%	40	0.24	0.1%
Axis Bank UK Limited	40	0.31	0.1%	39	0.25	0.1%
Saffron BS	41	0.27	0.1%	38	0.26	0.1%
Danske Bank	42	0.25	0.1%	37	0.27	0.1%
Hampshire Trust Bank	42	0.25	0.1%	47	0.13	0.1%
Leek United BS	42	0.25	0.1%	40	0.24	0.1%
Newcastle BS	45	0.23	0.1%	42	0.19	0.1%
Furness BS	46	0.22	0.1%	43	0.17	0.1%
Landbay Partners	47	0.19	0.1%	53	0.05	0.0%
Hinckley and Rugby BS	48	0.15	0.1%	48	0.12	0.0%
Newbury BS	49	0.14	0.1%	45	0.14	0.1%
Lendinvest	50	0.13	0.1%	67	-	0.0%
Monmouthshire BS	50	0.13	0.1%	45	0.14	0.1%
Market Harborough BS	52	0.11	0.0%	49	0.10	0.0%
State Bank of India UK	53	0.09	0.0%	51	0.06	0.0%
Hanley Economic BS	54	0.07	0.0%	50	0.07	0.0%
Dudley BS	55	0.06	0.0%	51	0.06	0.0%
Darlington BS	56	0.05	0.0%	53	0.05	0.0%
Morgan Stanley Bank	57	0.04	0.0%	55	0.04	0.0%
Sainsburys Bank	57	0.04	0.0%	67	-	0.0%
Scottish BS	57	0.04	0.0%	55	0.04	0.0%
Vernon BS	57	0.04	0.0%	55	0.04	0.0%
Harpenden BS	61	0.03	0.0%	59	0.03	0.0%
Manchester BS	61	0.03	0.0%	55	0.04	0.0%
Stafford Railway BS	61	0.03	0.0%	59	0.03	0.0%
Swansea BS	61	0.03	0.0%	59	0.03	0.0%
Affirmative Finance	65	0.02	0.0%	63	0.02	0.0%
Castle Trust Capital plc	65	0.02	0.0%	59	0.03	0.0%
Hampden & Co	65	0.02	0.0%			
Progressive BS	65	0.02	0.0%	63	0.02	0.0%
Together Money	65	0.02	0.0%	63	0.02	0.0%
Masthaven	70	0.01	0.0%	67	-	0.0%
Tipton & Coseley BS	70	0.01	0.0%	66	0.01	0.0%