

1. We restrict our comments on the consultation to the affordable housing element of developer contributions. In short, we believe Perth and Kinross council should increase the Developer Contribution relating to the percentage of affordable housing to be secured alongside proposals for new homes. We set out the rationale for doing so here.

NATIONAL POLICY AND OTHER PLANNING AUTHORITIES' APPROACHES

2. The draft Supplementary Guidance quotes Policy 16 of the NP4 but it omits an important caveat to the national suggested standard of 25%. Policy 16 states:

*“(e) Development proposals for new homes will be supported where they make provision for affordable homes to meet an identified need. Proposals for market homes will only be supported where the contribution to the provision of affordable homes on a site will be at least 25% of the total number of homes, **unless the LDP sets out locations or circumstances where:***

i. a higher contribution is justified by evidence of need,”

3. The Scottish Government have recently reviewed the efficacy of developer contributions and their research found that developer contributions were considered to be working generally well, particularly as regards provision of affordable housing (whereas infrastructure conditions were more problematic)¹. They had also played a significant role in the Scottish Government and Councils meeting the initial target for the supply of affordable homes. As a result, they will play an important part in the meeting of the new target for 110,000 homes.
4. That research notes that most Planning Authorities in Scotland use the 25% standard although there are exceptions. Ultimately the test of whether the 25% can be deviated from (above or below) will be down to the contributions being considered reasonable and necessary. Undoubtedly councils will have some discretion in this but it will be incumbent upon them to evidence their decision making so as to avoid legal challenge to any such conditions.
5. Stirling and Fife Council areas, however, provide useful comparators for PKC as they combine significant urban and rural communities and both deviate from the 25% standard.

Stirling

6. [Stirling requires a 33% developer contribution](#) in “Highly Pressured Areas” and 25% with “pressured areas” – this applies to developments of 15 homes or more. The Highly Pressured Areas in the past related to restrictions on the right to buy of social housing i.e. councils could seek to restrict the right to buy for tenants who were in areas with acute housing pressures. Stirling have maintained this classification through their Housing Need and Demand Assessments and the current Highly Pressure Zones are Dunblane and Bridge of Allan as well as the “Rural Villages” area of the Stirling Council district (a map of the zones is at Annex A).
7. The identification of these areas is based on a number of different criteria including:
 - a. High average house prices;

¹ [The Value, Incidence And Impact Of Developer Contributions In Scotland \(www.gov.scot\)](http://www.gov.scot)

- b. Scarcity of social housing;
- c. Social housing waiting lists;
- d. Fewer development opportunities.

Fife

8. [Fife Council](#) take a more granular approach with 25% being the assumption but localised rates are set based on need. With most areas requiring 25% but some areas having less and some more – such as the St Andrews area (30%) and Largo and the East Neuk (30%) (a map is provided at Annex A). Fife has a different threshold for urban and rural sites (20 and 15 respectively) before the contributions kick in.

WHAT ARE THE IMPLICATIONS FOR ABERFELDY AND SURROUNDING AREAS

9. We would argue that there are grounds for Aberfeldy and surrounding area to be considered for a higher developer contribution to meet housing needs and demand in the town. As the draft guidance notes, a [Housing Needs Survey](#) has been undertaken for Aberfeldy which provides a significant evidence base for taking such an approach.
10. That survey paints a picture of an area in the grips of a housing affordability crisis that threatens the long-term prosperity and demographics of the town.

The situation in our community

11. As outlined above the knock-on effects of second houses/holiday lets on rural Scottish communities is significant and results in increasing house prices, decreasing long term rental stock, increases in rent paid and a decline in local services. This is already happening in our community Respondents to our recent Community Housing Needs Survey (CHNS) Aberfeldy & Surrounding Area Community Housing Needs Survey (CHNS), Author: Communities Housing Trust & Aberfeldy Development Trust July 2022, raised the same concerns, namely:

- The number of homes in the area that are holiday lets and second homes;
- The lack of affordable housing options in the area; and
- High purchase price of homes on the open market making it difficult to get on to the housing ladder.

Affordability – Lower Than Average Wages And Higher Than Average House Prices

12. The average house price in Aberfeldy over the last 12 months (2021/22) was £344,326, which is significantly higher than the Perth & Kinross Council average price of £196,000. While only an average this is clearly significantly over the figures that the draft guidance notes as “affordable”² for different property sizes.
13. 1 in 3 or 36% of the community are earning less than £25,000 a year (PKC Local Housing Strategy briefing presentation). Banks typically lend around 3 to 4.5 times the borrowers income as a mortgage, this makes the homes in the area out with the reach of most average local households to purchase. With the current increase in mortgage rates this means that even if people are able to afford homes their housing costs are likely to put them at risk of after housing costs poverty.

Lack of Available Homes

² See the table on page 11 of the guidance.

- 14.** Our community, Rannoch & Aberfeldy has one of the highest percentages of second houses/holiday lets to permanent homes, at 23% (11th) in Scotland. However, a recent Guardian newspaper article listed Aberfeldy & Rannoch as having the highest concentration in the UK of Airbnb whole-property listings with 36 listed per 100 properties, so 36%. This choking of supply in the face of the demand that the Housing Needs Survey shows is undoubtedly one of the underlying causes of the unaffordability of local housing.
- 15.** The survey also shows that the proportion of people in social rented homes is less than half the Scottish average as well as showing a higher than average reliance on the private rented sector. From both an affordability and security perspective, social renting is preferable as it provides people with a secure home as well as being at a more affordable, and controlled, rent. Our survey showed that demand for social housing was almost 4 times the level of supply, never mind its availability. Connected to that of the people who noted in the survey that they would like to move into the area, 40% had one or more children and 45% stated that they would like to set up a business in the area if they were able to move into it.
- 16.** Frustrating this lack of availability is also preventing people from downsizing from their current properties to move into smaller properties within the area – again preventing homes for families with children becoming available and rebalancing the market in the area.
- 17.** The lack of available housing to meet this demand is already showing up in the survey:
- Nearly 70 % of respondents have tried to find housing in the area already but failed to do so due to not being able to find a suitable property in their preferred location or budget.
 - There was also strong support for the statement that people have had to leave the area because they have not been able to find suitable housing with around 250 of the near 300 respondents to the survey agreeing with this statement.
 - This is further evidenced by 43% of respondents having direct experience of friends / family members having to leave the area because they could not find suitable housing.
 - Both the residents and non-residents survey show a high demand for new housing in Aberfeldy and the surrounding area, both from existing residents looking to move home and people looking to relocate to live in the area.
 - 203 households stated that they may need housing within the next 5 years:
 - 87% support the need for more affordable housing
- 18.** Left unmitigated this risks exacerbating demographic changes. As shown in the survey, Aberfeldy already has a higher proportion of people over 75 (11.1% vs 6.4%) than the Scottish average and with many of the working-age population priced out of the housing market, this issue is likely to intensify.

Economic Impacts on the Community

- 19.** Linked to those issues, the survey highlighted that the lack of affordable housing options in the area is having a significant adverse impact on the growth and development of the local economy, with businesses being unable to recruit staff:
- Of the 68% of businesses that have had experienced problems recruiting / retaining staff due to a lack of suitable housing locally, this is a frequent and re-occurring problem for most businesses:
 - Nearly 50% of businesses feel that their staff turnover is impacted by a lack of affordable housing;

- 68% of businesses currently have existing employees that have a housing need and require housing in the area. A total of 25 employees were identified from the survey that require housing in the area; and
- With nearly 70% of businesses hoping to expand in the future, a lack of workers locally and lack of affordable housing were identified as the two most limiting factors to business growth.

Feedback from Our Community

20. The community were asked to leave general comments as part of the CHNS and overall, the vast majority of comments raised the same concerns. Below is a short selection:

“The issue with housing in Aberfeldy is down to excessive numbers of second homes and holiday homes, most of which are empty during the week year round.”

“Aberfeldy is no longer a place where young people can afford to live - it's becoming a retirement village for wealthy second-home owners and people who buy up properties for tourism. The town is becoming hollow - good on the outside, but no vitality.”

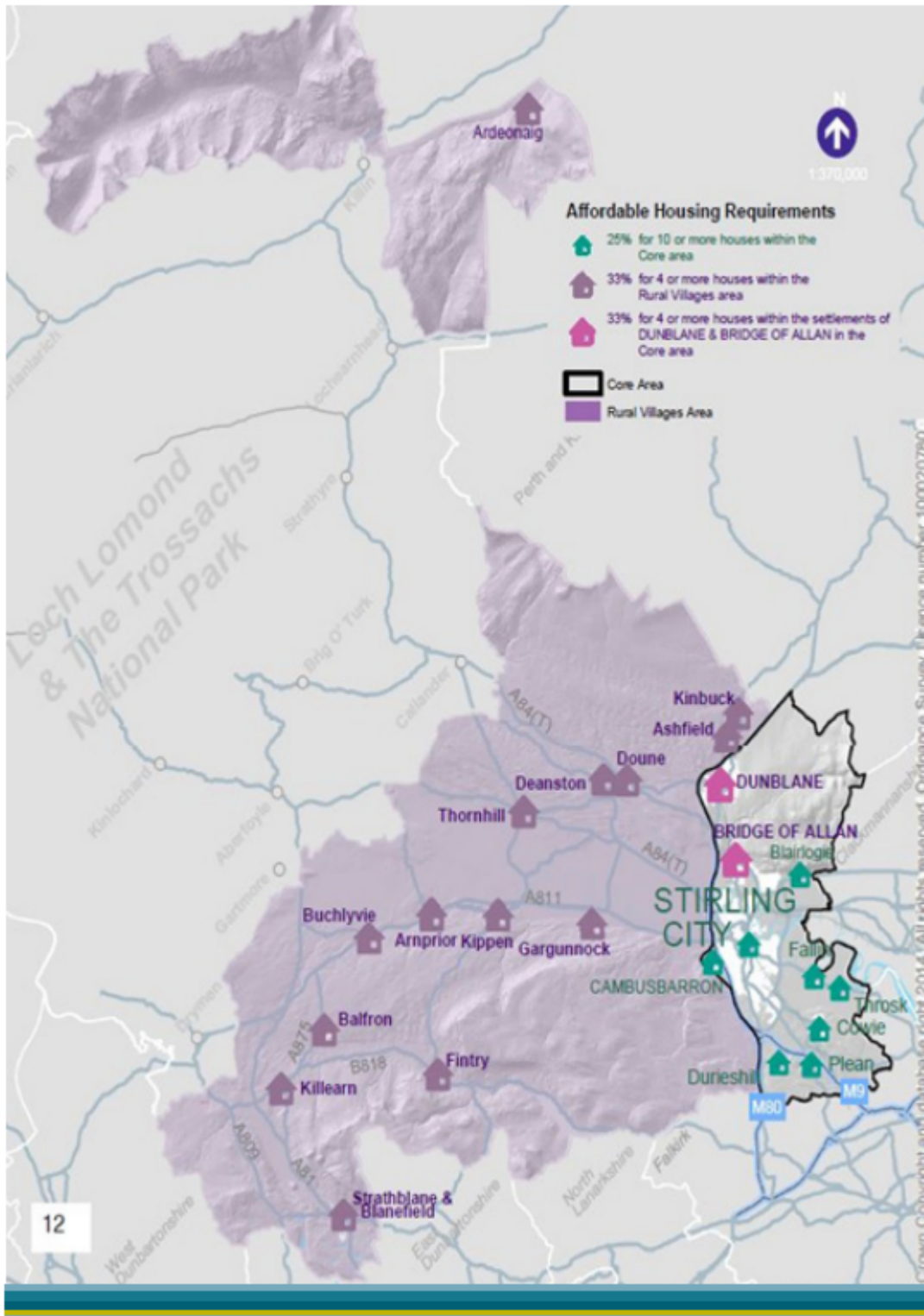
“We have two adult children still living at home due to the lack of local affordable options - both have secured employment in the local area and contribute to the community...it is soul destroying to see them time and again putting in offers for houses and being out bid and a vast majority of the homes they have tried to buy becoming holiday accommodation. “

“We currently rent a property in the centre of town which is over £600 per month for just rent. We would absolutely love to buy our first home in the area, unfortunately the house prices and houses for sell as of late have not been affordable/suitable to us. If we are unable to find an appropriate house to buy, we will ultimately be forced to move away from the area, leaving our work with...’

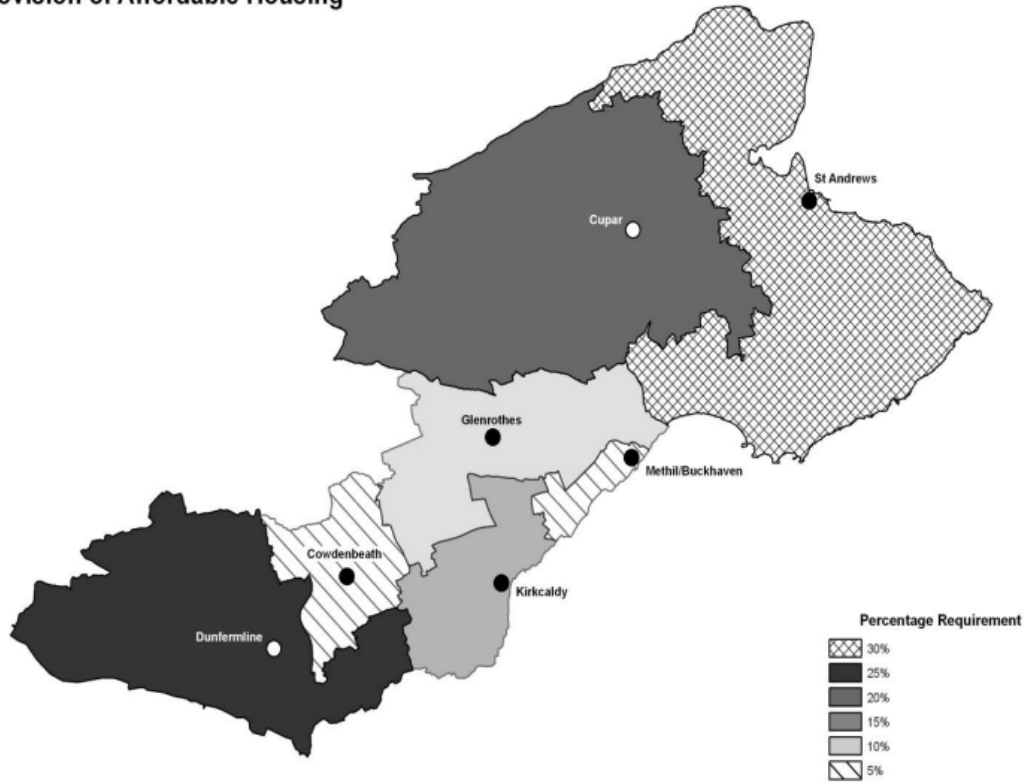
CONCLUSION

21. To impose a higher developer contribution on applicants in the PKC area, or in any part of the PKC area, it would be incumbent on the council to show “evidence of need”. We believe our survey more than provides that justification for Aberfeldy. There is significant unmet demand for affordable housing, there is a scarcity of social housing, there is a heavy concentration of holiday/second homes, economic activity is being restrained and people who would prefer to downsize cannot.

Affordable Housing Requirements Map.



Provision of Affordable Housing



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