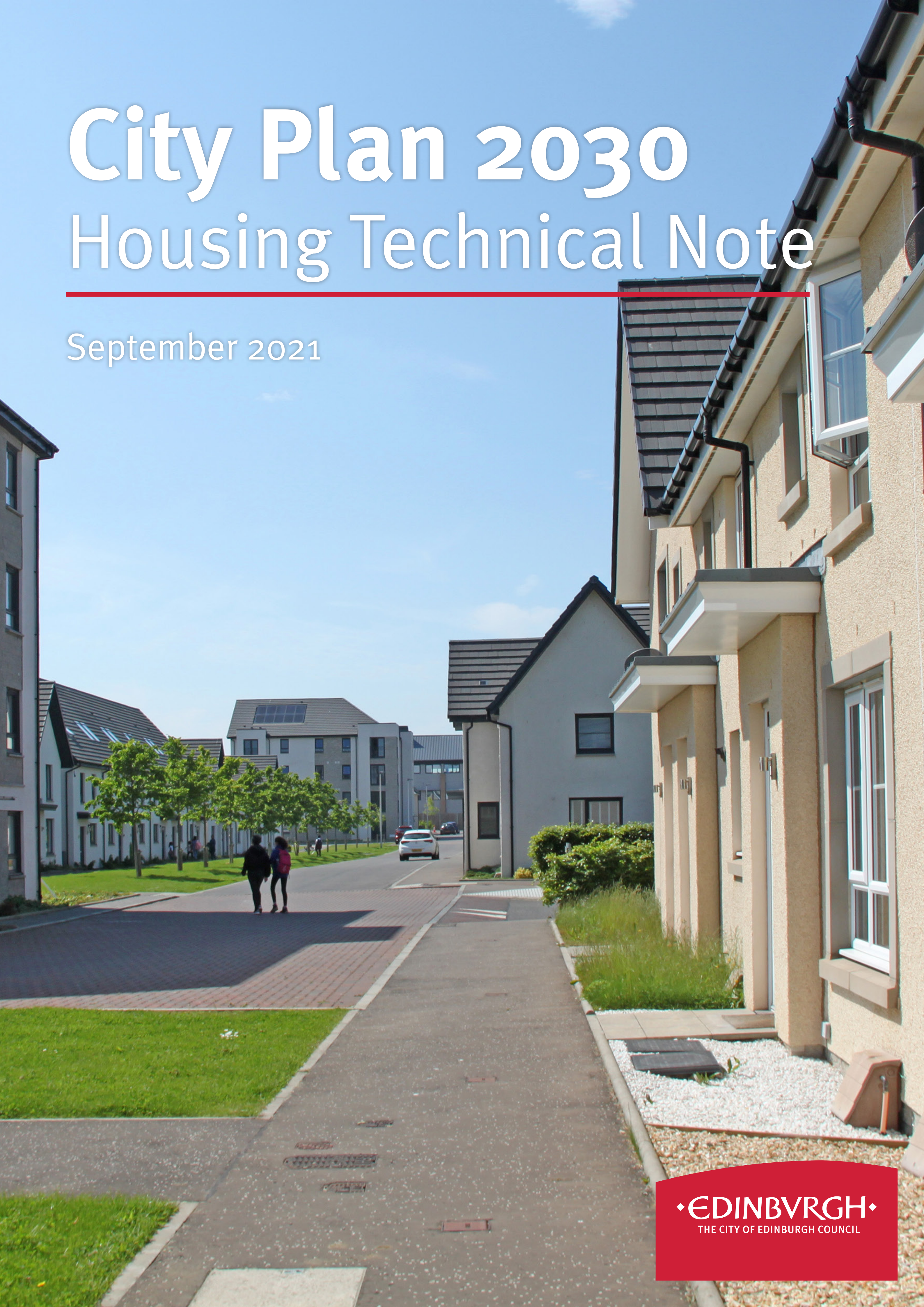
City Plan 2030
Housing Technical Note

September 2021



EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

City Plan 2030

Housing Technical Note

City of Edinburgh Council

September 2021

Contents

Tables

Purpose

The Housing Technical Note sets out the background to the Housing Supply Targets and Housing Land Requirement set out in City Plan 2030.

Executive Summary

1. City Plan 2030 sets out the number of homes to be delivered over the period 2022-2032. The Housing Supply Targets must be reasonable and deliverable. The Housing Supply Targets are supported by evidence and have been set using a methodology compliant with Scottish Planning Policy and related guidance.

2. In City Regions, the requirements for new housing are set by the Strategic Development Plan. Edinburgh's current Strategic Development Plan is the South East Scotland Strategic Development Plan (SDP 1) approved in 2013 and Housing Land Supplementary Guidance October 2014.

3. SDP 1 provides an all tenure housing supply target for the SESplan region to 2032 but does not provide a breakdown by local authority beyond 2024. A Proposed SDP 2 was rejected by Scottish Ministers, following this there are no approved housing supply targets for Edinburgh which cover the entire period of City Plan 2030 (2022-2032).

4. A Housing Need and Demand Assessment (HNDA 2) carried out for the SESplan region in 2015 is the most up to date assessment of future housing need and demand for the City of Edinburgh over the City Plan period. Over 60% of the 38,000 to 46,000 homes it required for Edinburgh were affordable tenures.

5. The HNDA 2 numerical estimates have been used alongside other relevant factors to identify the Housing Supply Targets for City Plan. These factors include the need to align with the spatial strategy, availability of resources to deliver required supporting infrastructure and the rate of past and recent completions.

6. Affordable Housing Supply Targets have not been set at a level that would meet the full estimate of need for affordable homes estimated by HNDA 2. Delivery of affordable housing is severely limited by funding. The Council Business Plan 2017-2022 set out a commitment to develop a programme to deliver at least 10,000 social and affordable homes over the following five years, with a plan to build 20,000 by 2027. The 2021-2024 Council Business Plan continued this commitment. Affordable Housing Supply Targets reflect the significant need for affordable housing but are set at a level that is realistic and deliverable. Market Housing Supply Targets exceed the demand. This is because market housing can help meet some, but not all, of the shortfall in the need for affordable housing through more affordable types of market housing, help to buy and an expanded role for new build private rented sector housing.

7. A market target of 19,559 and new build affordable target of 17,352 units are set out providing a total Housing Supply Target for the period 2021-2032 of 36,911. The Housing Supply Targets are considered deliverable over the plan period.

8. City Plan 2030 also sets out the level of housing land required to enable the Housing Supply Targets to be met. A 20% margin has been applied to the housing supply target to provide a housing land requirement of 44,293. This is at the upper level of the generosity level set out in Scottish Planning Policy. This reflects the brownfield strategy and its inherent risks.

9. The Spatial Strategy prioritises new homes on brownfield land and redevelopment of existing areas. In line with this, City Plan 2030 allocates sites suitable for housing led mixed-use development in the urban area and across strategic sites. These sites were identified by a Housing Study and have been assessed for their potential to come forward for development in the plan period.

10. Land for 26,284 units has been allocated within the Council area. Combined with current land supply, which includes sites carried forward from the Edinburgh Local Development plan 2016, this provides a total land supply of 57,544. This is a surplus of more than 20,000 units over the housing supply target. The overall land supply is considered to provide flexibility, with a range of sites, and provides sufficient land to ensure that should some sites not come forward for development as expected there will be adequate land to meet the housing land requirement and maintain a five year effective supply.

11. The Council will take an active role to deliver affordable housing, forming partnerships with public and private sector landowners and developers, and the use of compulsory purchase powers where necessary. The Council has a Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration which supports the delivery of place based area regeneration in partnership with local communities; with the Council acting as enabling developer; de-risking Planning and infrastructure requirements.

12. The Council's Housing Revenue Account (HRA) investment programme in land and new build homes will provide for a significant proportion of the 20,000 affordable homes.

1. Edinburgh Context

1.1 Edinburgh's population has grown by 13% in the last 10 years. According to the National Records of Scotland population projections (2018), Edinburgh's population will continue to grow at an annual average of around 3,100 per year taking the total population of the city to 563,800. Such growth places a demand on the city to continue to provide good quality housing for an expanding population.

1.2 Significant demographic changes are expected which impact on housing needs. The number of single person households is projected to increase more than any other household type. It is anticipated that the number of older people who require intensive levels of support will increase by 60% in 2032. More people will be living with long-term conditions, disabilities and complex needs.

1.3 Over a quarter of households live in private rented accommodation. The average advertised monthly private rent in Edinburgh was £1,162 in the second quarter of 2021, compared with £882 in Glasgow and a national average of £883[1].

1.4 Social rented homes account for only 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%. There is a high demand for social rented housing with an average of almost 190 households bidding for every social rented home that becomes available for let.

1.5 The lockdown restrictions during the initial period of the Covid-19 pandemic effectively saw the house sales market frozen over Spring 2020, but a sharp increase was observed as restrictions eased. Despite a second lockdown in Scotland, ESPC reported that, in the three months of December 2020 to February 2021, the average selling price for homes Edinburgh, the Lothians, Fife and the Borders had increased by 6.2% year-on-year to £265,446. Edinburgh is the least affordable city in Scotland to buy a home.

1.6 Edinburgh has experienced a steep rise in the number of residential dwellings being used as short- term lets, taking homes out of the housing market. The rapid growth in short- term lets is creating further pressure on supply, rent levels and house prices in some areas. The Covid-19 pandemic has driven some short-term lets back to long term lets in the last year, however the lasting impact is yet to be seen.

[1] Scottish PRS Rental Report From Citylets Q2 2021

2. National Policy Context

2.1 Scottish Planning Policy sets out national planning policies relating to the preparation of development plans. Policy principles (SPP 2014 Para 110) to enable the delivery of new homes are set out. The planning system should:

- identify a generous supply of land for each housing market area within the plan area to support the achievement of the housing land requirement across all tenures, maintaining at least a 5-year supply of effective housing land at all times;
- enable provision of a range of attractive, well-designed, energy efficient, good quality housing, contributing to the creation of successful and sustainable places; and
- have a sharp focus on the delivery of allocated sites embedded in action programmes, informed by strong engagement with stakeholders.

To deliver this:

- Plans should be informed by a robust housing need and demand assessment (HNDA)
- Plans should address the supply of land for all housing. They should set out the housing supply target (separated into affordable and market sector) for each functional housing market area, based on evidence from the HNDA. The target should be reasonable, should properly reflect the HNDA estimate of housing demand in the market sector, and should be supported by compelling evidence.
- Within the overall housing supply target plans should indicate the number of new homes to be built over the plan period. This figure should be increased by a margin of 10 to 20% to establish the housing land requirement.
- The housing land requirement can be met from a number of sources, most notably sites from the established supply which are effective or expected to become effective in the plan period, sites with planning permission, proposed new land allocations, and in some cases a proportion of windfall development.

Strategic development plans should set out the housing supply target and the housing land requirement for the plan area, each local authority area, and each functional housing market area. They should also state the amount and broad locations of land which should be allocated in local development plans to meet the housing land requirement up to year 12 from the expected year of plan approval, making sure that the requirement for each housing market area is met in full. Beyond year 12 and up to year 20, the strategic development plan should provide an indication of the possible scale and location of housing land, including by local development plan area.

Local development plans in city regions should allocate a range of sites which are effective or expected to become effective in the plan period to meet the housing land requirement of the strategic development plan up to year 10 from the expected year of adoption. They should provide for a minimum of 5 years effective land supply at all times. In allocating sites, planning authorities should be confident that land can be brought forward for development within the plan period and that the range of sites allocated will enable the housing supply target to be met.

Local development plans should allocate appropriate sites to support the creation of sustainable mixed communities and successful places and help to ensure the continued delivery of new housing.

2.2 A revised SPP was published in December 2020. This made several changes relating to housing policy:

- The presumption in favour of development that contributes to sustainable development was been replaced with a presumption in favour of sustainable development.
- References to plans being 'out of date' were removed.
- Shortfall in land supply not the sole or overriding factor in determining a planning consent. In the first instance wider policies within the development plan can still apply to assess whether developments are sustainable.
- Removed direct link with calculating the 5-year Effective Land supply to the presumption in favour of sustainable development.

2.3 A judicial review of the December 2020 amendments to SPP and introduction of Planning Advice Note 1/2020 was granted on the ground that the consultation was unfair. As a result SPP reverts to the manner it was framed prior to the Scottish Planning Policy-Finalised Amendments-2020. This decision may be appealed, or the issues addressed through National Planning Framework 4, or other policy changes.

2.4 SPP 2014 includes the provision that where a development plan is out of date there is a presumption in favour of sustainable development. This presumption remains in place. A development's contribution to sustainability by addressing a shortage of housing land supply remains capable of being outweighed by other development plan (or other material considerations) that indicate the development is not sustainable.

2.5 The NPF 4 Position Statement indicated a potential policy change to replacing the current focus on maintaining a 5 year supply of effective housing land with a longer term perspective so that future plans can promote immediate deliverability and viability, and steer development to appropriate locations in line with the plan's spatial strategy, informed by an infrastructure-first approach.

3. Housing Supply Targets

Housing Need and Demand

3.1 SPP 2014 requires the development plan to set out the housing supply target (separated into affordable and market sector) for each functional housing market area, based on evidence from a Housing Need and Demand Assessment.

3.2 A Housing Need and Demand Assessment (HNDA) is a technical document which sets out estimates of future housing need and demand over a 20 year period, covering owner occupation, private rent, below market rent and social rent. HNDAs are designed to give broad, long-run estimates of what future housing need and demand might be, rather than precision estimates.

3.3 The housing supply target is a policy view of the number of homes the authority has agreed will be delivered in the housing market area over the period of the development plan and local housing strategy, taking into account wider economic, social and environmental factors, issues of capacity, resource and deliverability. SPP 2014 (para 115) states that the target:

- should reflect the HNDA estimate of housing demand in the market sector
- must be reasonable

3.4 In City Regions, the requirements for new housing are set by the Strategic Development Plan. Edinburgh's current Strategic Development Plan is the South East Scotland Strategic Development Plan (SDP 1) approved in 2013 and Housing Land Supplementary Guidance October 2014.

3.5 SDP 1 sets out an all tenure housing requirement for Edinburgh to 2024 based upon evidence from a housing need and demand assessment (HNDA 1). The background to the SDP 1 requirement is set out in the SESplan Housing Land Technical Note September 2011.

3.6 A new Strategic Development Plan (Proposed SDP2) was prepared by SESplan in 2016. The Proposed SDP2 set out a housing supply target, over the period of SDP2 (2018-2030), by tenure, for Edinburgh, based upon an updated HNDA (HNDA 2).

3.7 HNDA 2 provided three different scenarios of future need and demand for the period 2012 and 2032 based upon different potential economic futures:

- Steady Recovery (lower scenario)
- Wealth distribution (medium scenario)
- Strong economic growth (highest scenario)

Oxford Economics carried out a study to assist SESplan in selecting the most appropriate scenario upon which to base its Housing Supply Targets. The study concluded that either of the two lower forecasts of need/demand may be suitable but that the higher scenario was unrealistic.

3.8 The Proposed SDP2 was submitted to Scottish Ministers for approval in June 2017 but rejected in May 2019 on transport grounds.

3.9 SDP 1 provides an all tenure housing supply target for the SESplan region to 2032 but does not provide a breakdown by local authority beyond 2024. Following the rejection of the Proposed SDP 2, there are no approved housing supply targets for Edinburgh which cover the entire period of City Plan 2030 (2022-2032).

3.10 HNDA 2 is the most up to date assessment of future housing need and demand for City of Edinburgh over the City Plan period. HNDA 2 has been prepared in line with Scottish Government's HNDA Guidance and determined to be robust and credible by the Scottish Government.

3.11 Taking account of completions HNDA 2 identifies a need for 42,900 affordable homes in the period 2021-2032. A Review of Housing Need and Demand in Edinburgh was carried out in September 2020. The study includes a review of HNDA 2 (2015) figures, interpretation of HNDA 2 in Choices for City Plan 2030, along with other available evidence on need and demand. The study also examined the likely impact of the current crisis/recession on demand for affordable housing. The findings from the study show continued stable demand for market housing, even in the context of the Covid-19 pandemic, and particularly at the more 'affordable' end of the market. The reviewed HNDA 2 estimates indicate an increased need for affordable housing. Projecting forward on the basis of either the low or medium scenarios was considered reasonable, but there was little evidence to support the high projections. The risks associated with the ongoing pandemic and resultant recession to the housing market were considered likely to be short-medium term (2-3 years) and unlikely to affect the long-term market fundamentals. The study concluded that the City Plan Housing Supply Target set out in Choices was reasonable when considered against the reviewed HNDA2 estimates of need and demand. HNDA 2 therefore forms the basis to determine how much of the remaining regional housing supply target from SDP1 should be met within Edinburgh over the period of City Plan (2022-2032). This is set out in Table 1.

Table 1: Housing Need/Demand (HNDA 2)

Wealth Distribution Scenario	2012-2032	Completions 2012 - 2021	Need Demand 2021 - 2032
Social Rent	36,969		
Below market rent	12,944		
Total Affordable	**49,913**	**6,984**	**42,929**
Private rent	12,125		
Owner occupied	19,647		
Total Market	**31,772**	**12,213**	**19,599**
Total Housing	**81,685**	**19,197**	**62,488**

Responses to Choices for City Plan 2030 - Main Issues Report

3.12 Choices set out a proposed housing supply target based upon the approach set out above. A number of responses were received, including the argument for a higher supply target. However, as outlined above, the household growth and economic analysis provided by the Review of Housing Need and Demand in Edinburgh, September 2020 did not support this.

Translating HNDA 2 into Housing Supply Target

3.13 SPP 2014 requires that the LDP sets the housing supply target (HST), split between affordable and market housing based on evidence from the HNDA. The housing supply target is a policy view of the number of homes that can be delivered over the period of the plan. Neither the market nor affordable HST can be set without reference to each other.

The target should be reasonable, should properly reflect the HNDA estimate of housing demand in the market sector, and should be supported by compelling evidence.

3.14 HNDA 2 identifies a need for 42,900 affordable homes and 19,600 market homes. This provides a baseline which has been considered in the context of the wider economic, social and environmental factors, issues of capacity, resource and deliverability.

3.15 The greatest need is for affordable housing. Delivery of affordable housing is largely determined by availability of funding. The Council's Strategic Housing Investment Plan (SHIP) 2020-2025 sets out the delivery plan for new affordable homes. Around half of the sites included in the SHIP are in the control of private sector landowners and developers. Delivery of affordable housing is, therefore, also dependent to a significant extent upon private sector housing delivery and the Affordable Housing Policy of the development plan.

3.16 SPP 2014 (para 129) states that plans should identify any expected developer contributions towards delivery of affordable housing. Where a contribution is required, this should generally be for a specified proportion of the serviced land within a development site to be made available for affordable housing. Planning authorities should consider the level of affordable housing contribution which is likely to be deliverable in the current economic climate, as part of a viable housing development. The level of affordable housing required as a contribution within a market site should generally be no more than 25% of the total number of houses. Consideration should also be given to the nature of the affordable housing required and the extent to which this can be met by proposals capable of development with little or no public subsidy.

3.17 Given the level of need for affordable housing and limitations on funding there is a need to maximise the amount of affordable housing provided through the market, but this must be balanced with the viability for developers to provide this. On behalf of the Council. the District Valuer carried out an exercise in 2019 to model the impact of changes to affordable housing policy on development viability in Edinburgh.

3.18 To demonstrate a correlation between the Affordable Housing percentage requirement and the Existing Use Value / Alternative Use Value of existing brownfield sites, the impact on value of an actual sample brownfield site which could, in the medium term, be brought forward for redevelopment purposes was examined, assuming both redevelopment for existing use and redevelopment for residential use.

3.19 The exercise suggests that land values in Edinburgh are high enough to justify an affordable housing requirement above 25%. Review of this exercise in March 2021 concluded that the correlation between land value and the level of affordable housing provision that can potentially be sustained is broadly the same as that identified in 2019. Based upon this, City Plan 2030 sets an affordable housing requirement of at least 35%. This reflects that the greatest need is for affordable housing.

3.20 The Council Business Plan 2017-2022 set out a commitment to develop a programme to deliver at least 10,000 social and affordable homes over the following five years, with a plan to build 20,000 by 2027. The evidence for this commitment comes from HNDA 2 need and demand figures and particularly from the tenure split it defined, with over 60% of the 38,000 to 46,000 homes it required for Edinburgh being affordable tenures. The 2021-2024 Business Plan continues this objective and reports on progress.

3.21 Over 6,300 affordable homes have been approved during the first four years of this commitment, and over 4,600 affordable homes have been either completed or acquired. The Strategic Housing Investment Plan 2021-2026 sets out a pipeline of 10,036 affordable homes that could be approved for site start and 11,370 potential completions over the next five years. There are currently around 2,000 affordable homes under construction on over 30 sites in the city.

3.22 It is not realistic to set a target which provides in full for the need for affordable housing identified in HNDA 2. It would not be possible to deliver that amount of affordable housing within the period of plan with regard to the issues of capacity and resources. The affordable housing supply target has been set at 17,350 for the period 2021 - 2032. This will meet the Council Commitment in full and acknowledges that affordable housing will continue to be delivered beyond 2027. It takes account of the constraints on delivery of affordable housing and the reliance on market housing to provide affordable housing.

3.23 SPP 2014 requires that targets reflect the estimate of demand in the market sector. The average number of completions over the last 10 years is 2,070, affected in part by the 2008 recession and its impacts. 2019/20 completions were 2,967 homes, one of the highest figures ever. Whilst the lockdown measures to address the Covid-19 pandemic have had an impact on periods of demand and for 2020/21 completions were 1,716, underlying levels of demand remain strong.

3.24 To meet the market demand and provide a realistic target for affordable housing Table 2 sets out Housing Supply Targets for the period of City Plan 2021-2032.

Table 2: City Plan Housing Supply Targets 2021-2032

Market Demand 2012 - 2032 (HNDA2)	31,772
Completions 2012 - 2021	12,213
Market Target 2021 - 2032	**19,559**
Affordable target 2017 - 2027	20,000
Affordable target 2027-2032 (@500 per year)	2,500
New build Completions 2017-2021	3,306
Open Market Shared Equity 2017-2021	882
Open Market Shared Equity 2021 - 2027 (assume 160 per year)	960
New build affordable target 2021 - 2032	**17,352**
Total Housing Supply Target 2021 - 2032	**36,911**

NPF4- Housing Land Figures

3.25 The Planning (Scotland) Act 2019 set out that the National Planning Framework (NPF) would be a statutory part of the development plan. As part of this the Act set out that the NPF would incorporate setting targets for new homes. It is expected that the NPF4 will be adopted in Spring 2022.

3.26 A proposed methodology for calculating the amount of housing land that should be allocated as a default minimum requirement in Local Development Plans was issued to local authorities for comment in February 2021. Advice to local authorities is that consideration of the estimates should be informed by local input and evidence, and factor in policy ambitions to support growth in local housing provision. Consideration should also be given to relevant national drivers. The guidance advises that this local input should factor in policy initiatives and ambitions to support growth in housing provision and delivery. It should also consider any alternative assumptions on the household formation projections, existing housing need and the flexibility allowance, and take into account levels of housing completions achieved.

3.27 The methodology is similar to the starting point of HNDA methodology, using household projections from the National Records of Scotland and a count of existing need from government statistics. A flexibility allowance of 25% for urban areas is added to set the minimum default figure for NPF for a 10-year period. It is then for Local Authorities to work collaboratively with an evidence based approach as to any proposed alternative to the minimum default figure. The following considerations should be taken into account:

- Estimates of homelessness and hidden households
- Impact of Local connection –
- The outcome of Housing Need and Demand Assessment 3 (HNDA3)

3.28 Using the proposed methodology issued by Scottish Government, the minimum all-tenure housing land requirement for Edinburgh, including 25% flexibility allowance would be 27,600.

3.29 In responding to the proposals on the minimum housing land requirement, the Council felt that a higher minimum figure was appropriate as the default methodology does not adequately account for the required delivery of affordable housing as a factor affecting the amount of land needed. the most up to date information on tenure split is given by HNDA 2, where more than 60% of need and demand is of an affordable tenure (including MMR etc). Applying that split to the 10-year minimum housing land supply calculated from the housing projections indicates that only around 9,000 market homes would be needed in the area over that period or 900 completions per year. Recent market completions have risen to some 2,000 per year. The evidence, therefore, suggests that the default figure is an underestimation of market demand as well as of affordable need.

3.30 Affordable homes are only partly delivered by the Council and RSLs on their own or acquired land as 100% of site tenure with a high proportion delivered at lower rate on market sites through affordable housing policy requirements. It is essential in calculating a realistic land supply to take account of this as it means a higher level of land supply is required to deliver the affordable homes needed. Equally where sites owned by the Council or RSLs are larger it will be desirable to ensure mixed communities are created or maintained by seeking market delivery alongside the affordable element, with the same consideration.

3.31 Taking account of the above, in its response to the Scottish Government proposals for minimum housing land requirements for NPF4, the Council proposed that an appropriate default minimum housing land requirement figure for City Plan should be 48,125.

Table 3: City of Edinburgh NPF 4 proposed minimum housing land requirement

	NPF4 estimates		CEC	
Input	**Annual**	**Cumulative**	**Annual**	**Cumulative**
Newly forming households	1,990	19,905	1,990	19,905
Existing Housing Need	2,140	2,140	4,135	4,135
Affordable requirement + additional market supply	-	-	-	14,460
Subtotal	-	22,045		38,500
Flexibility Allowance		25%		25%
Total		27,555		48,125

HNDA 3

3.32 The local authorities within South East Scotland area are jointly preparing Housing Need and Demand Assessment 3 (HNDA3) for South East Scotland. Emerging draft results have been prepared for each local authority under several different scenarios and following consultation it is anticipated that HNDA3 will be finalised in Spring 2022. Whilst the draft results may be subject to change following consultation, the estimates of future need and demand for new housing under the default scenario are set out in Table 4 below.

Table 4: Draft HNDA 3: Default Scenario

	2020 -2025	2025 -2030	2030 -2035	2035 -2040	2020 - 2040	Av. Per annum
Social rent	1,880	711	645	513	18,747	937
Below market	511	435	416	367	8,644	432
PRS	313	298	307	285	6,015	301
Buyers	577	531	540	487	10,676	534
Total p.a.	3,281	1,975	1,909	1,652	44,082	2,204
Affordable p.a.	**2,391**	**711**	**645**	**513**	**21,302**	**1,065**
Market p.a.	**889**	**435**	**416**	**367**	**10,534**	**527**

3.33 Similar to HNDA 2, the draft HNDA 3 estimates for need and demand for new housing show a strong need for affordable housing compared to market housing. Similar to the methodology for minimum housing land requirements proposed for NPF4, the total need and demand estimates are based upon population and household projections which may underestimate recent strong demand for housing experienced in Edinburgh. Table 5 compares the results from HNDA 2, the draft results from HNDA 3 and the housing supply targets for City Plan 2030.

Table 5: HNDA 2, HNDA 3 estimates of need/demand 2021 – 2032 and Housing Supply Targets from City Plan 2030

	HNDA 3 Default		HNDA 3 Strong Growth		HNDA 2 - Wealth Distribution*		City Plan Targets	
	Total	Annual average	Total	Annual average	Total	Annual average	Total	Annual average
Social rent	12,367	1,124	15,580	1,416	20,333	1,848		
Below market	5,049	459	6,019	547	7,119	647		
PRS	3,356	305	2,692	245	6,669	606		
Buyers	6,041	549	7,205	655	10,806	982		
Affordable	17,417	1,583	21,599	1,964	27,452	2,496	17,352	1,446
Market	9,397	854	9,898	900	17,475	1,589	19,559	1,778
Total	26,814	2,438	31,497	2,863	44,927	4,084	36,911	3,356

** The Need/Demand estimates for the HNDA 2 Scenario are based upon the annual average need demand for the period 2012 – 2032. They do not account for completions that have occurred between 2012 and 2021 as in Table 1 above.*

4. Housing Land Requirement

4.1 SPP 2014 states that plans should indicate the number of new homes to be built over the plan period- the Housing Supply Target. This figure should be increased by a margin of 10 to 20% to establish the housing land requirement, in order to ensure that a generous supply of land for housing is provided. The exact extent of the margin will depend on local circumstances.

4.2 Affordable housing delivery is related to the level of resources, primarily finance to fund affordable housing delivery. Further availability of land for affordable housing will not increase the likelihood affordable housing is delivered. Therefore decisions on generosity margins primarily relates to delivery of market housing.

4.3 It is acknowledged that the spatial strategy may require higher levels of intervention than might be the norm. The Council has also acknowledged that using Compulsory Purchase Orders to facilitate development may be needed. A generosity allowance of 20% has been applied to the housing supply target. This is the upper limit of that set out in SPP 2014. This reflects the brownfield strategy and its inherent risks. It will ensure there is adequate land to provide for need and demand, where some sites may fail due to ownership, infrastructure or economic reasons. Table 5 sets out the Housing Land Requirement for City Plan.

Table 6: City Plan Housing Land Requirement 2021-2032

	Total	*Market*	*Affordable*
Housing Supply Target	**36,911**	*19,559*	*17,352*
Generosity Allowance: 20%	7,382		
Housing Land Requirement	**44,293**		

5. Housing Land Supply

5.1 SPP 2014 states that planning authorities should be confident that allocated land can be brought forward for development within the plan period and that the range of sites allocated will enable the housing supply target to be met. They should allocate a range of sites which are effective or expected to become effective in the plan period to meet the housing land requirement in full. Beyond year 10 and up to year 20, the local development plan should provide an indication of the possible scale and location of the housing land requirement.

5.2 The housing land requirement can be met from a number of sources, most notably sites from the established supply which are effective or expected to become effective in the plan period, sites with planning permission, proposed new land allocations, and in some cases a proportion of windfall development.

5.3 Planning Authorities should provide a minimum of 5 years effective land supply at all times. Local development plans should allocate appropriate sites to support the creation of sustainable mixed communities and successful places and help to ensure the continued delivery of new housing.

5.4 The latest land supply position is set out in the Housing Land Audit and Completions Programme 2021 . This shows an established land supply which could provide over 33,000 new homes. This is land that has received planning permission or is allocated in the current Local Development Plan. Table 7 below summarises the current land supply.

5.5 To ensure a land supply that meets the requirement of necessitates the allocation of further housing sites. SPP 2014 para 2 states that planning should promote the most efficient use of land. Para 40 sets out principles for spatial strategies in LDPs which include:

- considering the re-use or re-development of brownfield land before new development takes place on greenfield sites;
- optimising the use of existing resource capacities, particularly by co-ordinating housing and business development with infrastructure investment including transport, education facilities, water and drainage, energy, heat networks and digital infrastructure;
- using land within or adjacent to settlements for a mix of uses;
- locating development where investment in growth or improvement would have most benefit for the amenity of local people and the vitality of the local economy.

5.6 SPP 2014 (Para 48) states that "strategic and local development plans should be based on spatial strategies that are deliverable, taking into account the scale and type of development pressure and the need for growth and regeneration. An urban capacity study, which assesses the scope for development within settlement boundaries, may usefully inform the spatial strategy, and local authorities should make use of land assembly, including the use of compulsory purchase powers".

5.7 SDP 1 sets out a spatial strategy for Edinburgh and the South East to 2032. It steers housing growth to sustainable locations where there is infrastructure capacity or which minimise the requirement for additional investment. New housing development is focussed on brownfield land and land within thirteen Strategic Development Areas (SDAs). Within Edinburgh 4 SDAs are identified - West Edinburgh, South East Edinburgh, Edinburgh City Centre, and Edinburgh Waterfront.

5.8 City Plan's spatial strategy directs new development to, and maximises the use of, brownfield land rather than greenfield land, improving and re-imaging Edinburgh's neighbourhoods, rebuilding the city from within and delivering new communities in Edinburgh Waterfront, West Edinburgh and on major development sites across the city.

5.9 Brownfield land within the urban area was assessed to determine the potential for development and identify the housing capacity that could be delivered on that land. The assessment is set out in the Choices Housing Study. Sites identified have been considered further to take into account changes in planning status, Choices consultation comments, intentions of public sector land owners and other site factors. Some sites have not been taken forward following this reassessment. The capacity of some sites has been adjusted as a result of more detailed consideration of individual sites and their capacity for development within the site constraints and any requirements for the provision of school infrastructure.

5.10 Existing LDP allocations will continue to deliver housing in the period of City Plan. Relevant sites have been carried forward into City Plan. The Housing Proposals Table of the Proposed Plan identifies the allocated housing sites.

Table 7: Housing Land Supply

Housing Land Supply	Total	Market	Affordable
Proposals			
Strategic Sites	14,250	9,263	4,987
Brownfield Sites	10,798	7,019	3,779
Legacy Sites	18,801	13,168	5,633
Proposals Total	**43,849**	**29,450**	**14,399**
Other Sites in current land supply	12,838	9,081	3,757
Consents since 31/03/21	263	233	30
New applications pending determination	478	360	118
Total Land Supply	**57,428**	**39,124**	**18,304**
Housing Supply Target	**36,911**	**19,559**	**17,352**
Surplus/Shortfall	**20,517**	**19,565**	**952**
% Flexibility/Generosity	**56%**		

5.11 Existing allocations and new housing sites provide a range of sites, which are effective or expected to become effective in the plan period, more than sufficient to meet the housing land requirement in full. Table 7 shows a land supply more than 50% greater than the Housing Supply Target in City Plan.

5.12 The public sector cannot deliver the affordable housing requirement itself therefore City Plan allocates more land than the combined requirement for market and affordable housing to allow affordable housing to be provided through the delivery of market housing.

5.13 Affordable housing is delivered by the Council and RSLs on their own or acquired land as 100% of site tenure, and at a lower rate on market sites through affordable housing policy requirements. Delivery of affordable housing is dependent on funding and as this is limited allocating more land for affordable housing will not bring forward more affordable housing. City Plan requires at least 35% affordable housing to be provided on market sites. More market housing is allocated to deliver the affordable housing that cannot be delivered by the public sector.

5.14 The aim of City Plan is to deliver mixed use sustainable communities on the allocated land supply set out and other suitable sites within the urban area. The generosity included in the land requirement combined with the sites allocated should ensure that if any site does not come forward as expected there is more than sufficient identified land supply to meet the requirement.

6. Delivery

6.1 To support delivery of a brownfield approach requires everyone to work together proactively. The Council will take an active role to deliver affordable housing, forming partnerships with public and private sector landowners and developers, and the use of compulsory purchase powers where necessary.

6.2 At a regional level the Edinburgh and South East Scotland City Region Deal (ESESCR) brings together key infrastructure and utility providers with public sector partners to share programme and investment plans to accelerate delivery of development, increase efficiencies and maximise investment. The Regional Housing Programme aims to accelerate the delivery of affordable housing and housing across all tenures and enable the development of seven major strategic housing sites including the Edinburgh Waterfront.

6.3 The Place Based Opportunities Board (PBOB) chaired by Council's Chief Executive provides a forum for partners to come together to develop a more joined up and place-based approach to creating and disposing of assets. The Council is actively seeking to position itself as purchaser of first resort to public bodies in the city and is uniquely placed to make strategic acquisitions; acting as the enabling developer by de-risking planning, regeneration and infrastructure requirements.

6.4 The HRA Business Plan includes around £120m for land acquisitions over the next ten years, with £19m included in both the 2021/22 and 2022/23 budgets.

6.5 Funding is also available to support land acquisition for social housing through the Affordable Housing Supply Programme. In 2019/20 grant funding of £9.6 million was secured for nine sites with around £10 million expected in 2020/21 to support delivery of six sites.

6.6 The Housing (Scotland) Act 1987 and Town and Country Planning (Scotland) Act 1997 hold provisions for compulsory purchase that enable delivery of housing, planning and regeneration. Scottish Ministers (Planning Circular 6/2011) encourage authorities to use these powers.

6.7 A key outcome of the Council Business Plan 2021-2024: Our Future Council, Our Future City is the ongoing delivery of the Council's 20,000 affordable homes programme.

6.8 The City Housing Strategy 2018 sets out the priorities for delivering housing and related services. The strategy covers all tenures and types of housing. The City Housing Strategy (CHS) has three outcomes:

- People live in a home they can afford;
- People live in a warm, safe home in a well-managed neighbourhood;

- People can move home if they need to.

CHS identifies key priorities under each of the three outcomes.

The delivery of the CHS is supported by key delivery plans. These include the Council's Housing Revenue Account (HRA) Business Plan and Capital Investment Programme and the Strategic Housing Investment Plan (SHIP).

6.9 The Council has a Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration. 2021/22 and 2022/23 programme includes investment in development and construction of around 1,863 affordable homes on Council owned site. As at January 2021 a total of 27 sites had been approved for or already transferred from the Council's General Fund to the Housing Revenue Account (HRA) for affordable housing development. This includes former school, care home and depot sites. Sites are at various stages of design development and construction. In total these sites have the capacity to deliver nearly 3,000 homes. 1,391 new homes are in development and construction on Council owned sites with 351 new affordable homes expected to complete in 2021/22.

6.10 A Strategic Housing Investment Plan (SHIP) is submitted annually to Scottish Government and is a funding plan for the City of Edinburgh Council and Registered Social Landlord (RSLs) partners to provide affordable housing in the city over a five-year period. The 2021-2026 SHIP sets out a pipeline of 10,036 affordable homes which could be approved for site start and 11,370 anticipated completions between 2021 and 2026. Social and mid rent homes could be grant funded through the Affordable Housing Supply Programme and through innovative funding schemes that require little or no grant. This includes Edinburgh Living, private sector led Build to Rent and the Scottish Government's Mid-market Rent Invitation. The current programme aims to deliver over 17,200 homes by 2025/26. Additional approvals are expected to come forward in the later years of the SHIP to support the delivery of the 20,000 affordable homes commitment by 2027.

6.11 Build to Rent (BTR) is a form of private rent which provides purpose built rental accommodation with integrated placemaking and services. Financing from institutional investors enables developments that are not constrained by reliance on individual house sales or availability of mortgage finance. This has the potential to deliver regeneration at scale and pace and can deliver homes and places more quickly.

6.12 The contribution of the Private Rented Sector to increasing housing supply is recognised at national level. The Chief Planner has issued encouragement to planning authorities to support the sector. BTR is an emerging sector in Scotland and well established in England. There are examples from other cities, including Manchester and Aberdeen, which demonstrate the potential of BTR to accelerate housing delivery. In consultation with developers and industry representatives a policy framework has been established to support the delivery of BTR in Edinburgh.

6.13 The full percentage of homes required by the Affordable Housing Policy will be sought on BTR developments. Grant funding is not required for the delivery of affordable BTR homes. These will normally be delivered as 'Intermediate Rent' by the BTR operator.

6.14 In Edinburgh, six planning applications which include over 550 affordable BTR homes have been approved. In total more than 3,000 private sector led BTR homes have had planning consent or will be considered by the end of the financial year. These include 253 homes at Freer Street, Fountainbridge, 338 homes at Skyliner in Leith, 476 homes at Springside in Fountainbridge, 1,180 homes at Edinburgh Park, 318 BTR homes at New Town Quarter, Dundas Street, and 464 homes at Bonnington Road Lane. Affordable BTR homes will be targeted at people on moderate incomes, with rents being set at 30% of BRMA, secured by Section 75 Agreement as affordable housing for a minimum of 25 years. The same number of social rented homes would require over £51 million of grant subsidy.

6.15 A further application at Steads Place for 110 BTR homes with 38 affordable rented homes delivered by a RSL was approved by Development Management Sub Committee in June 2021.

6.16 The tenure of mid-market rent is aimed at people who cannot afford home ownership but would not usually be eligible for social housing. The introduction of mid-market since 2010 has aided the Council in driving more value for every pound of Scottish Government grant provided.

6.17 A new housing company Edinburgh Living has been established in partnership between the City of Edinburgh Council and the Scottish Futures Trust (SFT) to deliver homes at mid-market rent and competitive market rent levels. The City of Edinburgh Council and SFT will share learning and financial models with city region partners, to explore regional delivery models.

6.18 Alternative models to deliver regeneration and affordable housing on private sector sites are being explored. Lease based models provide an opportunity for the Council to work in partnership with landowners and institutional Investors who are interested in long term investment in an area rather than sale of land or homes.

City Plan 2030 Action Programme

6.19 City Plan adopts an infrastructure first approach, directing new development to where there is existing infrastructure. Where required to support new development, City Plan requires transport infrastructure and new and expanded community infrastructure including schools and health care, 6.20 The City Plan 2030 Action Programme sets out the key infrastructure actions necessary to bring each site forward for housing development. It is informed by the annual Housing Land Audit and Completions Programme (HLACP). The action programme will be used to manage infrastructure planning with a view to avoiding unnecessary constraints on delivery.

City Plan 2030

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