Annex 11: Local Housing Land Requirement Technical Paper

Executive Summary

A11.1. This paper sets out the methodology in calculating the indicative Local Housing Land Requirement (LHLR) for the Local Development Plan Evidence Report. The indicative LHLR for Fife is evidence based and ambitious. The evidence used to calculate the LHLR builds upon Fife's two Housing Need and Demand Assessments (HNDAs) and the two Minimum All Tenure Housing Land Requirement (MATHLR) figures for Fife defined by National Planning Framework 4 (NPF4). In addition, the Housing Supply Targets (HST) of the Local Housing Strategy (LHS) 2022-27 have been examined. Whilst the HSTs do not set the LHLR, they are a key input to inform the LHLR through considering the policy and practical considerations and the level of housing that can actually be delivered.

A11.2. Whilst both Fife's HNDAs have been signed off as robust and credible by the Scottish Government's Centre for Housing Market Analysis (CHMA), this paper assesses evidence that identifies additional need or demand beyond that defined through the HNDA tool. This includes the use of primary data for existing concealed and overcrowded need to uprate the HNDA tool defaults and reflect wider need. The inclusion of this primary data has sought to address Homes for Scotland's concerns with HNDAs that the HNDA tool has a narrow focus on need relating to concealed and overcrowded households. By analysing additional data not used in the preparation of the HNDA, to inform the LHLR, evidence of a wider need has been identified. This has informed the uplift to be applied to the MATHLRs to define the LHLR and reflects a wider existing overcrowded and concealed household need.

A11.3. The evidence outlined in this paper has been used to set the indicative LHLR for Fife of 9,430 units over the 10-year lifetime of the LDP (1,980 Fife (North) and 7,450 Fife (Central & South)). This represents an approximate 29% increase (2,130 additional units) over the Fife-wide MATHLR identified in NPF4 and meets Scottish Government's expectations by generously exceeding the MATHLR.

Introduction

A11.4. This paper sets out how the indicative Local Housing Land Requirement contained within the Local Development Plan Evidence Report has been calculated. As this is a technical document, a number of housing terms and abbreviations are used which some readers may be unfamiliar with. To assist, a glossary is included within this document.

Background – Scottish Government Expectations/Legislative Context:

A11.5. The Scottish Government's Local Development Planning Guidance outlines that *"NPF4 promotes an ambitious and plan-led approach for new homes. Providing land to accommodate a wide choice of homes across a range of scales of sites and locations will enable this.*

A11.6. The Evidence Report is expected to:

- include a section specifically on housing;
- include an indicative Local Housing Land Requirement (LHLR), when setting out what the evidence means for the Proposed Plan; and
- provide a transparent and understandable explanation of how the indicative LHLR has been arrived at."

A11.7. Further guidance is given within the Local Development Planning Guidance on the expectations of Local Development Plans (LDPs) in defining a Local Housing Land Requirement (LHLR):

"Local Development Plans are expected to identify a Local Housing Land Requirement for the area they cover. This is to meet the duty for a housing target and to represent how much land is required. To promote an ambitious and plan-led approach, the Local Housing Land Requirement (LHLR) is expected to exceed the 10-year Minimum All-Tenure Housing Land Requirement (MATHLR) set out in Annex E of NPF4."

Housing Need & Demand Assessments & the Minimum All Tenure Housing Land Requirement

A11.8. Fife is covered by two regional Housing Need and Demand Assessments (HNDAs). The South East Scotland HNDA which covers Central and South Fife, was signed off as robust and credible by the Scottish Government's Centre for Housing Market Analysis (CHMA) in July 2022, The Tayside HNDA which covers North East Fife, was given the robust and credible status (CHMA sign off) by the CHMA in May 2023. Therefore, the whole of Fife is covered by recently approved HNDAs where the CHMA considers that the process and methodology of both are robust and credible.

A11.9. Both HNDAs informed the Scottish Government's preparation of the Minimum All Tenure Housing Land Requirement (MATHLR) for Fife. National Planning Framework 4 (NPF4) defines the MATHLR for Fife. This was based on the draft HNDAs prior to submission to the CHMA for sign off. However, the overall numbers for Fife in the regional HNDAs did not change through the CHMA sign off process. Therefore, the MATHLRs for Fife reflect the two current, robust and credible HNDAs covering Fife.

A11.10. Fife is unique as the only local authority in Scotland to have more than one MATHLR. This reflects the two regional HNDAs that cover Fife with the MATHLR geographies mirroring the HNDA geographies. Whilst the geographies are the same, it is important to note that the HNDAs and MATHLR name the area of Fife covered by the South East Scotland HNDA differently. The HNDA refers to this area as Fife (West & Central) and this is reflected in Fife Council's Local Housing Strategy (LHS). However, this geography was named Fife (Central & South) through the NPF4 MATHLR. For the purposes of this paper, the area is referred to as Fife (Central & South) to reflect NPF4.

Table 1: MATHLR Split for Fife

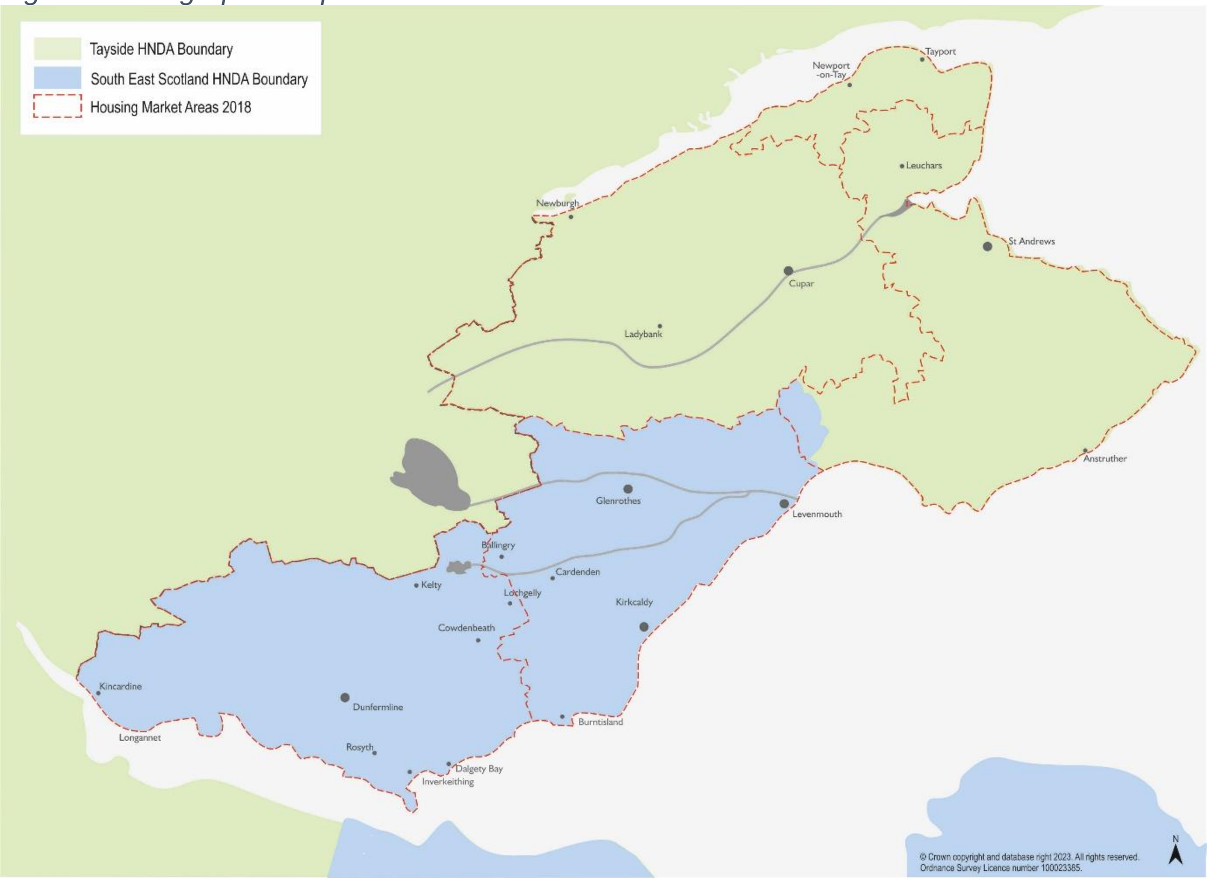
Local and National Park Authority	MATHLR
Fife (Central and South)	5,550
Fife (North)	1,750
All Fife*	7,300

* The total consists of Fife North and Fife Central and South. This reflects that Fife was formerly part of two Strategic Development Plan areas and contributed to separate Housing Need and Demand Assessments. Figures in NPF4 were rounded up or down to the nearest 50.

Source: National Planning Framework 4, Annex E - Minimum All Tenure Housing Land Requirement

A11.11. The geographical split between the 2 HNDAs/MATHLRs is illustrated in Figure 1 below.

Figure 1: Geographical split of HNDAs



Source: Fife Council

A11.12. The table below sets out the finalised MATHLR, contained within NPF4, for Fife as (7,300); existing need (2,400); newly forming households (3,450) and additional flexibility (1,450).

Table 2: NPF4 Minimum All-Tenure Housing Land Requirement – 10 Years

	Existing Housing Need	**Newly Forming Households**	**Flexibility Allowance 25%**	**MATHLR**
Fife (North)	700	700	350	1,750
Fife (Central & South)	1,700	2,750	1,100	5,550
Fife	**2,400**	**3,450**	**1,450**	**7,300**

Sources: National Planning Framework 4, Scottish Government; Tayside HNDA & South East Scotland HNDA

Note: Figures in NPF4 were rounded up or down to the nearest 50.

Evidence Base to Inform the Local Housing Land Requirement

A11.13. Whilst both Fife's HNDAs have been signed off as robust and credible by the CHMA, it is important to assess if there is evidence that identifies any additional need or demand than that defined through the HNDA tool. This can relate to evidence of a wider need not considered through the HNDA process and/or any significant changes in evidence since the HNDA was prepared. This additional evidence base can help inform the uplift to be applied to the MATHLRs to define the LHLR.

Housing Supply Target

A11.14. In calculating the LHLR, Fife's two HNDAs and the MATHLRs were taken as the starting point. Fife's Housing Supply Target (HST), which forms part of the Local Housing Strategy, was next examined to consider the policy and practical considerations and the level of housing that can actually be delivered. In calculating the HST, the following factors were considered:

- Economic factors which may impact on demand and supply;
- Capacity within the construction sector;
- Recent development levels;
- Delivery of market and affordable housing;
- Availability of resources;
- Likely pace and scale of delivery based on completion rates;
- Planned demolitions; and
- Planned new and replacement housing or housing brought back into effective use.

A11.15. These factors are discussed in detail in the Local Housing Strategy (Housing Supply Targets of the Local Housing Strategy 2022-27) and replicated as Appendix 1 of this paper.

A11.16. As this appendix outlines the context, methodology and evidence used in calculating the HST for Fife, this is not replicated in full in this paper and only a summary is given to outline the key inputs used to inform the LHLR.

A11.17. Taking into account the various factors highlighted above in considering the HST, the HNDA outcomes were averaged with evidence of historic housing delivery, current land capacity and the MATHLR over a 10-year period to produce an average of 949 units per annum as illustrated in Table 3. These evidence sources helped inform the level of housing that could potentially be delivered by examining past trends and future land availability whilst also considering the housing need requirement.

Table 3: Average of Housing Evidence

Housing Evidence	Fife (North)	Fife (Central & South)	Total
HNDA3 Steady Growth 2021-30 (p.a.)	147	526	673
Average Effective Land Supply (HLA 2022) (p.a.)	277	1,253	1,530
MATHLR minus 25% flexibility (p.a.)	140	445	585
Average Completions (p.a.) 2012/13 – 2021/22	164	846	1,009
Average of 1, 2, 3 & 4 above	**182**	**768**	**949**

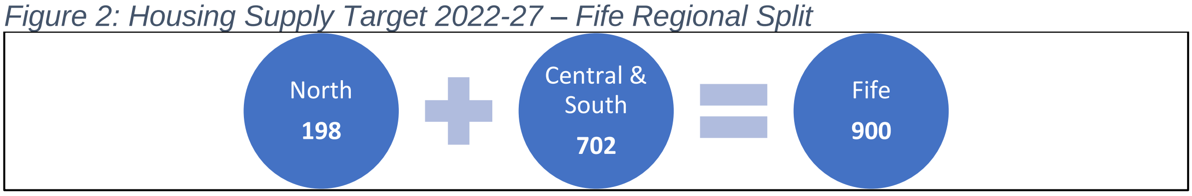
Source: Local Housing Strategy 2022-2027, Appendix 5: Housing Supply Target

Some totals affected by rounding. Small sites of fewer than 5 units are not included within completion figures.

A11.18. The average annual measure of 949 units triangulates well to average historic completions over a 10-year period (1,009) and exceeds the housing need requirement from the HNDAs (673). The average measure can be further disaggregated to the Fife (North) and Fife (Central & South) areas of Fife as 182 and 768 respectively. Although average annual completions have generally been above the Fife annual average measure, the current pressures experienced in the construction industry, along with inflationary pressures and uncertainty around the economic future, pose a question on the deliverability of new housing in the long-term.

A11.19. The HST set for 2022-2027 was therefore kept below the annual average measure at 900 units per annum HST Evidence Report. This was derived from HNDA housing estimates and takes into consideration the full range of factors that may influence housing delivery on the ground including historic completions, available resources and policy considerations. To determine the Fife (North) and Fife (Central & South) split in the HST, the proportion of need in each area from the HNDAs steady growth scenario 2021-30 was applied (22% Fife (North), 78% Fife (Central & South)). The geographical split is applied to the HST in Figure 2 below.

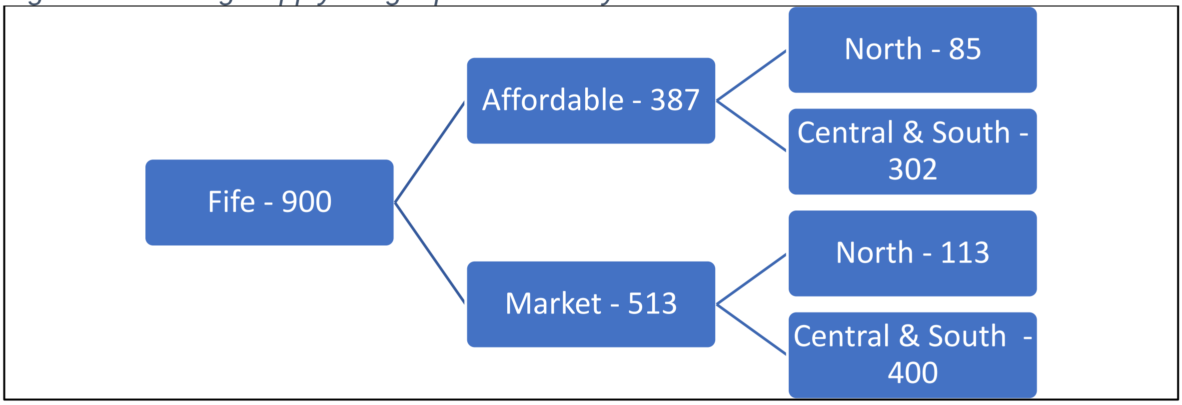
Figure 2: Housing Supply Target 2022-27 – Fife Regional Split



Source: Local Housing Strategy 2022-2027, Appendix 5: Housing Supply Target

A11.20. The LHS also considered the split in affordable and market housing by considering the interim LHS 2020-22 HST, the HNDAs and historical completions over a 5 and 10-year period and concluded a 43% target for affordable housing (387 units) and 57% target for market housing (513 units). Figure 3 provides the HST split by tenure and area.

Figure 3: Housing Supply Target per Annum by Tenure/Area



Source: Local Housing Strategy 2022-2027, Appendix 5: Housing Supply Target

A11.21. This can be defined by the Fife (North) and Fife (Central & South) areas as follows:

- Fife (North) – 198 homes per annum (85 affordable homes, 113 market homes)
- Fife (Central & South) – 702 homes per annum (302 affordable homes, 400 market homes)

A11.22. The table below compares the HST to the Interim LHS target, the HNDA steady growth housing estimates, the MATHLR and average completions over a 5 and 10-year period. The HST exceeds the MATHLR of 730 units per annum (the 730 units includes the 25% flexibility allowance built into the MATHLR).

A11.23. Table 4: Comparison of housing evidence (per annum) with proposed Housing Supply Target

Area	Tenure	Interim LHS 2020-2022 HST	HNDA3 Steady Growth 2021-30	MATHLR minus 25% flexibility	Average annual Completions 2012/13 – 2021/22	Average annual Completions 2017/18 – 2021/22	Proposed HST 2022-2027 p.a.
Fife (North)	Affordable	74	97	-	63	38	**85**
	Market	221	50	-	101	116	**113**
	Combined	295	147	140	164	155	**198**
Fife (Central & South)	Affordable	262	304	-	329	351	**302**
	Market	605	221	-	517	580	**400**
	Combined	867	526	445	846	932	**702**
Fife Total	Affordable	336	401	-	392	390	**387**
	Market	826	272	-	618	697	**513**
	Combined	1,162	673	585	1,009	1,086	**900**

Source: Local Housing Strategy 2022-2027, Appendix 5: Housing Supply Target

Some totals affected by rounding. Small sites of fewer than 5 units are not included within completion figures.

A11.24. The 900 per annum HST does not set the LHLR but is a key input to inform the LHLR. In calculating the LHLR, it is important to assess if any additional evidence beyond the HNDAs, MATHLRs, and HST should inform the LHLR.

Additional Primary Data

A11.25. The Local Development Planning Guidance highlights the that *"the HNDA process will be completed in full, in line with published Scottish Government guidance, prior to the Evidence Report being submitted for Gate Check. Where the Scottish Government (Centre for Housing Market Analysis) is satisfied that the HNDA is robust and credible, the approach used will not normally need to be considered further at the Gate Check. Where stakeholders consider further evidence may be relevant after a robust and credible HNDA has been achieved, this may be raised in engagement, reflected in the Evidence Report and it is at the discretion of the reporter to consider whether a request for further information is appropriate."*

A11.26. As the quote highlights, where the CHMA is satisfied that HNDAs are robust and credible, it is the expectation of the Scottish Government that the HNDA will not be revisited at the Gate Check. However, the reporter has discretion to consider further evidence raised in engagement.

A11.27. It is clear through Fife Council's regular engagement with Homes for Scotland, and their previous submissions to the draft NPF4, that the house building industry have concerns with what they view as the HNDA tool having a narrow focus in identifying need. It is important to note that, when preparing both HNDAs, Fife Council did not rely on the HNDA tool data defaults. There were a number of instances where the regional partners chose not to accept the default figures provided by the Scottish Government as the source(s) to quantify existing need. Where it was considered Fife Council had alternative data that better reflected existing need, these sources were used. Appendix 2 identifies those instances where the HNDAs departed from HNDA Tool Defaults and how this affected the data inputs to the HNDA tool. Departing from the HNDA Tool Defaults increased the Fife wide figure of households in existing need from 740 (tool default) to 2,391 – an increase of 1,651 households. Inclusion of these households within the HNDAs increased the existing need in Fife by an additional 223% of that identified using the HNDA tool defaults. As this increased need was fed into the HNDAs, it was also reflected in the MATHLRs for Fife.

A11.28. Homes for Scotland's primary concern of the HNDA tool having a narrow focus on need relates to concealed and overcrowded households i.e. they view the tool underestimates concealed and overcrowded need. As this had been identified by a key stakeholder as a concern of the CHMA's national HNDA tool, it was important when preparing the LHLR to examine if any data (in addition to that already used to substitute the HNDA Tool Defaults) evidenced a wider need for Fife's concealed and overcrowded households than the HNDA tool identified.

A11.29. Fife Council engaged with Homes for Scotland to discuss what potential data sources could be utilised to address their concerns. This engagement was undertaken to help identify any additional data that could be used to help inform the level that the LHLR should exceed the MATHLR by. It was clear from these discussions that Homes for Scotland viewed that no secondary datasets existed (in addition to those already used in the HNDAs) that could evidence potential wider need and that there was a need for primary data collection to inform the process.

Fife Council Primary Data Analysis

A11.30. The two regional HNDA methodologies took a different approach to defining the Homeless in Temporary Accommodation, Overcrowded and Concealed (HoTOC) assessment of unmet existing housing need. However, their approaches to the HNDA tool defaults were the same. Neither HNDA used the tool defaults as they were regarded as too low. With regards to homeless households, the default only looked at those in temporary accommodation. Local authority data on all homelessness applications was regarded as a better measure and so used as an alternative data input rather than the suggested default. Local authority data on homelessness applications was used for the for the South East Scotland HNDA. The Tayside HNDA used a combination of local authority data on homelessness applications and primary data collection. As Appendix 2 illustrates, this had the effect of increasing the data inputs within the HNDA tool for Fife.

A11.31. As part of the preparation of the Tayside HNDA, a telephone and online survey were undertaken to further inform the evidence base. Homes for Scotland supported this primary data collection in the preparation of the HNDA. Primary data collection did not form part of the South East Scotland HNDA methodology and it is not a requirement of the CHMA in the preparation of HNDAs. The majority of Scotland's HNDAs do not include primary data collection. Homes for Scotland have raised concerns with the South East Scotland HNDA as no primary data was used to identify concealed and overcrowded households.

A11.32. Through the preparation of the evidence report and calculation of the LHLR, Fife Council has sought to address Homes for Scotland's concerns with the South East Scotland HNDA by analysing additional data, not used in the preparation of the HNDA to inform the LHLR.

A11.33. As identified above, primary data for the Tayside HNDA was collected by telephone and online surveys. For Fife, the geographical coverage of the telephone surveys was limited to North East Fife (the area covered by the Tayside HNDA, see Figure 1). However, for the online survey, data was collected from respondents across Fife and not limited to North East Fife. This online survey therefore provided a body of evidence and primary data for the whole of Fife with a common base date (at a time both Fife's regional HNDAs were being prepared). The following table shows the geographical/HNDA split of the online responses received.

Table 5: Online Survey Responses Received Compared to Population Split

Geography/Split	Fife (North)	Fife (Central & South)	Fife Total
Responses Split	280 (23%)	928 (77%)	1,208 (100%)
Population Split	20.9%	79.1%	100%

Source: Tayside HNDA

Note: Percentages have been rounded

A11.34. As Table 5 illustrates, the geographical split of responses received closely reflects the population split of the HNDA areas in 2020 when the survey was undertaken.

A11.35. While the North East Fife primary data fed into the Tayside HNDA, the primary data for Central and South Fife did not feed into the South East Scotland Regional HNDA. As, identified above, the South East Scotland Regional HNDA methodology did not include the requirement for primary data.

A11.36. As Fife Council already had primary data for the whole of Fife, the decision was taken to analyse the primary data collected for Central and South Fife. The analysis followed the same methodology as that used for the Tayside HNDA to ensure a common methodology was followed Fife-wide. Appendix 3 outlines the methodology followed to analyse the primary data for Central and South Fife.

A11.37. The output from this analysis for Central and South Fife highlighted an increased need from that identified through the HNDA.

Table 6: HNDA Inputs: Concealed & Overcrowded Households

Definition	HoTOC (for all Fife)	SES	TAY	Fife Total
Concealed household with more than one family, that does not include a 'household reference person', this being the lead individual for the household based on a priority of economic activity (Census) and overcrowded by showing 'not enough rooms' according to the bedroom standard.	215	170	157	327

Table 7: Revised Concealed & Overcrowded Households Data for Central & South Fife

Definition	SES (primary data)	TAY	Fife Total
Concealed household with more than one family, that does not include a 'household reference person', this being the lead individual for the household based on a priority of economic activity (Census), and overcrowded by showing 'not enough rooms' according to the bedroom standard.	1,717	157	1,874

Sources for Tables 6 & 7: Tayside HNDA (including primary data collection) & South East Scotland HNDA

Notes:

HoTOC - HNDA Tool estimates for concealed and overcrowded based on the Census (2011), uprated with Scottish Household Survey/ Scottish House Condition Survey 2016-18 household estimates following Scottish Government guidance.

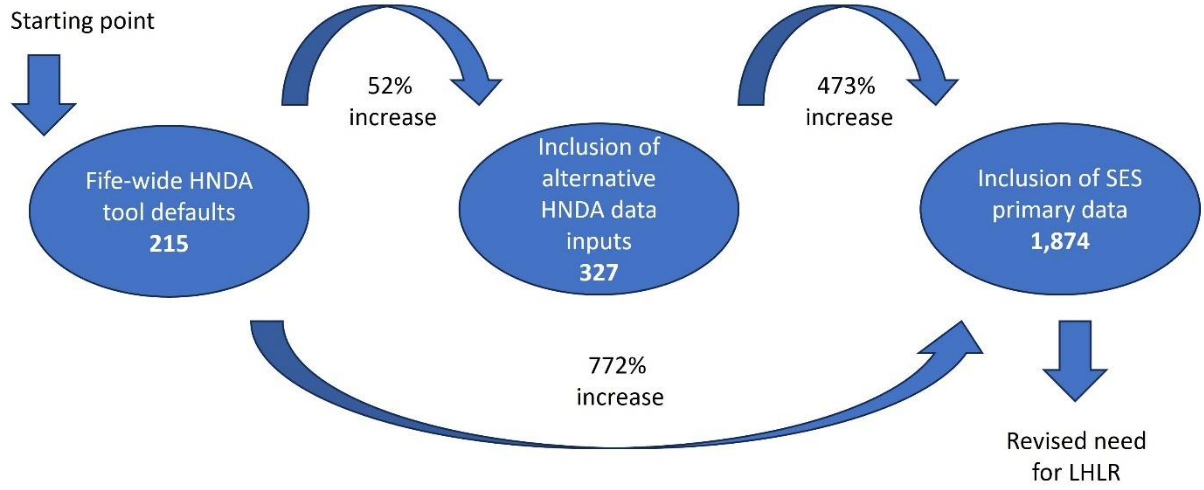
SES - Uses South East Scotland HNDA Tool estimates for concealed and overcrowded based on the Census (2011) but uprated with Scottish Household Survey/ Scottish House Condition Survey 2017-2019 household estimates following Scottish Government guidance (most recent available when HNDA undertaken).

TAY – Primary data - Tayside HNDA survey (Q5 Does your household share any rooms with any other person or household?) cross tabulated with Q18 to eliminate double counting.

SES (primary data) – Primary data analysis undertaken post South East Scotland HNDA sign off.

A11.38. The tables above illustrate the HNDA tool defaults for concealed and overcrowded need in Fife identified an existing need of 215 households. For Central and South Fife (SES), this was uprated to reflect the most recent data available when the HNDA was being prepared. For North Fife (TAY) the existing concealed and overcrowded need was identified as 157 households using the primary data collection that formed part of the Tayside HNDA. Cumulatively, the data inputs used in both HNDAs gave a Fife-wide concealed and overcrowded need of 327 households (a 52% increase over the HNDA tool defaults). The further analysis of the online survey data for Central and South Fife increased the SES need to 1,717 households, giving a revised Fife total of 1,847 households (a 473% increase over the inclusion of alternative HNDA data inputs and a 772% increase over the initial HNDA tool defaults).

Figure 4: Updated Existing Fife-wide Concealed & Overcrowded Need Position



Source: Tables 6-7

A11.39. This increased concealed and overcrowded need for Central and South Fife was then input into the HNDA tool. This was not undertaken to change the HNDA (which had already been signed off by the CHMA as robust and credible). Rather, it was to identify, that if this primary data analysis had been undertaken as part of the original HNDA, what effect would it have had on the final HNDA output. The difference between the signed off HNDA output and the rerun tool was, in part, what informed the calculation of the LHLR. This increased number of households in need, when run through the HNDA tool, increased the existing housing need for Central and South Fife from 1,700 to 3,200 households (figures are rounded). The tables below highlight how the housing requirement could have been adjusted if this additional need had been identified as part of the HNDA.

Table 8: NPF4 Minimum All-Tenure Housing Land Requirement – 10 Years (Table 2 of this annex replicated here for ease of comparison)

	Existing Housing Need	Newly Forming Households	Flexibility Allowance 25%	Minimum All-Tenure Housing Land Requirement
Fife (North)	700	700	350	1,750
Fife (Central & South)	1,700	2,750	1,100	5,550
Fife	2,400	3,450	1,450	7,300

Source: National Planning Framework 4, Scottish Government

Figures in NPF4 were round up or down to the nearest 50.

Table 9: Updated Housing Requirement if Adjusted for Additional Central & South Fife Primary Data – 10 Years

	Existing Housing Need	Newly Forming Households	Flexibility Allowance 25%	Minimum All-Tenure Housing Land Requirement + Additional Primary Data
Fife (North)	700	700	350	1,750
Fife (Central & South)	**3,200**	2,750	**1,500**	**7,450**
Fife	**3,900**	3,450	**1,850**	**9,200**

Sources: National Planning Framework 4, Scottish Government & Re-run South East Scotland HNDA Tool, Fife Council

Figures in NPF4 were round up or down to the nearest 50. Differences to original MATHLR are identified in bold.

Calculating the Indicative Local Housing Land Requirement – Summary of process Undertaken

A11.40. In calculating the LHLR, the HNDAs and MATHLRs were used as the starting point. As highlighted above, Fife's two HNDAs were signed off as robust and credible in 2022 and 2023 and use current data. Additionally, the data inputs for the existing concealed and overcrowded need for both HNDAs were uprated from the HNDA tool defaults at the time the HNDAs were prepared to more accurately reflect existing need.

A11.41. Whilst the HNDAs are current and data has already been utilised to replace and significantly increase the HNDA tool defaults, it was also important to identify any additional need or demand not captured through the HNDA process. Through engagement, Homes for Scotland raised concerns with the level of existing concealed and overcrowded need identified for Central and South Fife. Analysis of additional primary data was commissioned to address these concerns. The increased concealed and overcrowded need for Central and South Fife was added to the MATHLR to provide a more accurate existing need. Taking account of this increased existing need increased the annual Fife requirement to 920 with Central and South Fife increasing from the MATHLR figure of 555 per annum to 745 per annum (see Tables 8-10).

A11.42. When calculating the LHLR, it was also important to reflect all the factors that were considered in the calculation of the Housing Supply Target to ensure the requirement was reflective of:

- Economic factors which may impact on demand and supply;
- Capacity within the construction sector;
- Recent development levels;
- Delivery of market and affordable housing;

- Availability of resources;
- Likely pace and scale of delivery based on completion rates;
- Planned demolitions; and
- Planned new and replacement housing or housing brought back into effective use.

A11.43. Therefore, the Housing Land Supply Target formed an input to the calculation of the LHLR. As the list of factors above illustrates, previous completions formed part of the HST calculation. Through engagement during the preparation of the Evidence Report, Homes for Scotland were clear that previous completions should be considered when setting the new requirement. Factoring the Housing Supply Target into the preparation of the LHLR meets the expectation of Homes for Scotland to have regard to previous completions when setting the future LHLR. While past trends should not solely be used to project a future requirement, they illustrate previous house building capacity and demand in Fife and help to act as a barometer to future delivery.

Table 10: Housing Evidence per Annum

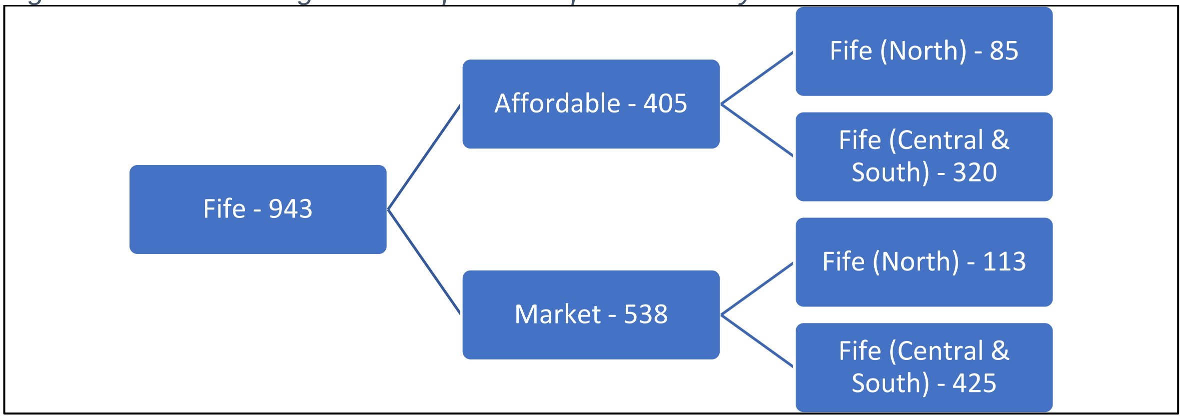
Housing Evidence	Fife (North)	Fife (Central & South)	Total
• MATHLR + increased concealed and overcrowded need for Central and South Fife	175	745	920
• Fife Housing Supply Target	198	702	900
Largest value for each geography	**198 (21%)**	**745 (79%)**	**943 (100%)**

Sources: National Planning Framework 4, Scottish Government; Re-run South East Scotland HNDA Tool, Fife Council; Fife Housing Land Audit 2022; Local Housing Strategy 2022-2027, Appendix 5: Housing Supply Target.

Notes: Some totals affected by rounding. Figures in NPF4 were round up or down to the nearest 50.

A11.44. Using the LHS 43% target for affordable housing and 57% target for market housing (split methodology defined in Appendix 1 of this paper - Local Housing Strategy Housing Supply Target), the affordable and market LHLR can be split as illustrated in Figure 5. The geographical split is calculated using the percentages in Table 10 above.

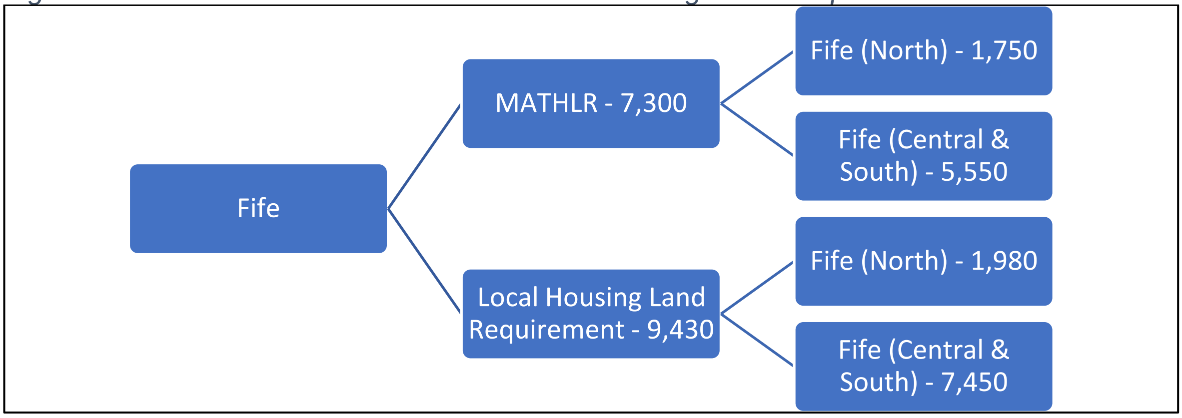
Figure 5: Local Housing Land Requirement per Annum by Tenure/Area



Source: Table 10

A11.45. The indicative LHLR exceeds the NPF4 10-year Fife MATHLRs by 2,130 additional units (230 Fife (North) and 1,900 Fife (Central & South)). This represents an approximate 29% increase over the Fife-wide MATHLR.

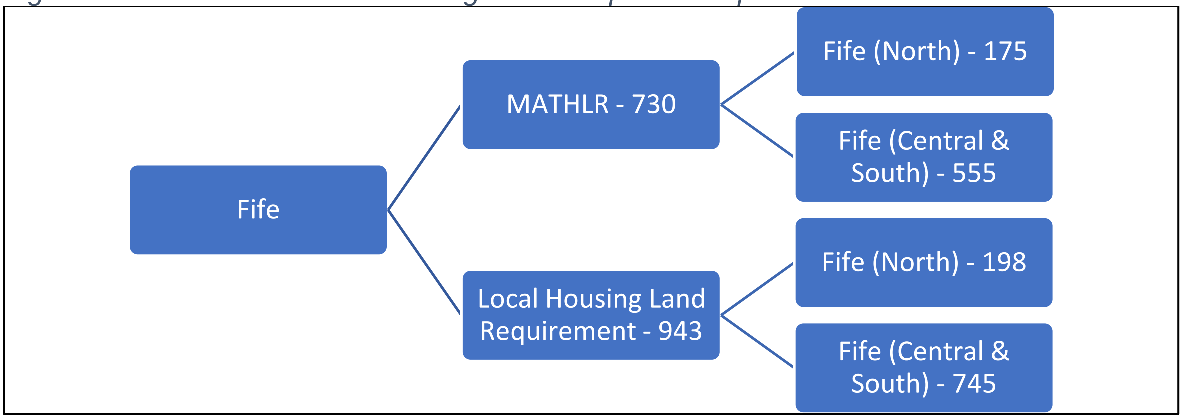
Figure 6: 10 Year MATHLR vs 10 Year Local Housing Land Requirement



Sources: Tables 2,8 & 10

A11.46. On average per annum, the Local Housing Land Requirement can be broken down as follows:

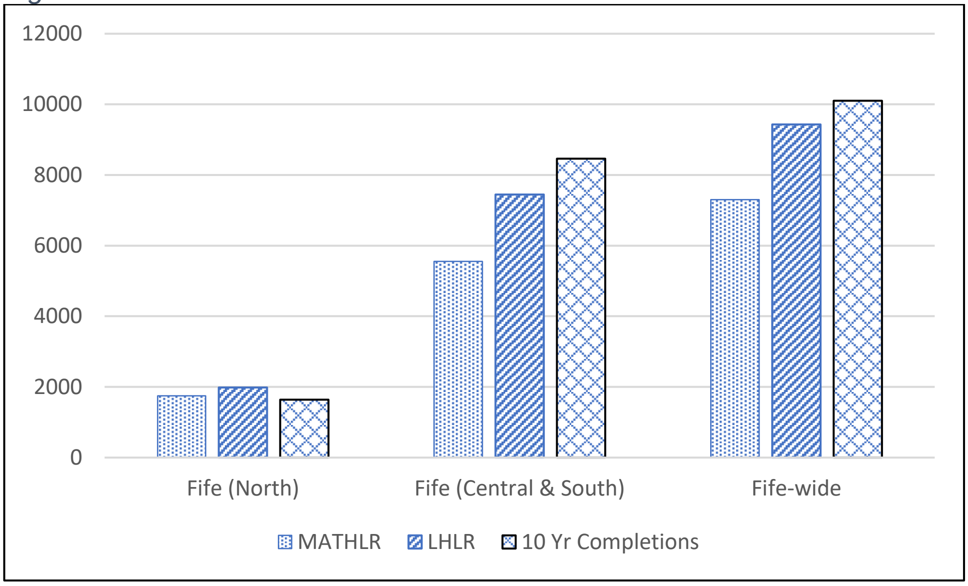
Figure 7: MATHLR vs Local Housing Land Requirement per Annum



Sources: Tables 2,8 & 10 and Figure 6

A11.47. The following graphs illustrate the 10 Year LHLR in the context of the 10 Year MATHLR and last 10 years' housing completions both for Fife-wide and the Fife (North) and Fife (Central & South) split.

Figure 8: 10 Year LHLR in Context of 10 Year MATHLR and Last 10 Years' Completions

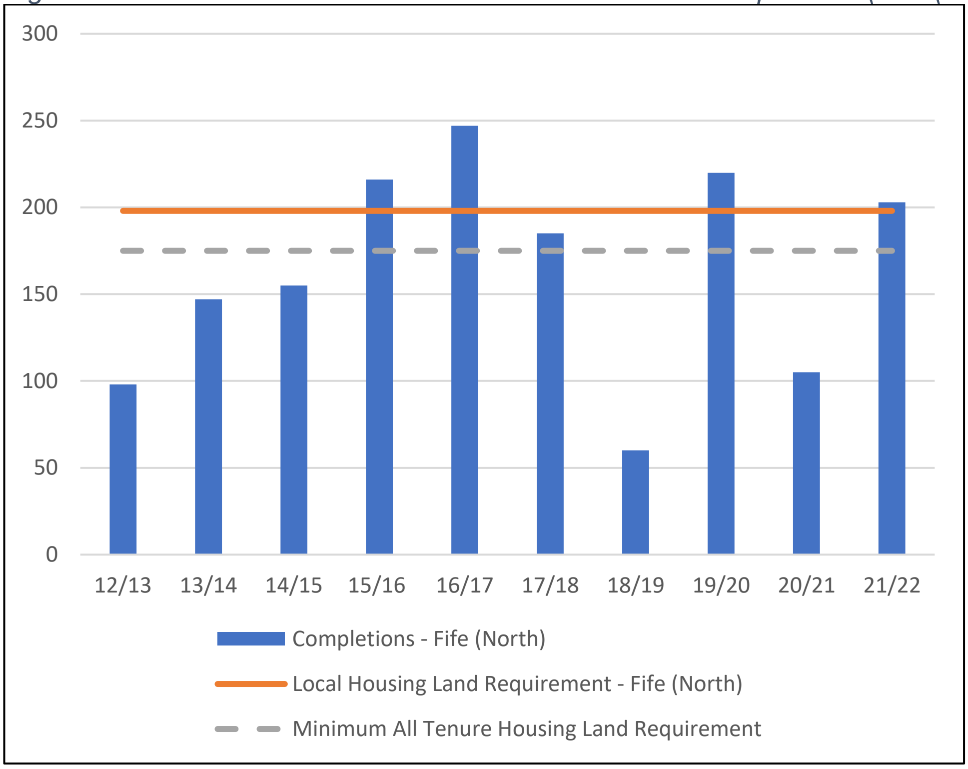


Sources: Table 10; National Planning Framework 4; and Fife Housing Land Audit 2022

Figure 9: Annual LHLR in Context of Last 10 Years' Completions (Fife-wide)

Sources: Table 10 & Fife Housing Land Audit 2022

Figure 10: Annual LHLR in Context of Last 10 Years' Completions (Fife (North))



Sources: Table 10 & Fife Housing Land Audit 2022

Figure 11: Annual LHLR in Context of Last 10 Years' Completions (Fife (Central & South))

Sources: Table 10 & Fife Housing Land Audit 2022

Notes for figures 9-11: Completions on sites of capacity greater than 4 units. Small sites of fewer than 5 units are not included within these completion figures.

Indicative Local Housing Land Requirement Commentary

A11.48. This paper assesses evidence that identifies additional need or demand beyond that defined through the HNDA tool. It is important to note that the HNDAs have already identified an additional 1,651 households as in existing need over and above the HNDA tool default figures of 740. Therefore, with the exception of the additional primary data analysis of overcrowded and concealed households within Central & South Fife, there was little evidence of any additional need and demand not already considered within the MATHLR to inform the calculation of the LHLR.

A11.49. As the graphs above illustrate, the majority of additional units identified within the LHLR are located within Central & South Fife. The reasoning for this is highlighted throughout this paper, namely:

- Primary data analysis was already included within the Tayside HNDA and therefore reflected a wider existing overcrowded and concealed need within the Tayside HNDA and Fife (North) MATHLR;
- Conversely, primary data analysis was not included within the South East Scotland HNDA and therefore, the Fife (Central & South) MATHLR consequently focussed on a narrower definition (and therefore value) of existing overcrowded and concealed need. This definition has been widened, and the need increased, through the analysis of primary data for calculation of the LHLR. This followed the methodology undertaken for the Tayside HNDA; and
- The majority of Fife's population (79.1% at the time of preparing the HNDAs) is located within the South East Scotland HNDA geography. This is reflective of the more rural nature of Fife (North) and the higher concentration of urban areas in Fife (Central and South).

Acronyms & Glossary

Table 11: Acronyms

CHMA	Centre for Housing Market Analysis (Scottish Government)
HLA	Housing Land Audit
HNDA	Housing Need & Demand Assessment
HST	Housing Supply Target
LDP	Local Development Plan
LHLR	Local Housing Land Requirement
LHS	Local Housing Strategy
MATHLR	Minimum All Tenure Housing Land Requirement
NPF4	National Planning Framework 4

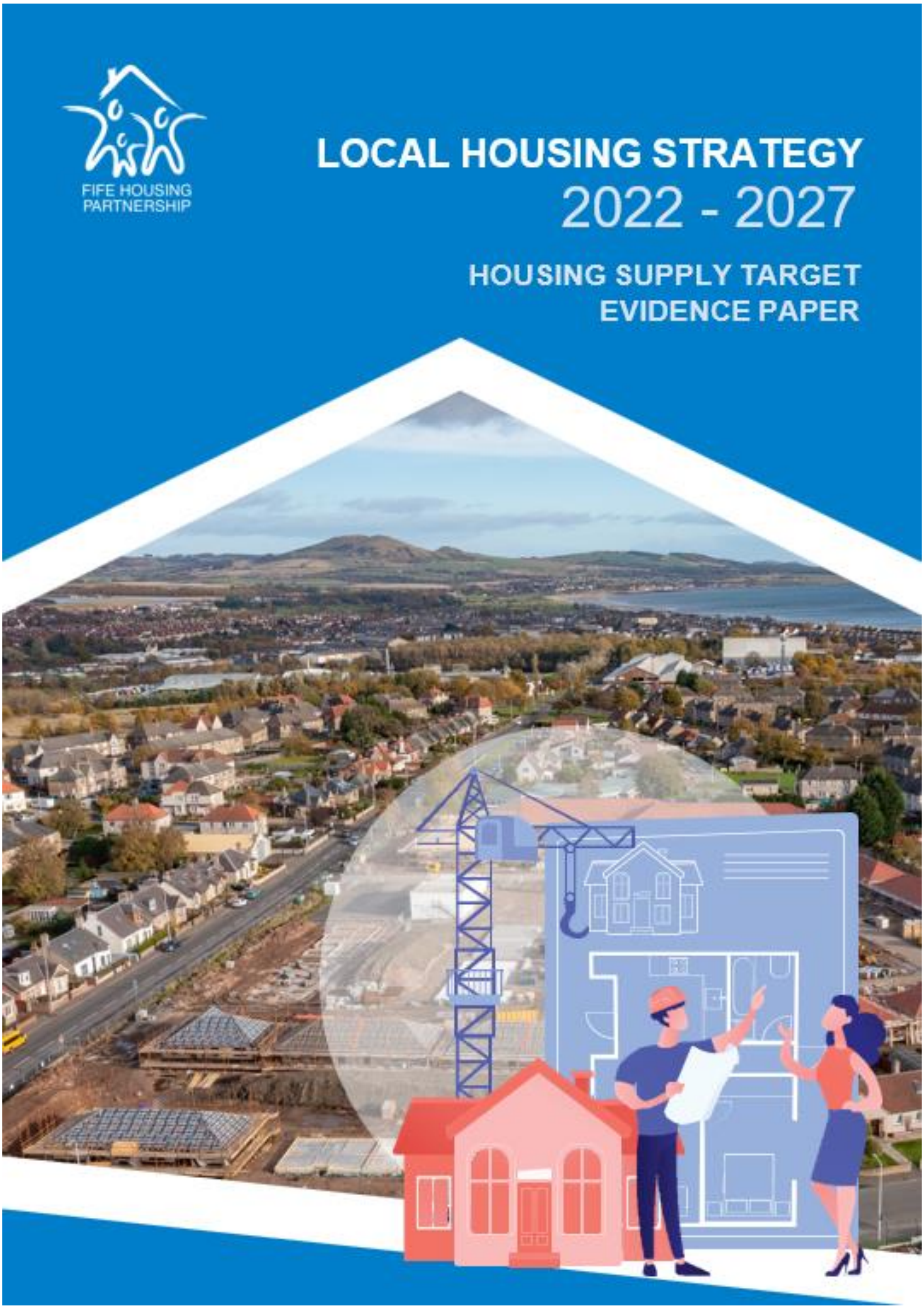
Table 12: Glossary

Centre for Housing Market Analysis (Scottish Government)	The Centre for Housing Market Analysis (CHMA) provides support to local authorities and others to aid the strategic planning of housing in Scotland.
Completions	Housing units that have been built and are complete. Completions are monitored annually as part of the Housing Land Audit process.
Gate Check	The Gate Check is an independent assessment of whether the planning authority has sufficient information to prepare a Local Development Plan. It will be carried out by a person appointed by Scottish Ministers, usually a Reporter from the Directorate for Planning and Environmental Appeals. The Reporter may decide there is sufficient information, and the authority may then move to prepare and publish their Proposed Plan. The Gatecheck process should reduce the level of debate arising at the Examination at the end of the plan preparation period.
Housing Land Audit	An annual survey of all housing sites in Fife for the purposes of monitoring the housing land supply and identifying those sites within the established housing land supply which are expected to be effective within the period under consideration. Fife's housing land audits can be found here.
Housing Market Area	A geographical area which is relatively self-contained in terms of reflecting people's choice of location for a new

	home, i.e., a large percentage of people buying a home in the area will have sought a house only in that area.
Housing Need & Demand Assessment (HNDA)	A Housing Need & Demand Assessment is an evidence base of estimated housing need and demand and is based on Scottish Government Guidance and the Housing Need & Demand Assessment Tool developed by the Centre for Housing Market Analysis (Scottish Government).
Housing Supply Target (HST)	The Housing Supply Target sets out a realistic amount and type of housing that will actually be delivered on the ground over the period of the plan(s). This can be higher or lower than the Housing Need & Demand Assessment housing estimate. The Housing Supply Target should cover all tenures and set out the expected broad split between market and affordable housing. Factors such as housing policies, available finances and capacity of the construction sector are used to translate the Housing Need & Demand Assessment estimates into the Housing Supply Target.
Local Development Plan (LDP)	Development plans set out how places will change into the future, including where development should and shouldn't happen. Development plans show where new homes and workplaces will be built. They outline how services and facilities such as schools and travel will be provided, and they identify the places and buildings we value and want to protect.
Local Housing Land Requirement (LHLR)	The amount of land required for housing, as identified by the Local Development Plan. The Local Housing Land Requirement is expected to exceed the 10 year Minimum All-Tenure Housing Land Requirement set out in the National Planning Framework.
Local Housing Strategy (LHS)	Local Housing Strategies were introduced as part of the Housing (Scotland) Act 2001 to widen the strategic and enabling role for local authorities in relation to housing in their area. The Local Housing Strategy sets out the outcomes the Council and its partners want to achieve, and the actions they will take, to address housing need and demand in their area.
Minimum All-Tenure Housing Land Requirement (MATHLR)	There is a statutory requirement for the National Planning Framework to contain targets for the use of land in different areas of Scotland for housing. To meet this, the National Planning Framework includes a Minimum All Tenure Housing Land Requirement for each planning authority in Scotland. The Minimum All Tenure Housing Land

	Requirement is the minimum amount of land, by reference to the number of housing units, that is to be provided by each planning authority in Scotland for a 10 year period. The Minimum All Tenure Housing Land Requirement is expected to be exceeded in the Local Development Plan Local Housing Land Requirement.
National Planning Framework 4 (NPF4)	National Planning Framework 4 (NPF4) is the national spatial strategy for Scotland. It sets out spatial principles, regional priorities, national developments and national planning policy.
Programming	Programming is an indication of the expected annual completions on each housing site, taking account of the lead-in times, the ability of the site to be developed, and the capacity of the local housing market. The future programming for all housing sites in Fife is detailed in the Fife Housing Land Audit.

Appendix 1: Local Housing Strategy Housing Supply Target



Introduction

A11.50. This paper sets out Fife Council's approach to setting Housing Supply Targets (HSTs) in the Local Housing Strategy (LHS) 2022-2027. Setting a HST is the next stage of the housing planning process after the Housing Need and Demand Assessment (HNDA). The HST sets out the estimated level of housing that can actually be delivered on the ground, over the period of the plan, and feeds into both the LHS and Local Development Plan (LDP). The HST will take the HNDA as a starting point and will consider a range of policy and practical factors which have a material impact on the pace and scale of housing delivery. It will cover all tenures and will demonstrate a split between market and affordable housing.

A11.51. The following principle policy and guidance for setting HSTs has been utilised through the development of this paper:

- Scottish Government's HNDA Manager's Guide (2020) – Section 12: Beyond the HNDA – Housing Supply Targets[1]
- Scottish Government's Local Housing Strategy Guidance (2019) – Section 7: Housing Delivery[2]

HNDA3

A11.52. An HNDA estimates the future number of additional housing units required to meet existing and future housing need and demand. Due to the regional split in Fife, the net need for additional housing was generated by the two HNDA3s carried out at regional level (Tayside[3] and South East Scotland[4]). The combined HNDA3s indicate 2,392 households are in existing housing need and require social rented housing to meet that need. This figure informed a range of HNDA scenarios from 'strong growth' through to 'no growth' in income, house prices and rents. The preferred scenario for Fife was agreed as 'steady growth' where 470 new homes are required per annum over a 20-year period. This comprises of 253 (54%) affordable homes and 217 (46%) market homes. The combined affordable and market estimates are shown in five-year bands in the table below:

1 CHMA+-+HNDA+Refresh+-+2019+-+Guidance+-+Publish+-+Manager%27s+Guide+2020.pdf (www.gov.scot)
2 Local Housing Strategy Guidance 2019 (www.gov.scot)
3 Tayside HNDA3 final report for North Fife
4 Housing Need and Demand Assessment 3 (fife.gov.uk)

Table 1: HNDA Housing Estimates for Steady Growth Scenario in Fife

Steady Growth Scenario	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Year Total	20 Year p.a.
Social rent	489	153	58	48	3,738	187
Below market	102	58	56	47	1,316	66
Private rent	140	68	59	43	1,551	78
Owner occupied	213	123	122	102	2,796	140
Total p.a.	**944**	**402**	**295**	**239**	**9,401**	**470**
Affordable p.a.	592	211	114	95	5,054	253
Market p.a.	352	191	181	145	4,347	217

Some totals affected by rounding

A11.53. For housing supply purposes in Fife, the estimates are examined over a 10-year period from 2021-2030 as it is anticipated existing need will be cleared during this timeframe (7 years clearance in South East Scotland, 5 years clearance in Tayside). Between 2021-2030, it is estimated that 673 new homes will be required on an annual basis in accordance with the HNDA steady growth scenario. This comprises of 401 (60%) affordable homes and 272 (40%) market homes.

A11.54. Within the HNDA, housing estimates have been disaggregated down to Housing Market Area level in Fife. The table below shows disaggregated estimates by tenure, over a 10-year period.

Table 2: HNDA Housing Estimates by Steady Growth Scenario and Housing Market Area

Housing Market Area	St Andrews and North-East Fife	Cupar and North-West Fife	Dunfermline and West Fife	Kirkcaldy, Glenrothes & Central Fife	Fife Total & % tenure split
Affordable p.a 2021-30	55	42	135	170	401 (60%)
Market p.a 2021-30	27	23	110	111	272 (40%)
Total p.a. 2021-30	82	66	245	280	673

Some totals affected by rounding

A11.55. The figures in the table above have been used as a starting point when setting the HST.

NPF4/MATHLR

A11.56. National Planning Framework (NPF4) is a long-term spatial plan for Scotland that sets out where development and infrastructure is needed to support sustainable inclusive growth. There is a statutory requirement for NPF4 to contain targets for the use of land in different areas of Scotland for housing purposes. To ensure this was met, a Minimum All-Tenure Housing Land Requirement (MATHLR) was set through NPF4 for each Scottish planning authority. The process for setting the Fife MATHLR is shown in a response to the Scottish Parliament's Local Government, Housing and Planning Committee.[5]

A11.57. The table below sets out the finalised MATHLR, contained within NPF4, for Fife as (7,300); existing need (2,400); newly forming households (3,450) and additional flexibility (1,450). Fife Council have agreed that the figures cover all tenures and represent the minimum amount of land to be identified within the LDP. The figures are also split between North and West & Central to reflect the two separate HNDAs in Fife.

Table 3: NPF4 Minimum All-Tenure Housing Land Requirement – 10 Years

	Existing Housing Need	**Newly Forming Households**	**Flexibility Allowance 25%**	**MATHLR**
Fife (North)	700	700	350	1,750
Fife (West & Central)	1,700	2,750	1,100	5,550
Fife	**2,400**	**3,450**	**1,450**	**7,300**

Figures in NPF4 were round up or down to the nearest 50

[5] Scottish Parliament's Local Government, Housing and Planning Committee - Response from Fife Council

Setting HSTs

A11.58. The HST identified in the interim Local Housing Strategy 2020-2022 was informed by the outputs of both TAYplan HNDA2 and SESplan HNDA2 which were assessed as robust and credible by the Scottish Government in February 2014 and March 2015 respectively. The LHS 2020-2022 identified the target as 1,162 (336 affordable, 826 market) new homes per year which were carried forward from the LHS 2015-2020. This comprised of:

- TAYplan area – 295 homes per annum (74 affordable homes, 221 market homes)
- SESplan area – 867 homes per annum (262 affordable homes, 605 market homes)

A11.59. Completions against this target averaged at 1,086 in the five-year period between 2017/18 and 2021/22 with an average of 390 (36%) affordable completions over this period. Completions were severely impacted by the Covid-19 pandemic during 2020/21 with restrictions placing limitations on housebuilding which meant completions were below 1,000 for the first time since 2015/16. Recovery is evident during 2021/22, with numbers returning to pre-pandemic levels.

A11.60. As described in the introduction, the HST will take HNDA3 as a starting point but will consider policy and practical considerations to reach a view on the level of housing that can actually be delivered over a defined period, which for LHS purposes is 2022-2027. The HST will cover all tenures and set out the expected broad split between market and affordable housing. The HNDA Managers Guidance (2020)[6] sets out the factors which may have a material impact on the pace and scale on housing delivery. These factors include:

- economic factors which may impact on demand and supply
- capacity within the construction sector
- the potential inter-dependency between delivery of market and affordable housing at the local level
- availability of resources
- likely pace and scale of delivery based on completion rates
- recent development levels
- planned demolitions
- planned new and replacement housing or housing brought back into effective use

Economic Factors

A11.61. The City Region Deal[7], signed in August 2018 between the South East Scotland regional partners and the UK and Scottish Governments, has a value of over £1.3 billion over a 15-year period. Five main themes (research, development and innovation, integrated regional employability and skills, transport, culture and housing) are set to drive productivity and growth while reducing inequalities and

[6] CHMA+-+HNDA+Refresh+-+2019+-+Guidance+-+Publish+-+Manager%27s+Guide+2020.pdf (www.gov.scot)
[7] The Edinburgh and South East Scotland City Region Deal (esescityregiondeal.org.uk)

deprivation. The award for the housing elements of the City Region Deal is £313 million to be delivered through a regional housing programme, accelerating the delivery of housing across tenures, enabling the development of seven major strategic housing sites and driving efficiencies across the public sector estate. As part of the Integrated Regional Employability and Skills Programme, £6 million investment in upskilling housing, construction and infrastructure employees will help create an inclusive workforce to help meet future housing demands.

A11.62. A Business Case to part fund the Dunfermline Strategic Growth Transportation Infrastructure Programme, as part of the Edinburgh and South East Scotland City Region Deal (ESESCRD) was approved by Fife Council's Policy & Co-ordination Committee in May 2021 and the ESESCRD Joint Committee in June 2021. This proposal, through the Housing Infrastructure Fund (HIF), will provide £16.5m of funding to accelerate investment in essential new strategic transportation infrastructure in the Dunfermline Strategic Growth Area over a 15-year period. This will facilitate large-scale mixed-use development and investment in the Dunfermline and wider Edinburgh City Region economy including the delivery of up to 2,000 affordable and 6,000 private homes over an approximate 40-year period.

A11.63. The Tay Cities Region Deal[8], signed in December 2020 between Tayside regional partners and the UK and Scottish Governments, has the potential to deliver £400 million investment and secure 6,000 quality jobs over a 15-year period. It will transform the regional economy and further energise activity to deliver improved outcomes for the region's people, places, businesses, and communities by supporting business growth, developing innovative technologies, enhancing productivity, developing skills and creating jobs.

A11.64. The HNDA3s considered recent trends and factors that will impact on the future economy and housing market. Within the HNDA Tool, factors such as income growth and distribution, house prices and affordability of different tenures have been taken into consideration as have the possible scenarios for these in future years. The preferred scenario in Fife is steady growth which provides moderate real terms income growth, principal household projections, 'creeping' equality, moderate/trend house price and rental growth. The outputs of this scenario most closely reflect past trends, with steady increases in economic output achieved through construction, accommodation and food, wholesale and retail industries. The number of households in Fife is expected to increase 3.4% by 2028 or 6% by 2043 which increases the demand for housing. Alongside this, household incomes are expected to increase slightly, which can drive demand for housing for those who can afford to buy or rent privately.

A11.65. As these factors have already been taken into consideration when developing the HNDA3s housing estimates, this should not have a negative or positive impact on demand and supply in the context of the HSTs. The economic impacts of Brexit, Covid-19, the Ukrainian war and inflationary pressures can impact the ability to deliver new housing supply and increase the price of new housing. This can prevent housing need being met whilst also shifting the tenure of need. The full extent of these economic pressures has yet to be discovered, however, it is clear they have particularly impacted the construction sector and viability of

[8] Home | Tay Cities Deal

development. Further information on the construction sector capacity is noted within the succeeding section.

Construction Sector Capacity

A11.66. Amidst the economic impact of Brexit and Covid-19, along with the war in Ukraine and subsequent inflationary pressures, the construction sector has experienced unprecedented materials shortage and supply chain stress, driving inflation in the tender costs of housing investment programmes in 2021. Challenges are experienced with skills shortages in the construction industry which contribute to an increase in labour costs, causing major delays to the delivery of new housing developments and the required infrastructure to support these. To add to both the material and skills shortages, social housing providers also face challenges to retrofit existing housing in the context of climate change, which diverts resources away from housing supply.

A11.67. Data from the Office for National Statistics provided through NOMIS[9], confirms a decline in the number of construction sector jobs held by employees between 2017 and 2021. The period recording the lowest number of employee jobs (2020) can be linked to the Covid-19 pandemic and Brexit, and although some recovery is evident in 2021, the proportion of all Fife jobs is still lower than 2018.

Table 4: Construction Sector Employee Jobs – 2017-21

Construction Sector	2017	2018	2019	2020	2021
No. of employee jobs	8,000	8,000	7,000	6,000	7,000
Proportion of all Fife Jobs	5.9%	6.0%	5.3%	4.7%	5.2%

A11.68. To help mitigate the impact of the skills shortages in the construction sector, Fife College and Fife Council Economic Development announced in December 2021, the launch of a new initiative to provide development opportunities for small and medium sized construction businesses as they recover following the major challenges of Covid-19 and Brexit. A number of key partners will work collaboratively to build knowledge, provide targeted support and develop skills and efficiencies to ensure future success can be achieved by the sector.

A11.69. Whilst ongoing cost pressures and skills shortages are predicted to continue in 2022 aligned to energy price inflation, longer lead in times or reduced delivery is possible in the short-term. Nonetheless, despite the on-going challenges, the Housing Land Audit (HLA)[10] confirms a reasonable number of completions during 2021/22, returning to pre-pandemic levels which indicates a small degree of economic recovery. Additionally, the effective programmed land supply is confirmed

[9] Labour Market Profile - Nomis - Official Census and Labour Market Statistics (nomisweb.co.uk)
[10] Fife Housing Land Audit 2022

as 6,044 sites in the South East Scotland area of Fife and a further 1,848 sites in the Tayside area of Fife during 2021-26, which provides a combined average of 1,578 sites per annum. It is unclear at present, if recovery will continue at this level and the long-term impact of construction inflation on the pace and scale of housing delivery is difficult to predict in the current economic climate.

Recent Development Levels

A11.70. Analysis of total housing completions in Fife over the past five years from 2017/18 – 2021/22 equals 5,431 units (3,483 market and 1,948 affordable). Annual completions in Fife have dropped since the economic downturn in 2007/08 (1,729). The decline reflects depressed market activity since 2007/08 and a reduction in household and developer confidence in the future housing market. The table below outlines completion levels by Housing Market Area (HMA) in Fife.

Table 5: Completions by HMA – 2017/18 – 2021/22

Housing Market Area	17/18	18/19	19/20	20/21	21/22	Total
St Andrews and North-East Fife	120	37	101	76	194	528
Cupar and North-West Fife	65	23	119	29	9	245
Dunfermline and West Fife	558	696	565	479	527	2,825
Kirkcaldy, Glenrothes & Central Fife	568	362	303	234	366	1,833
Total completions	**1,311**	**1,118**	**1,088**	**818**	**1,096**	**5,431**

Completions on sites of capacity greater than 4 units. Small sites of fewer than 5 units are not included within completion figures.

A11.71. The highest level of completions annually tends to be within the Dunfermline and West Fife HMA, followed by the Kirkcaldy, Glenrothes and Central Fife HMA. Lower levels of completions are recorded in the Cupar and North-West Fife HMA as well as the St Andrews and North-East Fife HMA. This is due to the rural nature of the HMAs, where population tends to be lower and is reflective of the housing need estimates identified through the HNDA3s.

Delivery of Market and Affordable Housing

A11.72. The table below outlines the affordable and market completions over the past ten years. During this period, the proportion of market completions has always been higher than the affordable with the exception of 2015/16 where only 38% of completions delivered were market. Since 2016/17, combined completion rates have been higher than 1,000, apart from 2020/21 which was impacted by the Covid-19 restrictions put in place by the Scottish Government during the pandemic.

Table 6: Affordable and Market Completions – 2012/13 – 2021/22

Completions	**12/13**	**13/14**	**14/15**	**15/16**	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**
No. of affordable completions	313	234	247	563	613	611	326	416	294	301
% of affordable completions	37%	30%	31%	62%	47%	47%	29%	38%	36%	27%
No. of market completions	539	548	550	350	704	700	792	672	524	795
% of market completions	63%	70%	69%	38%	53%	53%	71%	62%	64%	73%
Total completions	**852**	**782**	**797**	**913**	**1,317**	**1,311**	**1,118**	**1,088**	**818**	**1,096**

Completions on sites of capacity greater than 4 units. Small sites of fewer than 5 units are not included within completion figures.

A11.73. The delivery of affordable housing is largely determined by funding availability. The SHIP 2022/23 – 2026/27 sets out a delivery plan for new affordable homes in Fife. Further information on the funding available through the SHIP can be found within the ‘Availability of Resources’ section below.

A11.74. A number of alternative options are explored in Fife to supplement affordable housing programmes and increase levels of social housing. This includes the acquisition of former local authority and privately owned properties on the open market, offering advice and assistance to owners in bringing their long-term empty properties back into use and affordable housing contributions from market developments as noted in the Affordable Housing Supplementary Guidance (September 2018)[11]. Further information on acquisitions and empty homes is available under the ‘Planned new and replacement housing / housing brought back into use’ section.

Availability of Resources

A11.75. The table below highlights the number of affordable homes expected to be delivered annually in the SHIP between 2022/23 – 2026/27. A further 200 units are estimated to be delivered through Open Market Shared Equity (OMSE) which takes the potential total to 4,211. It is worth noting the SHIP contains an average 27.5%

[11] Planning Committee (fife.gov.uk)

over-provision which prepares for any slippage that may occur. The final output is therefore likely to be less than the number of units proposed.

A11.76. Available resources will have a significant impact on the delivery of social sector housing as it is based on the Resource Planning Assumptions (RPA) and Affordable Housing Supply Programmes. RPA for Affordable Housing Grant over the next 5-year period totals at £174.392m. The funding to support OMSE is in addition to the Fife RPA allocation.

Table 7: SHIP 2022/23 – 2026/27 - Affordable Housing Projects & Resource Planning Assumptions

Financial Year	No. of Units	RPA (£m)
2022/23	1,103	£34.655
2023/24	637	£34.556
2024/25	802	£34.677
2025/26	830	£35.252
2026/27	639	£35.252
Total	**4,011**	**£174.392**

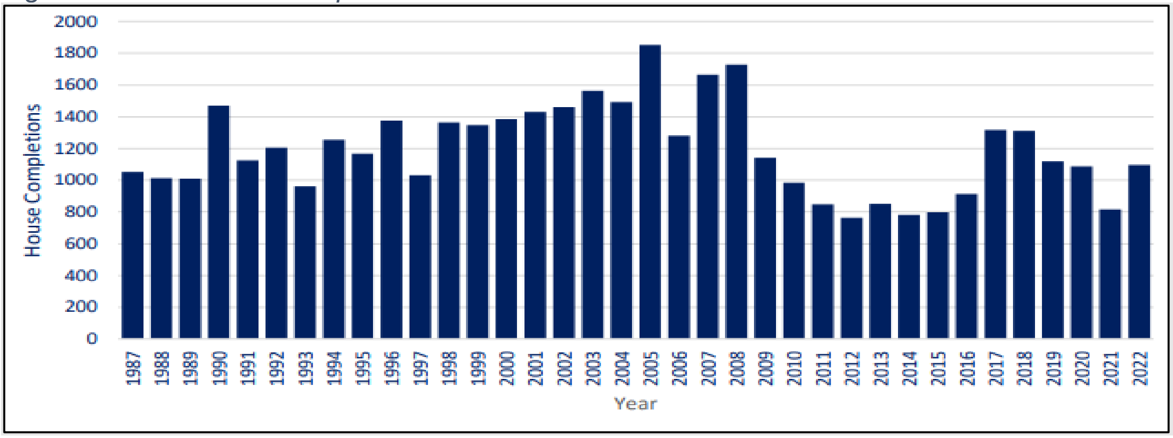
A11.77. The average benchmark grant per Council Social Rented unit is £59k and Housing Association unit is £72k. Given the level of resources outlined above and around £6m of additional funding available through Second Homes Council Tax, this would be sufficient to deliver around 1,220 affordable Council homes, 1,275 affordable Housing Association homes and 350 Mid-market rent homes over the next five years. This is a minimum funding assumption, nevertheless, it suggests that achieving an average output of 802 units annually over the five-year period of the SHIP, would be highly challenging and would certainly require significant additional funding.

A11.78. The availability of resources in the private sector are out with public sector control, however, it is evident resources will be heavily impacted by economic factors and the construction sector capacity as mentioned in the relevant sections above.

Likely pace and scale of delivery based on completion rates

A11.79. Total completion rates for all tenures have varied from year to year and have not followed any specific pattern. Until 2008/09 the overall trend had been upwards, but the effects of the recession had a significant effect on housebuilding. The six years prior to 2016/17 recorded the fewest completions since records began in 1987 as displayed in the figure below. However, 2016/17 and 2017/18 showed signs of an upturn in house building in Fife with the highest number of completions since the recession.

Figure 1: Fife House Completions 1986/87 – 2021/22



Completions on sites of capacity greater than 4 units. Small sites of fewer than 5 units are not included within completion figures.

A11.80. The construction sector capacity and availability of resources will likely influence the pace and scale of future delivery. Further information on these factors can be found within the relevant sections above.

Planned Demolitions

A11.81. Housing Supply Targets are net figures, not gross. They are annual or period totals of the number of additional homes that are to be added to the existing supply. If there are planned or expected housing demolitions, then the number of homes demolished are subtracted from the number of new homes added to the supply to calculate the net additional completions.

A11.82. At the start of the LHS 2022-2027, Fife Council and partners are progressing eight regeneration projects across Fife. Each project is at a different stage, from initial consultation with residents, to rehousing tenants and undertaking demolitions. A total of 184 demolitions are scheduled to take place as part of these regeneration projects. It is unclear at the present the exact number of new replacement units which will be delivered, however, it is unlikely the replacement units will equal or exceed demolitions.

Planned new and replacement housing / housing brought back into use

A11.83. Fife Council has set aside £15 million from 2022-25 for the acquisition of former local authority and privately owned properties on the open market to supplement the affordable housing programmes and increase social housing levels. The £15 million has the potential to deliver an additional 250 Council homes, although the number will be subject to house prices and the extent of available subsidy assistance.

A11.84. Fife Council’s Empty Homes service has been in place since 2014. Primarily, the service offers advice and assistance to owners in bringing their long-term empty properties back into use, but also attempts to apply pressure to those owners who may be reluctant to do this. It offers advice on renting, selling and the refurbishment of properties. Between the introduction of the Empty Homes service and March 2022, assistance has helped owners to bring 449 properties back into residential use. Through the lifetime of the LHS 2022-2027, it is anticipated 175 homes could potentially be brought back into use over the 5-year period (35 per annum) which will help increase overall housing supply.

Proposed HSTs

A11.85. In the table below, HNDA3 outcomes are averaged with evidence of historic housing delivery, current land capacity and the MATHLR over a 10-year period to produce an average annual measure of 949. These evidence sources help establish the level of housing that can be delivered over a defined period by examining past trends and future land availability whilst also considering the housing need requirement.

A11.86. The average annual measure (949) triangulates well to historic completions over a 10-year period (1,009) and exceeds the housing need requirement from the HNDA3s (673). The average measure can be further disaggregated to Fife North and Fife West & Central as 182 and 768 respectively. Although average annual completions have generally been above the Fife annual average measure, the current pressures experienced in the construction industry, along with inflationary pressures and uncertainty around the economic future, pose a question on the deliverability of new housing in the long-term.

Table 8: Average of housing evidence

Housing Evidence	Fife (North)	Fife (West & Central)	Total
1. HNDA3 Steady Growth 2021-30 (p.a.)	147	526	673
2. Av. Effective Land Supply (HLA 2022) (p.a.)	277	1,253	1,530
3. MATHLR minus 25% flexibility (p.a.)	140	445	585
4. Av. Completions (p.a.) 2012/13 – 2021/22	164	846	1,009
Av. of 1, 2, 3 & 4 above	**182**	**768**	**949**

Some totals affected by rounding. Small sites of fewer than 5 units are not included within completion figures.

A11.87. It has been agreed between Housing and Planning Services that the HST will be kept below the annual average measure at 900 units per annum. This has been derived from HNDA housing estimates and takes into consideration the full range of factors that may influence housing delivery on the ground including historic completions, available resources and policy considerations. To determine the Fife North and Fife West & Central split in the HST, the portion of need in each area from the HNDA3 steady growth scenario 2021-30 has been applied (22% North, 78% West & Central).

Figure 2: Housing Supply Target 2022-27 – Fife regional split

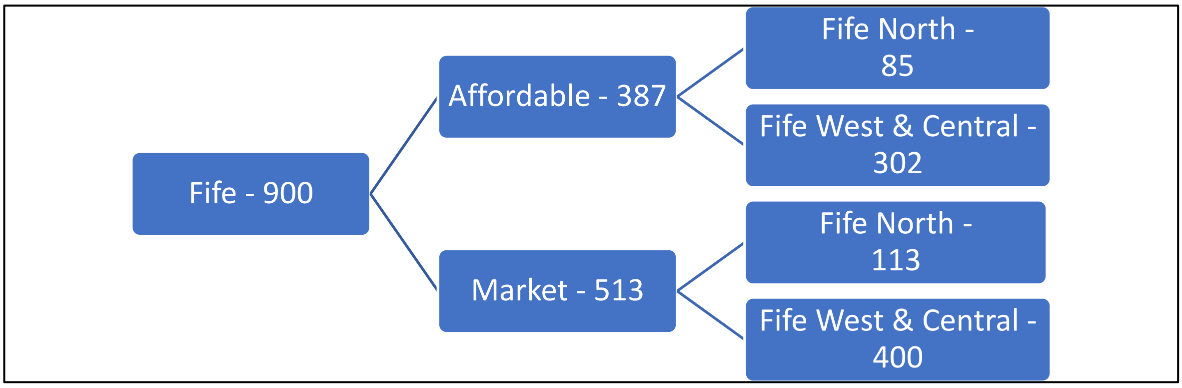
A11.88. The following table summarises the split in affordable and market from the interim LHS 2020-22 HST, the HNDA3s and historical completions over a 5-and 10-year period. The previous HST split was 336 affordable (29%) and 826 market (71%) which provided a total of 1,162 per annum. On average, the split ranges from 29% to 60% for affordable and 40% to 71% for market at Fife level. An average of the different methods produces two different options for consideration with the period of historical completions being the difference in each option. The Fife results conclude an average of 42%-43% for affordable and 57%-58% for market which demonstrates consistency through either approach.

Table 9: Affordable and Market Split

Housing Evidence	**Fife (North)**		**Fife (West & Central)**		**Fife Total**	
	Affordable	**Market**	**Affordable**	**Market**	**Affordable**	**Market**
1. Interim LHS 2020-22 HST	25%	75%	30%	70%	29%	71%
2. HNDA3s	60%	40%	60%	40%	60%	40%
3. Historical Completions – 2012/13 – 2021/22	39%	61%	39%	61%	39%	61%
4. Historical Completions – 2017/18 – 2021/22	25%	75%	38%	62%	36%	64%
Option 1 – Av. of 1, 2 & 3 above	**41%**	**59%**	**43%**	**57%**	**43%**	**57%**
Option 2 – Av. of 1, 2 & 4 above	**37%**	**63%**	**43%**	**57%**	**42%**	**58%**

A11.89. For the purposes of setting the HST for 2022-27, option 1 is preferred. The annual HST for Fife has been set at 900 units per annum with a 43% target for affordable housing (387 units) and 57% target for market housing (513 units). The following diagram provides the HST split by tenure and area.

Figure 3: Housing Supply Target per annum by tenure / area



A11.90. This can be defined by the Fife North and Fife West & Central areas in Fife as follows:

- Fife (North) – 198 homes per annum (85 affordable homes, 113 market homes)
- Fife (West & Central) – 702 homes per annum (302 affordable homes, 400 market homes)

A11.91. The table below compares the HST to the Interim LHS target, the HNDA3 steady growth housing estimates, MATHLR and average completions over a 5-and 10-year period. The HST exceeds the MATHLR including the flexibility allowance (730 p.a.) and provides a strong starting point for determining the Housing Land Requirement within the Local Development Plan.

Table 10: Comparison of housing evidence (per annum) with proposed Housing Supply Target

Area	Tenure	Interim LHS 2020-2022 HST	HNDA3 Steady Growth 2021-30	MATHLR minus 25% flexibility	Av. annual Completions 2012/13 – 2021/22	Av. annual Completions 2017/18 – 2021/22	Proposed HST 2022-2027 p.a.
Fife (North)	Affordable	74	97	-	63	38	**85**
	Market	221	50	-	101	116	**113**
	Combined	295	147	140	164	155	**198**
Fife (West & Central)	Affordable	262	304	-	329	351	**302**
	Market	605	221	-	517	580	**400**
	Combined	867	526	445	846	932	**702**
Fife Total	Affordable	336	401	-	392	390	**387**
	Market	826	272	-	618	697	**513**
	Combined	1,162	673	585	1,009	1,086	**900**

Some totals affected by rounding. Small sites of fewer than 5 units are not included within completion figures.

A11.92. While the HST needs to reflect the current aspirations of a growing economy it must also reflect what can realistically be delivered. There are many uncertainties around the financial viability of development at present which seem likely to continue for the foreseeable future. For this reason, there will be less emphasis on pursuing housing targets with a greater focus on creating sustainable places, for example by supporting growth in mid-Fife linked to the Levenmouth rail link, responding to demographic changes, regenerating estates, improving town centres and providing more affordable homes in rural areas. Delivery of new housing will be taken forward in both the LHS and through land allocations in the Local Development Plan (FIFEplan).

Appendix 2 – Departure from HNDA Tool Defaults

A11.93. It is important to note that when preparing both HNDAs, Fife Council did not continuously rely on the HNDA tool data defaults. There were a number of instances where the regional partners (including Fife Council) chose not to accept the default figures provided by the Scottish Government as the source(s) to quantify existing need. Where it was considered Fife Council had alternative data that better reflected existing need, these sources were used. This appendix identifies those instances where the HNDAs departed from HNDA Tool defaults and how this affected the data inputs to the HNDA tool to calculate existing need.

A11.94. The following tables compare the categories of need and outcomes from the HoTOC methodology (Homeless in Temporary Accommodation, Overcrowded and Concealed – HoTOC – the HNDA tool default) and the preferred methodology used in both the South East Scotland HNDA and the Tayside HNDA.

Table 1: HoTOC methodology (all Fife) - Scottish Government HNDA Tool Default

Category of Need	Outcome	Data Source	Comment
Households residing in temporary accommodation	525 households in TA	HL1 at 31st March 2020	
Both Overcrowded and Concealed	215 households	Census 2011 uprated to SHCS 2016-18 following Scottish Government guidance[1]	
Total	740 households	HNDA Tool	All Fife figure

Source: SES & Tayside HNDAs

SHCS – Scottish House Condition Survey

Table 2: Preferred South East Scotland HNDA methodology

Category of Need	Outcome	Data Source	Comment
Homeless households and those residing in temporary accommodation	1,302 live applications 57 household deduction for cases resolved out with social housing 1,246 net need	HL1 live applications at 31st March 2021	Timing of data extraction reflects impacts of Covid pandemic Deduction based on past trends for accommodation secured in the private sector
Both Overcrowded and Concealed	171 households	Census 2011 uprated to SHCS 2017-19 following SG guidance[2]	HoTOC methodology used for this need category but uprated to 2017-19.
Support needs / special forms of housing	263 households	FHR applicants with a high priority (100+ points) for either wheelchair, extra care or retirement housing	Additional category not in the HoTOC calculation
Total	1,679 households	HNDA tool and HNDA Project Team methodology	South East Scotland Fife figure

Source: South East Scotland HNDA

FHR – Fife Housing Register

SHCS – Scottish House Condition Survey

Table 3: Preferred Tayside HNDA methodology

Category of Need	Outcome	Data Source	Comment
Households residing in temporary accommodation & those with insecure tenure	168 households in Temporary Accommodation 317 insecure households 485 homeless households	HL1 at 31st March 2021 Tay HNDA survey (Q Main reasons why you would like OR need to move at present? A=Evicted by landlord, previous home temp. or thrown out by Friends/Relatives)	Timing of data extraction reflects impacts of Covid pandemic Insecure households include those with notice of eviction, repossession, threat of notice or lease coming to an end
Both Overcrowded and Concealed	157 households	Tay HNDA survey (Q Does your household share any rooms with any other person or household? A=Kitchen, bathroom, WC, other)	Currently sharing amenities with another household but not sharing meals
Specialist housing	70 households	FHR applicants with a high priority (100+ points) for either wheelchair, extra care or retirement housing	Additional category not in the HoTOC calculation
Total	712 households	HNDA Project Team methodology	Tayside Fife figure

Source: Tayside HNDA

FHR – Fife Housing Register

SHCS – Scottish House Condition Survey

Table 4: Combined Fife Position

Combined SES & Tay Fife Total	2,391 households	HNDA Project Team methodologies	1,651 household increase on the HoTOC methodology

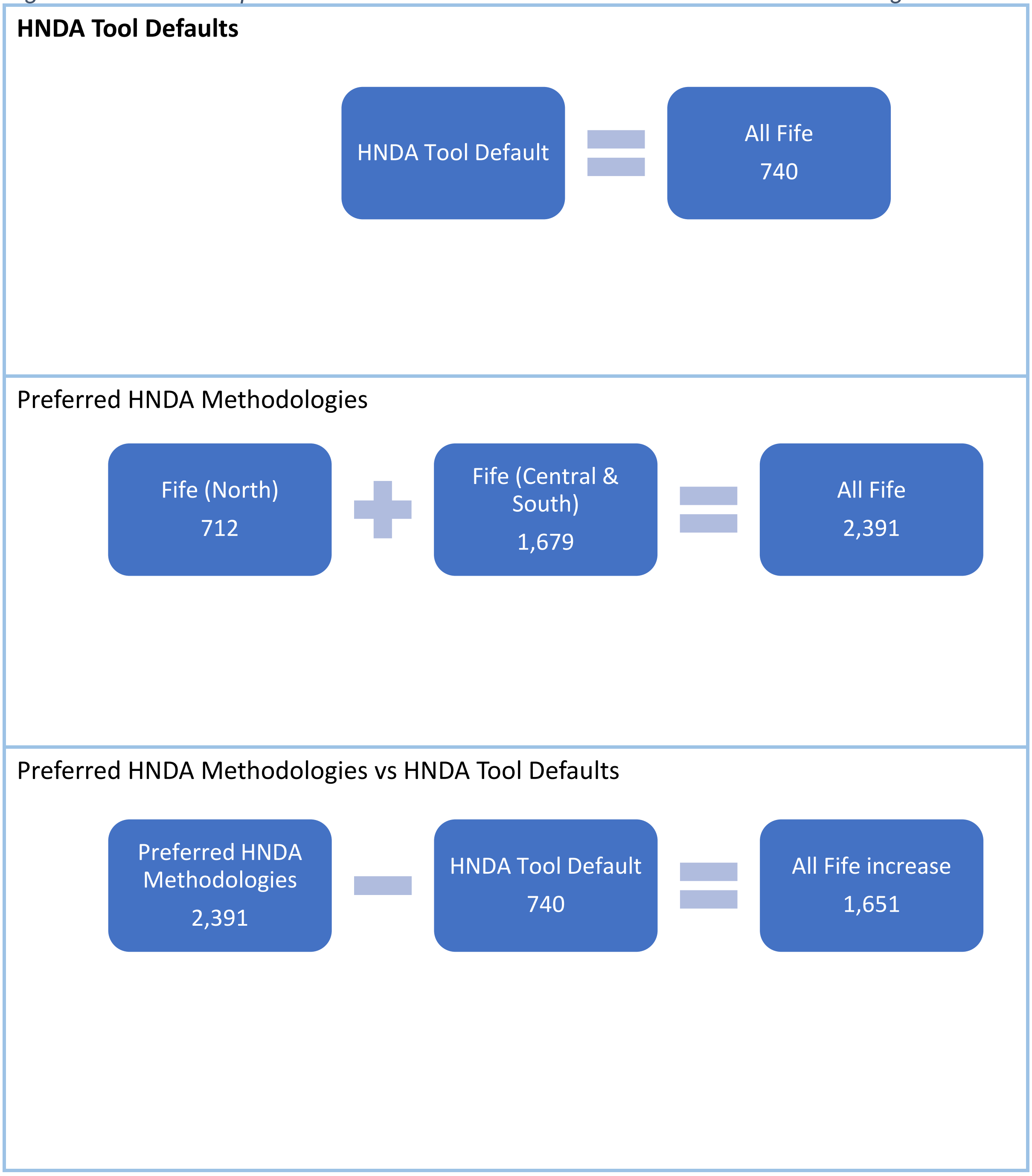
Source: South East Scotland & Tayside HNDAs

[1] Estimating concealed family rates with overcrowding using Scottish survey data (2016-2018) (www.gov.scot)

[2] Estimating concealed family rates with overcrowding using Scottish survey data (2016-2018) (www.gov.scot)

A11.95. This can be summarised as:

Figure 1: Effect of Departure from HNDA Tool Defaults on Households in Existing Need



Source: South East Scotland & Tayside HNDAs

Appendix 3 - Central and South Fife Primary Data Analysis Methodology for Existing Concealed and Overcrowded Need

A11.96. The weighting and analysis of the primary data for Central and South Fife was presented by multi member ward. Tenure, household composition and age of the household reference person relative to the overall population for the geography of the rest of Fife data were considered. The data for Central and South Fife was weighted on tenure to reflect the methodology of the Tayside HNDA. This ensured a consistent approach across Fife. The analysis of the data involved carrying out key cross tabulations, as noted below, which allowed evaluation of the potential housing need compared to published secondary data and local intelligence.

A11.97. The key cross tabulations that were run are shown in the table below and where possible reflect the cross tabulations undertaken for the Tayside HNDA. Please note that cross tabulations run for the Tayside HNDA calculation using the telephone survey data are highlighted with an asterisk. As the telephone survey was only undertaken for North East Fife, these cross tabulations could not be undertaken for Central and South Fife.

Table 1:Tayside HNDA Cross Tabulations

	Issue	Cross Tabulations
Concealed households	1. Currently sharing amenities with another household but not sharing meals	*2021 Tayside HNDA Survey Q5: Does your household share any rooms with any other person or household? IF YES, which rooms? (2) Kitchen; (3) Bathroom; (4) WC; (5) Other*
Overcrowding	1. Households with 1 or bedrooms fewer than needed	*2021 Tayside HNDA Survey: Q7: Which of these best describes the number of bedrooms you have in your home? (4) One fewer than needed; (5) Two or more fewer than needed*
	2. Households with 1 or bedrooms fewer than needed EXCLUDING single people	*2021 Tayside HNDA Survey: Q7 (4)/(5) cross tabulated for Q28 (1) Single Adult under 60; (2) Single Adult 60+*
	3. Main Like or need to move to bigger home	*2021 Tayside HNDA Survey: Q18: Main reasons why you would like OR need to move at present? (1) Larger property/garden*
	4. Households with 1 or bedrooms fewer than needed AND who would need or like to move	*2021 Tayside HNDA Survey: Q7 (4)/(5) cross tabulated for Q18 (1)*

Source: Tayside HNDA

Note: * Cross tabulation not possible for Central and South Fife as no telephone survey undertaken

A11.98. As highlighted in the main paper, the increased concealed and overcrowded need for Fife (Central & South) resulted in existing need for Fife (Central & South) rising from 1,700 to 3,200 households (figures are rounded). This updated housing estimate was input into the HNDA tool. This was not undertaken to change the HNDA (which had already been signed off by the CHMA as robust and credible). Rather, it was to identify, that if this primary data analysis had been undertaken as part of the original HNDA, what effect would it have had on the final HNDA output.

A11.99. The tables below highlight how the housing requirement would have been adjusted if this additional need had been identified as part of the HNDA process. The results are presented by the two housing market areas in Fife (Central & South) – 'Dunfermline & West Fife' and 'Glenrothes, Kirkcaldy & Central Fife.' In addition, the tables illustrate how this increased need would affect the Fife (Central & South) total and Fife-wide total. The first table for each geography highlights the HNDA results and the second table (labelled 'survey adjustment') highlights the increased need had the revised housing estimates been rerun through the HNDA tool.

Table 2: Dunfermline & West Fife - HNDA Output

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.
Social rent	147	64	21	18	1,250	62
Below market	38	22	21	18	490	25
PRS	65	31	27	19	711	36
Buyers	79	46	46	39	1,044	52
Total p.a.	**328**	**162**	**115**	**93**	**3,496**	**175**
Affordable p.a.	184	85	42	36	1,740	87
Market p.a.	144	77	73	57	1,756	88

Table 3: Dunfermline & West Fife - Survey Adjustment

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.
Social rent	238	101	21	18	1,896	95
Below market	36	21	21	18	482	24
PRS	63	31	27	19	697	35
Buyers	76	45	46	39	1,026	51
Total p.a.	**414**	**198**	**115**	**93**	**4,101**	**205**
Affordable p.a.	275	122	42	36	2,378	119
Market p.a.	139	76	73	57	1,723	86

Tables 16 & 17 Source: South East Scotland HNDA and re-run South East Scotland HNDA tool

Table 4: Glenrothes, Kirkcaldy & Central Fife - HNDA Output

	2021 - 2025	**2026 - 2030**	**2031 - 2035**	**2036 - 2040**	**20 Yr Total**	**20 Yr p.a.**
Social rent	184	81	29	25	1,594	80
Below market	47	27	27	22	615	31
PRS	40	17	13	9	394	20
Buyers	105	59	59	49	1,361	68
Total p.a.	**376**	**185**	**128**	**104**	**3,963**	**198**
Affordable p.a.	231	108	56	46	2,208	110
Market p.a.	145	77	72	57	1,755	88

Table 5: Glenrothes, Kirkcaldy & Central Fife - Survey Adjustment

	2021 - 2025	**2026 - 2030**	**2031 - 2035**	**2036 - 2040**	**20 Yr Total**	**20 Yr p.a.**
Social rent	297	126	29	25	2,383	119
Below market	45	27	27	22	604	30
PRS	39	17	13	9	385	19
Buyers	101	58	59	49	1,337	67
Total p.a.	**482**	**228**	**128**	**104**	**4,709**	**235**
Affordable p.a.	342	153	56	46	2,987	149
Market p.a.	140	75	72	57	1,723	86

Tables 18 & 19 Source: South East Scotland HNDA and re-run South East Scotland HNDA tool

Table 6: Fife (Central & South) - HNDA Output

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.
Social rent	331	144	50	43	2,843	142
Below market	85	49	48	40	1,105	55
PRS	105	48	40	27	1,105	55
Buyers	184	105	105	87	2,405	120
Total p.a.	**704**	**347**	**243**	**197**	**7,459**	**373**
Affordable p.a.	416	193	98	83	3,948	197
Market p.a.	289	154	145	114	3,510	176

Table 7: Fife (Central & South) - Survey Adjustment

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.
Social rent	535	227	50	43	4,279	214
Below market	82	48	48	40	1,086	54
PRS	102	47	40	27	1,082	54
Buyers	177	103	105	87	2,364	118
Total p.a.	**895**	**426**	**243**	**197**	**8,811**	**441**
Affordable p.a.	617	275	98	83	5,365	268
Market p.a.	279	151	145	114	3,446	172

Tables 20 & 21 Source: South East Scotland HNDA and re-run South East Scotland HNDA tool

Table 8: Fife - HNDA Output

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.	10-year 2021-30
Social rent	489	153	58	48	3,738	187	321
Below market	102	58	56	47	1,316	66	80
PRS	140	68	59	43	1,551	78	104
Buyers	213	123	122	102	2,796	140	168
Total p.a.	**944**	**402**	**295**	**239**	**9,401**	**470**	**673**
Affordable p.a.	592	211	114	95	5,054	253	401
Market p.a.	352	191	181	145	4,347	217	272

Table 9: Fife - Survey Adjustment

	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040	20 Yr Total	20 Yr p.a.	10-year 2021-30
Social rent	694	235	58	48	5,174	259	465
Below market	99	57	56	47	1,297	65	78
PRS	136	67	59	43	1,528	76	102
Buyers	206	121	122	102	2,755	138	164
Total p.a.	**1,135**	**481**	**295**	**239**	**10,753**	**538**	**808**
Affordable p.a.	793	293	114	95	6,471	324	543
Market p.a.	342	188	181	145	4,283	214	265

Tables 22 & 23 Source: South East Scotland HNDA and re-run South East Scotland HNDA tool