

ABERDEEN CITY & SHIRE STRATEGIC DEVELOPMENT PLANNING AUTHORITY

Title : Housing Land Audit 2008

1 Purpose of Report

- 1.1 To advise Members of the results of the 2008 Housing Land Audit (attached as Appendix 1).

2 Background

- 2.1 The purpose of the annual Housing Land Audit (HLA) is to identify whether an adequate supply of housing land is being maintained. Both Scottish Government SPP3 and Structure Plan (NEST Policy 7) policy require that a minimum effective supply of 5 years worth of land should be maintained at all times.
- 2.2 The Audit is prepared jointly by Aberdeen City and Aberdeenshire Councils in consultation with the housebuilding industry and relevant bodies including Scottish Water, SEPA, Scottish Government (Housing Investment Division) and Cairngorms National Park Authority.

3 The 2008 Housing Land Audit

- 3.1 Before discussing the Audit, it is useful to clarify the precise meaning of a number of commonly used phrases.
- 3.2 The total land supply is known as the Established Supply and this is divided into three main categories:
- The **Constrained Supply** consists of those sites which have problems such as drainage, access or marketability making it unlikely that development will start within five years from the base date of the Audit (1st January each year).
 - The **Five Year Effective Supply** contains all units on sites which do not have constraints or where a constraint is likely to be lifted and are therefore expected to come forward within five years, plus the contribution from small sites. This is the figure used to measure the adequacy of the land supply for Structure Plan monitoring purposes.
 - The **Post Five Year Effective Supply** contains all remaining units on effective sites which are programmed beyond the five year period as a result of factors such as lead in times, the capacity of the developer and local market conditions.
- 3.3 The housing land audit is divided up by Housing Market Area (HMA). The Aberdeen HMA includes Aberdeen City and the part of Aberdeenshire which forms roughly a 30km radius of the City boundary while the Rural HMA takes in the rest of Aberdeenshire.
- 3.4 On 1 January 2008 (the base date for the 2008 Audit) the established land supply in the Structure Plan Area extended to 14,225 units, 7,549 of which were in the Aberdeen Housing Market Area (AHMA), with 6,676 in the Rural

Housing Market Area (RHMA). Of these, 15% in the AHMA and 30% in the RHMA are constrained. In the effective supply, 5,529 units in the AHMA and 4,418 units in the RHMA are expected to come forward within five years. This figure includes the estimated contribution from small sites of 375 units in the AHMA and 610 units in the RHMA. This leaves 909 (AHMA) and 520 (RHMA) units on effective sites programmed beyond the five year period.

Figure 1: Land Supply by Housing Market Area

	Aberdeen HMA	Rural HMA	Structure Plan Area (TOTAL)
Effective (5 Yr)	5,529	4,148	9,677
Effective (Post 5 Yr)	909	520	1,429
Constrained	1,111	2,008	3,119
Established	7,549	6,676	14,225

- 3.5 The five year effective land supply across the Structure Plan Area has decreased by 1% since 2007. In the Aberdeen HMA, there was a decrease of 9%. This was due to completions on sites and also the movement of a number of sites from the effective to the constrained supply in Aberdeenshire. In the Rural HMA, there was a 13% increase, due to removal of constraints on a number of sites.
- 3.6 57% of the five year effective land supply in the Structure Plan Area is located in the Aberdeen HMA with 65% of effective units within the Aberdeen HMA being located in Aberdeenshire.
- 3.7 An integral part of the process of preparing the Housing Land Audit is consultation with representatives of the housebuilding industry and other interested parties in order to try to reach agreement on the effective land supply (see Appendix 2: minute of meeting on 20 June 2008). This year, housebuilders disputed 176 units on 3 sites in the Aberdeen HMA.
- 3.8 The reason for these sites being disputed was because they are specifically for retirement housing. These sites were also disputed in the 2007 audit. The housebuilding industry argue that these sites should not be included in the audit on the basis that buyers have to be over 55 years of age and therefore houses are not available on the open market. The two Councils disagree with this view and are confident that these sites should be included. In summary, the reasons for this are:
- The calculation of the housing requirement, against which the audit is measured includes all age groups, not just under 55's. It therefore follows that housing for the over-55's must be counted in the audit if we are accurately to assess if this requirement is being met. This is particularly important given that this age group is expected to have the largest future increases in population.
 - Scottish Government guidance on housing land audits clearly states that housing for all sectors of the market should be included.
 - There is a thriving and profitable market for retirement housing with evidence of high demand.

- Retirement housing is included in land audits by other Scottish local authorities without dispute by housebuilders.

4 Housing Land Supply

- 4.1 In order to measure the adequacy of the land supply, the number of units in the effective land supply must be measured against the “5-year requirement”. Fundamentally, it is against the Structure Plan requirement, found in Table 2, p30 in NEST (North East Scotland Together) that the adequacy of the land supply must be measured. In addition, the Structure Plan itself is monitored with reference to the most up-to-date forecasts which are currently the 2007 Strategic Forecasts (2007SF). Figure 2 shows these two comparisons.

Figure 2: Comparison of Land Supply against Housing Requirement

Source of Housing Requirement	Housing Market Area	Housing Requirement 2008-2012	Effective Supply 2008	No. of Years Supply
Structure Plan Housing Requirement (Table 2)	Aberdeen HMA	4,840	5,529	5.7
	Rural HMA	2,055	4,148	10.1
2007 Strategic Forecast Housing Requirement	Aberdeen HMA	10,125	5,529	2.7
	Rural HMA	3,184	4,148	6.5

- 4.2 It can be seen that when compared with the Structure Plan housing requirement, the supply exceeds 5 years in both housing market areas with 5.7 years in the Aberdeen HMA and 10.1 years in the Rural HMA. However, the 2007 Strategic Forecast “requirement” is considerably higher and using this, the supply would fall to just 2.7 years in the Aberdeen HMA. In the Rural HMA, the supply remains above five years at 6.5 years.
- 4.3 The Structure Plan provides additional figures in Table 3 which include headroom flexibility in support of the promotional policies of the plan. Figure 3 shows this comparison and indicates that using these figures would give a land supply of 4.8 years in the AHMA and 9.2 years in the RHMA.

Figure 3 : Comparison of Housing Land Supply against NEST Table 3

HOUSING MARKET AREA	NEST (Table 3) 2008- 2012	Effective Supply 2008	No. of Years Supply
Aberdeen Area	5,820	5,529	4.8
Rural Area	2,260	4,148	9.2

- 4.4 It is also useful to compare the land supply totals with past rates of new house completions. Figure 4 shows total completions for the last five years in each housing market area and compares this with the land supply to give an indication of how many years supply there would be if completions continue at this same rate. This would give 3.2 years for the AHMA, which is significantly below 5 years supply, and 8.1 years for the RHMA.

Figure 4 : Comparison of Housing Land Supply against Completions

HOUSING MARKET AREA	Total completions 2003-2007	Effective Supply 2008	No. of Years Supply
Aberdeen Area	8,750	5,529	3.2
Rural Area	2,556	4,148	8.1

4.5 The current downturn in the housing market is likely to have an impact on completion rates, in 2008 and in future years. Monitoring work is ongoing and a clearer picture of the likely extent of this impact will emerge as work gets underway on the 2009 Housing Land Audit.

5 Conclusions

5.1 The effective housing land supply identified in the 2008 audit is 5,529 units in the AHMA and 4,148 units in the RHMA. This equates to a land supply of 5.7 years and 10.1 years respectively, when measured against the Structure Plan requirement. When measured against the 2007 Strategic Forecasts however, there is a land supply of just 2.7 years in the AHMA and 6.5 years in the RHMA.

6 Recommendations

It is recommended that:

- a The Authority note the contents of, and approve, the 2008 Housing Land Audit.
- b A report be prepared for the next meeting of the Authority on the implications of the 2008 Housing Land Audit in the context of the emerging Structure Plan.

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