

Scottish City Centres

Workstream 1 – Increasing Residential Capacity

Perth

Final Report, July 2023

1. Introduction

Introduction

Introduction and Objectives

Savills has been appointed to undertake research and provide recommendations on how to appropriately increase residential capacity and occupancy in each of seven Scottish city centres. This report considers Perth.

Report Structure and fit with other workstreams

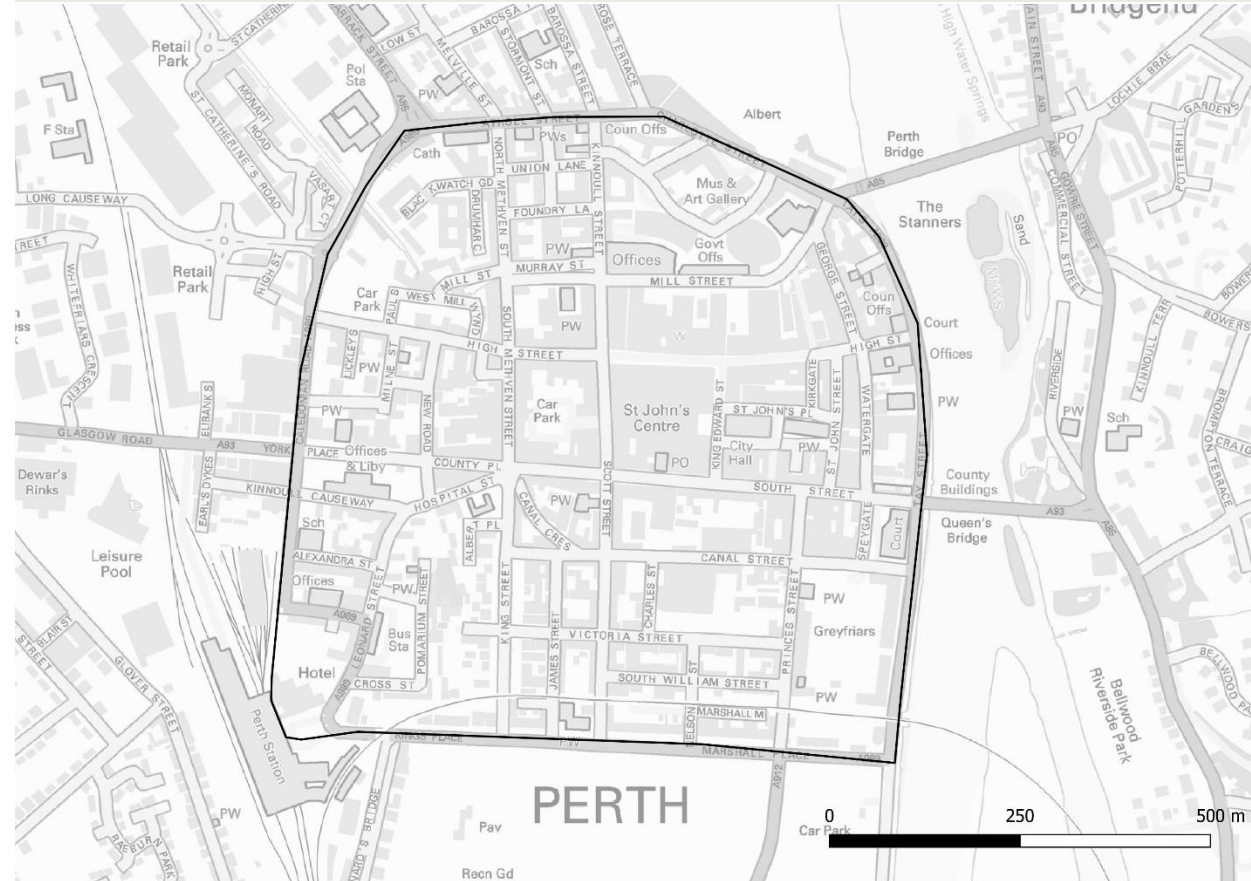
The report is structured as follows:

- **Section 2** covers relevant local policy
- **Section 3** reviews the residential markets
- **Section 4** analyses live residential planning applications
- **Section 5** considers key themes for appropriately increasing residential capacity

A separate summary report summarises and compares the findings for each of the seven cities and provides recommendations at the Scottish and UK levels.

Workstream 3 on the issue of reduction in the amount of vacant/derelict land and property in each of the seven cities is a part of the same instruction and is covered in separate reports.

Figure 1.1 Perth City Centre Boundary



2. City Centre Housing Policy Review

City Centre Housing Policy Review

Introduction

This review covers policies and supplementary guidance specific to policies relevant to housing provision in the city centre.

Additional details regarding the relevant policies are provided in **Appendix 1**.

Relevant Documents

- National Planning Framework 4 (2022)
- Perth & Kinross Local Development Plan (2019)
- TAYplan Strategic Development Plan 2016-2036 (2017)
- Placemaking Guide (2020)
- Perth & Kinross Local Housing Strategy (2016-2021)
- Mill Street Best Practice Guide
- Perth City Plan 2015-2035

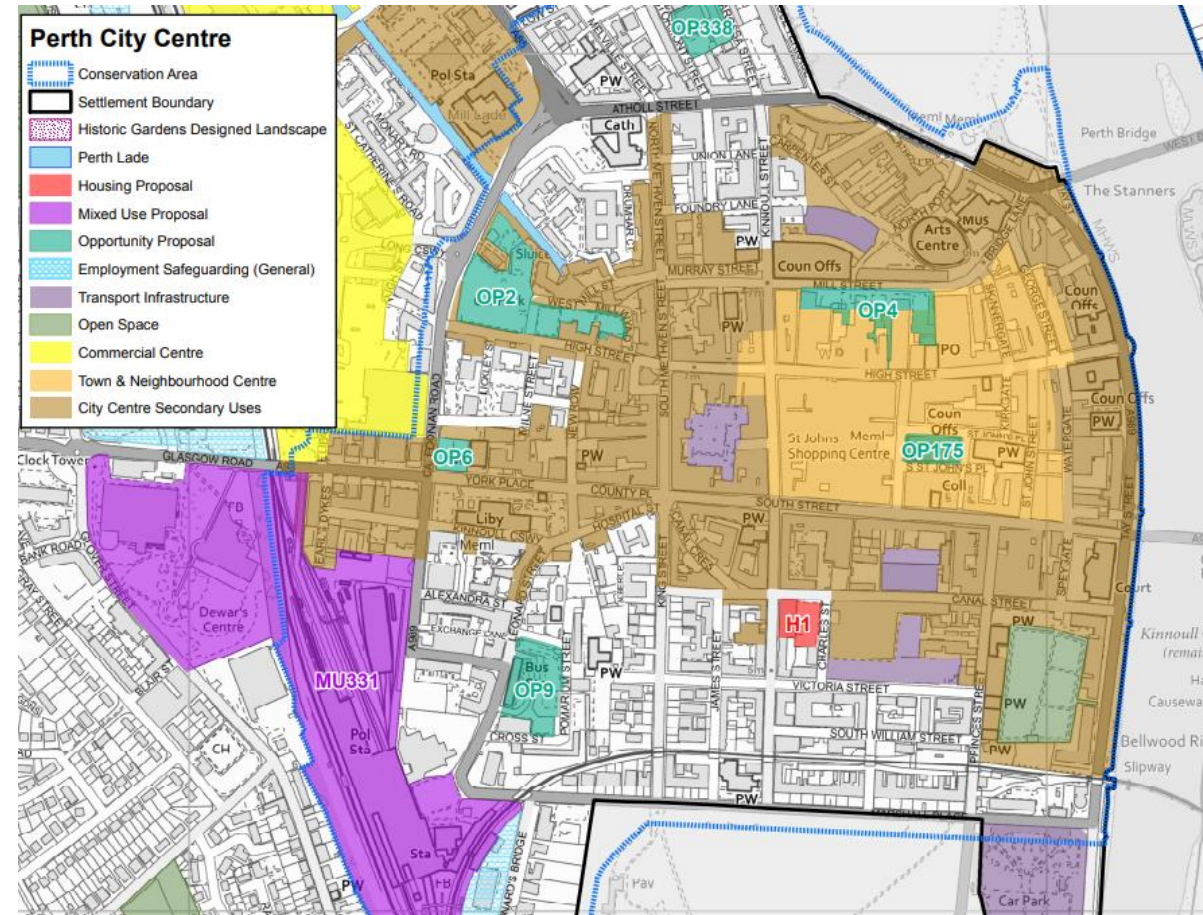
Housing Targets for City Centre

No specific housing targets have been set for the city centre.

Development Sites

Perth & Kinross Local Development Plan (2019) allocates one housing site in the city centre (Scott Street/Charles Street) capable of delivering 78+ homes. Other identified opportunity sites could deliver minimum of 62 homes.

Figure 2.1 Perth & Kinross Local Development Plan (2019) Proposals Map



Source: Perth & Kinross Local Development Plan (2019) Perth City Centre Map

Affordable Housing Policies

Policy 20: Affordable Housing of Perth & Kinross Local Development Plan (2019) requires residential developments including conversions, consisting of 5+ units to include affordable housing, amounting to 25%.

Family Housing Policies

Policies relating to family housing have not been identified.

Student Housing

Policies relating to student housing have not been identified.

Housing for Older People

Perth & Kinross Local Housing Strategy (2016-2021) recognizes that there is a growing need for care, support and suitable housing for older people. The Strategy promotes the independence and wellbeing of older people at home or in a homely setting.

In addition Policy 25 of the document focuses on housing mix, requiring that all proposals on sites with a total capacity of 20 or more homes, should meet the needs of smaller households, including older people and lower-income households, by providing at least 10% of their homes as one or two bedroom homes.

Low Carbon Development

Policy 32: Embedding Low and Zero Carbon Generating Technology of the New Development of Perth & Kinross Local Development Plan (2019) requires proposals for all new buildings to demonstrate that at least 10% of the current carbon emissions reduction set by Scottish Building Standards will be met through the installation and operation of low and zero-carbon generating technologies. This requirement does not apply to change of use or conversion of buildings.

Car Parking Standards

Specific parking standards for residential developments have not been identified.

Policy 60B: New Development Proposals of Perth & Kinross Local Development Plan (2019) requires new developments incorporate appropriate levels of parking provision not exceeding the maximum parking standards laid out in Scottish Planning Policy, including application of maximum on-site parking standards to help encourage and promote a shift to the more sustainable modes of travel of walking, cycling and public transport. Developers of town centre sites will be required to contribute to the overall parking requirement for the centre in lieu of individual parking provision.

EV Charging Strategy and Policies

Policy 60B: New Development Proposals of Perth & Kinross Local Development Plan (2019) requires all development proposals to support the provision of infrastructure necessary to support positive changes in Low and Ultra Low Emission Vehicle transport technologies, such as charging points for electric vehicles.

3. Review of Residential Markets

Introduction, Summary and Market Overview

Introduction and Summary

This section covers an overview of the housing market including metrics on current house prices and the growth in house prices, rental values and the growth of rental values, population densities, transaction activity, demographics and land use.

Perth city centre is characterised by low residential values, the highest values are found in the south of the city centre. Average capital values are higher in the city centre than the wider city for terraced and detached houses. The market is dominated by flats in the city centre but the wider city had more houses. House prices in Perth are 24% above the pre-peak, lower than the averages for England and Wales and Scotland.

The city centre rental market is dominated by 2 beds, making up 55% of all listings in the year to Q3 2022. Median rent 2 beds are £635pcm. Rental growth across the Perth and Kinross local authority was 5% in the year to July 2022. The number of available listings in the year to Q3 compared to the pre-pandemic average between 2017-19 has fallen substantially with 20% less stock on the market for 1, and 2 bed homes.

Perth had similar population density across both the city centre and the outer city. The south of the city centre was less populated than the north.

Since 2015 there have been around 110 private sales in Perth city centre each year. The city centre sales are dominated by second hand sales with very few new build. City centre transactions make up around 13% of total transactions across the wider city.

Perth city centre is dominated by Rental Hubs, a demographic group who are 'educated young people privately renting in urban neighbourhoods'. They make up 55% of households in the city centre and 12% in the wider city.

Table 3.1 Number and Proportion of Households in the City Centre

Tenure	Total Households	Proportion of households
Private rented	1,515	45%
Council/HA	1,034	30%
Owner Occupied	845	25%
Total	3,394	100%

Properties in Perth mainly cost under £125,000

Perth city centre is characterised by low residential values with the majority of areas being valued at under £125,000. Higher values in Perth are found in the south. The city centre generally had lower values than the wider city.

On a pound per square foot basis Perth had consistent values across the entire city centre and wider city.

Figure 3.1 Perth City Centre and Wider Area Average Residential Values

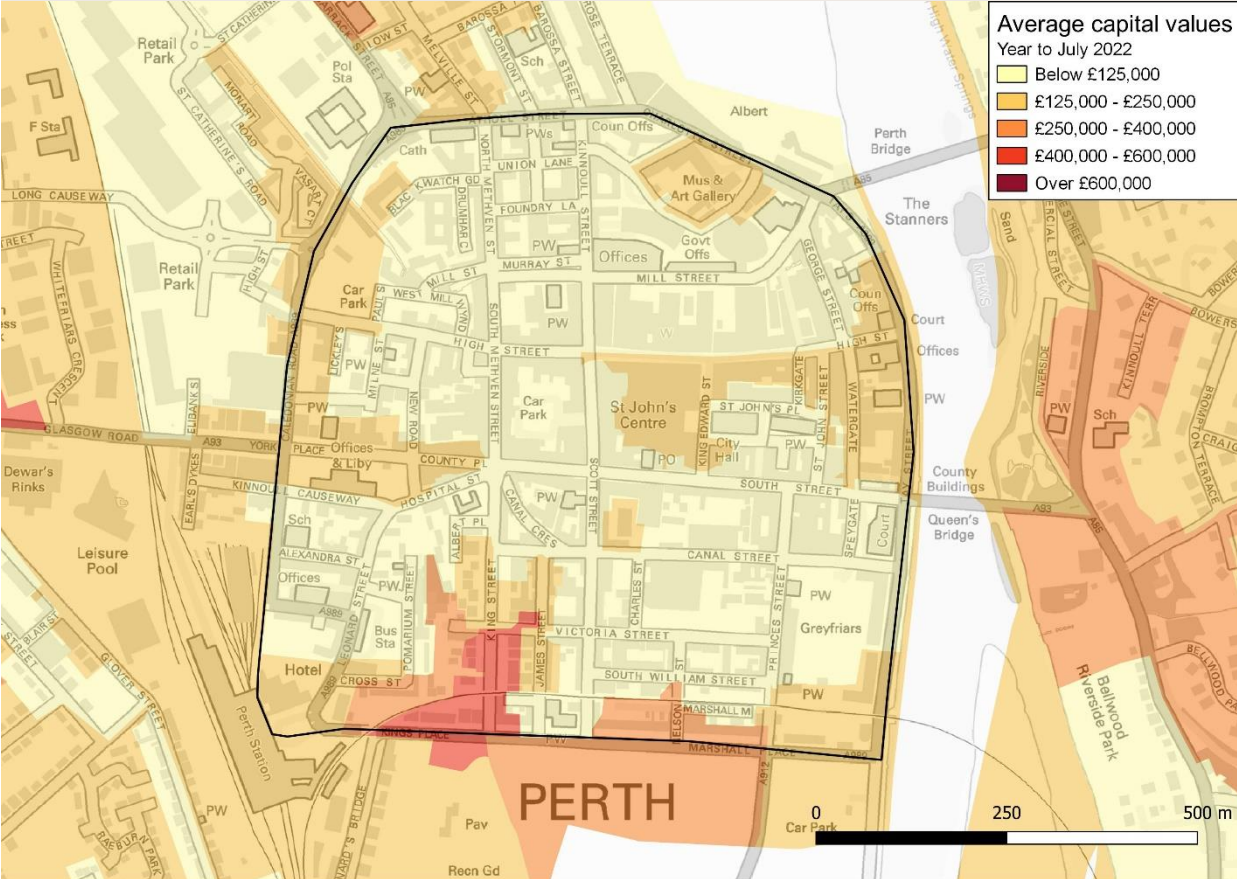
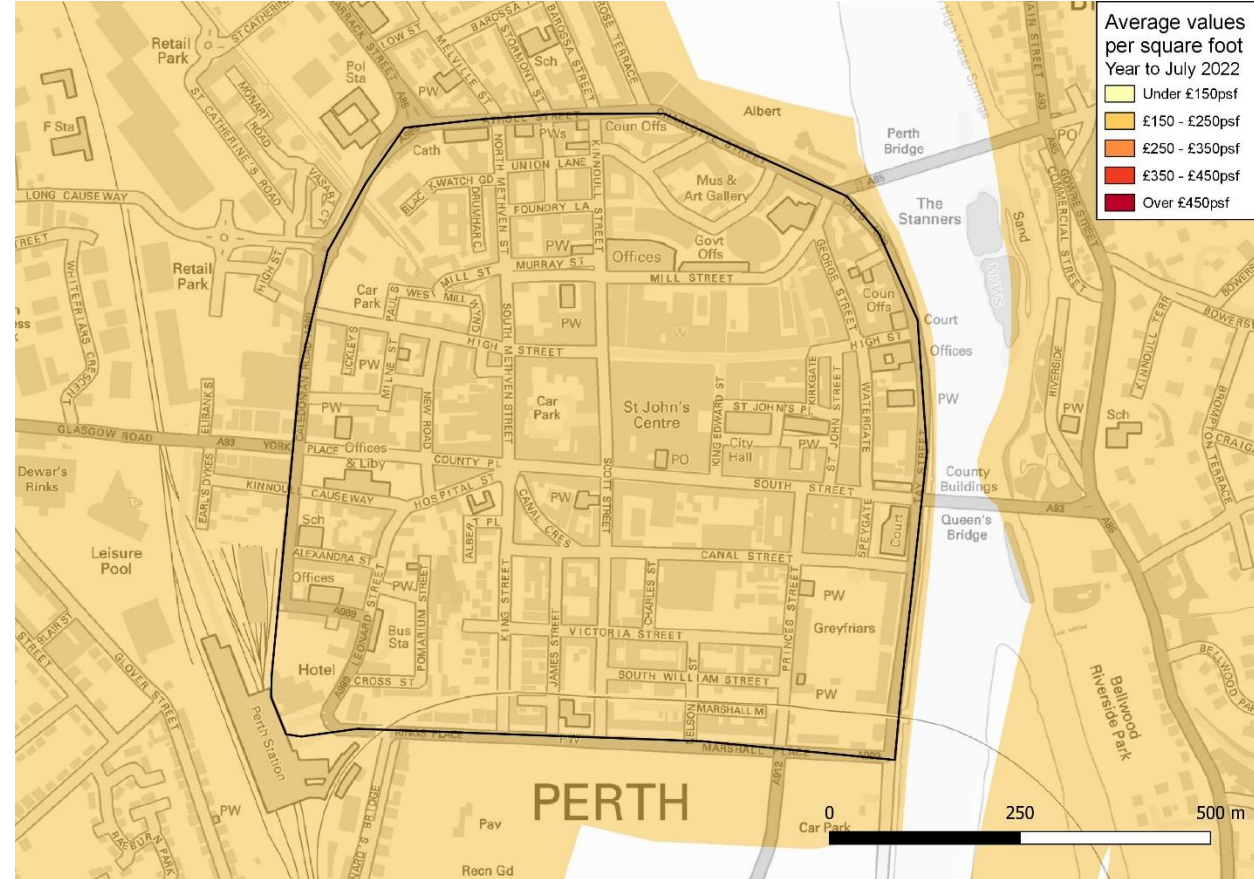


Figure 3.2 Perth City Centre and Wider Area Average Residential Values per sq.ft



House prices in Perth took a long time to recover after the GFC

House prices in Perth were slow to recover following the global financial crisis (GFC). They reached their pre-peak in June 2017. This was similar to Scotland but much slower than England and Wales which returned to the same level four years previously and were 20% above pre-peak in 2017. Since returning to the pre-GFC levels Perth has performed similarly to Scotland and as of July 2022 prices are 24% above the 2007/08 peak.

Terraced and Detached houses in the city centre are values at a significant premium to the wider city. Flats and Semi-detached houses had higher values in the wider city than the city centre. Flats make the majority of transactions in the city centre (82%). However the wider city is dominated by houses (58%).

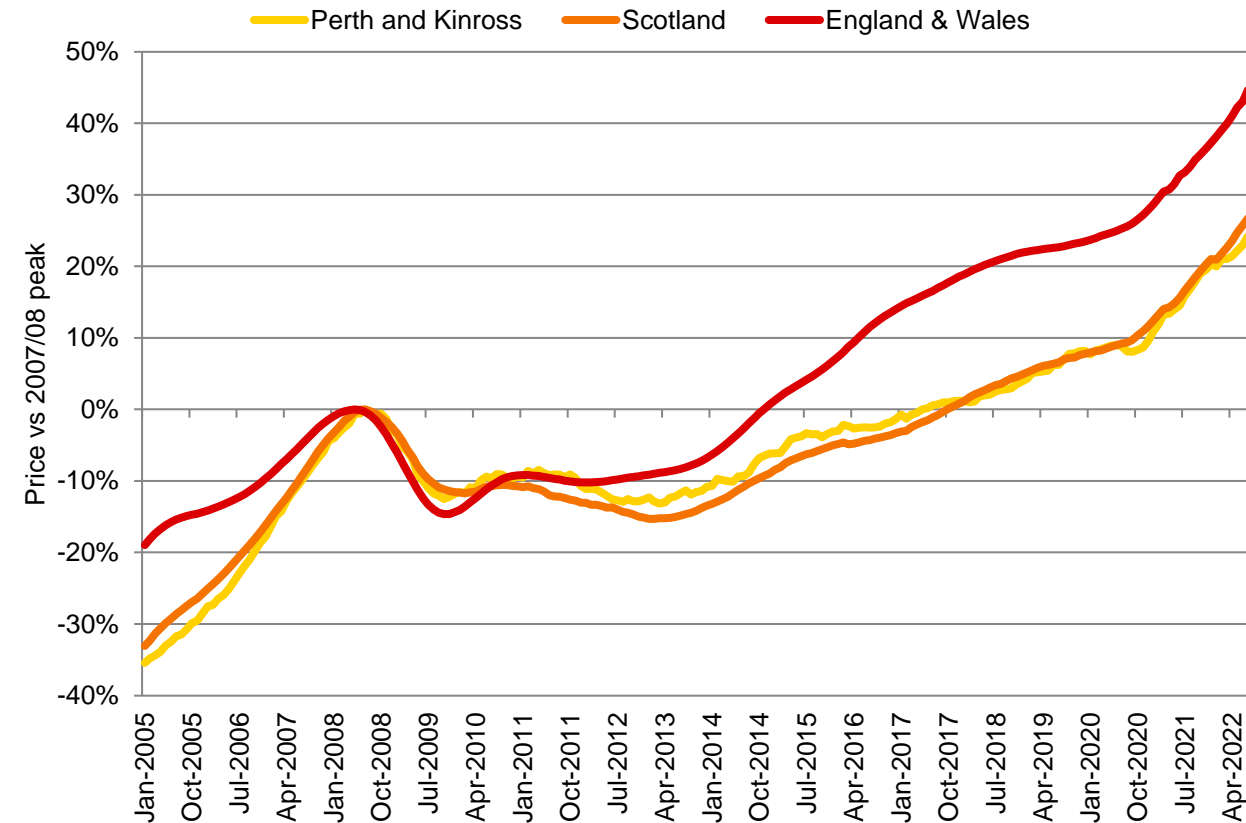
Table 3.2 Perth Average House Price by Property Type (12 months to July 2022)

	City Centre	Wider city
Flat	£108,343	£116,510
Terrace	£224,450	£179,092
Semi-detached	£188,820	£201,242
Detached	£411,055	£328,363

Table 3.3 Perth Proportion of Transactions by Property Type (12 months to July 2022)

	City Centre	Wider city
Flat	82%	42%
Terrace	8%	18%
Semi-detached	7%	17%
Detached	4%	23%

Figure 3.3 Comparative House Price Growth since 2005



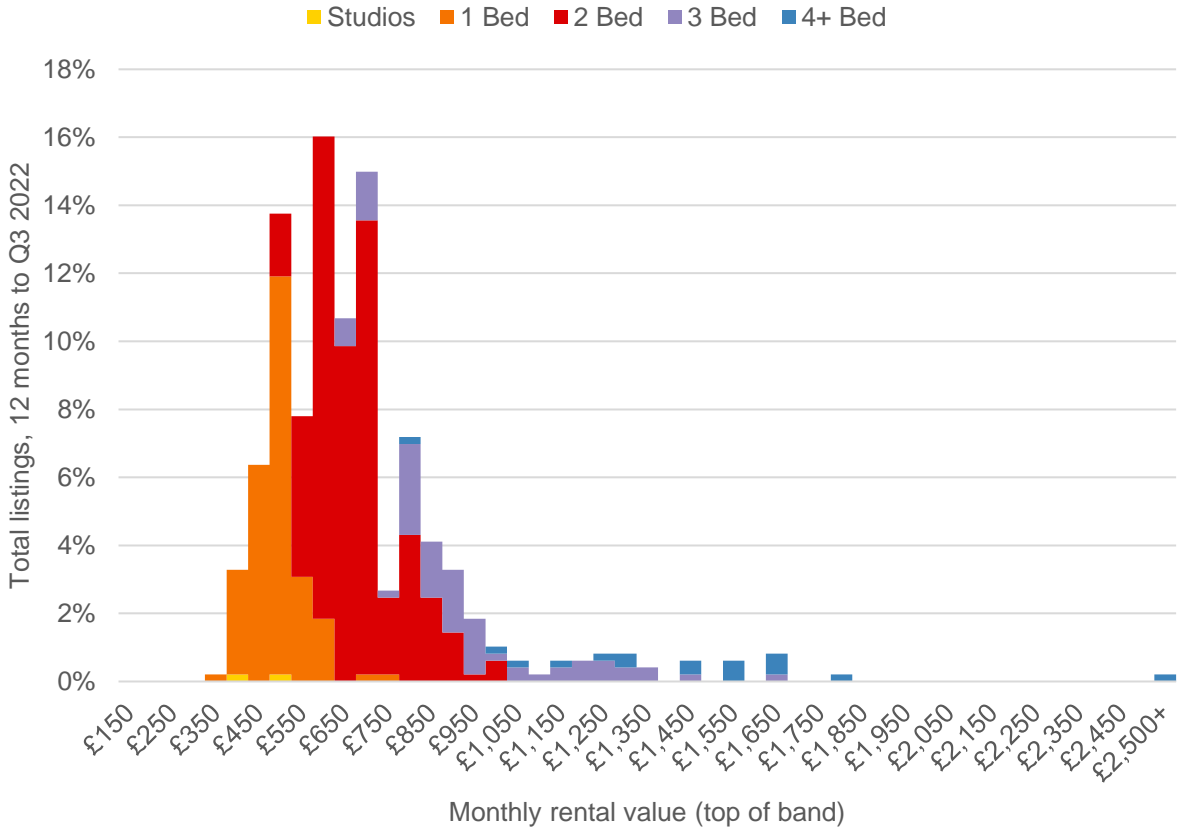
The rental market is dominated by two bed homes

The largest part of Perth’s rental market is for units renting between £450pcm and £700 per calendar month (pcm), with 63% of all properties were found within this range. The market is dominated by two bed properties which made up 55% of all listings in the 12 months to Q3 2022.

Table 3.4 Perth City Centre Average Rental Values* (12 months to Q3 2022)

	Lower Quartile	Median	Upper Quartile	No. of listings	Proportion of listings
Studio	£375	£400	£475	2	0%
1 bed	£427	£466	£494	130	27%
2 bed	£576	£635	£691	269	55%
3 bed	£769	£856	£1,000	68	14%
4 bed	£1,138	£1,413	£1,538	15	3%
Total	£509	£612	£733	486	100%

Figure 3.4 Distribution of Rents Perth City Centre*



Source: Rightmove, *postcode district PH1 and PH2

Perth's rental market is being outperformed by Scotland and the UK



Rents in Perth are up 5.0% in the year to July 2022. This is significantly behind both Scotland at 10.6% and the UK at 12.2%.

At the same time, the number of available listings on the market has been falling. In the year to Q3 2022 the proportion of available homes to rent was 20% less compared to the pre-pandemic average between 2017-19. 1 and 2 beds fell by 20%. 4 beds fell by 53%, although the sample is smaller.

Annualised rental growth in the local authority of Perth was 1.0%, lower than the equivalent for Scotland of 2.2%.

Figure 3.5 Fall in Listings by Bed Size – Perth and Kinross

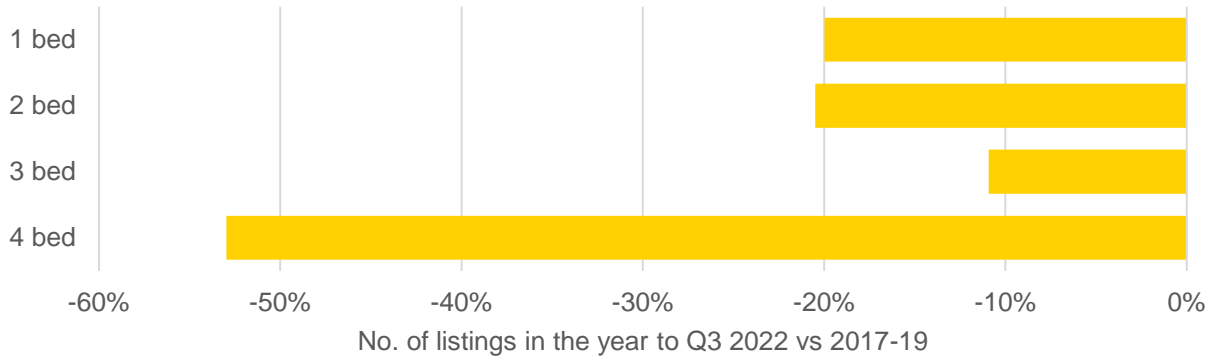


Figure 3.6 Perth and Kinross, Scotland and UK Residential Rental Growth since 2012

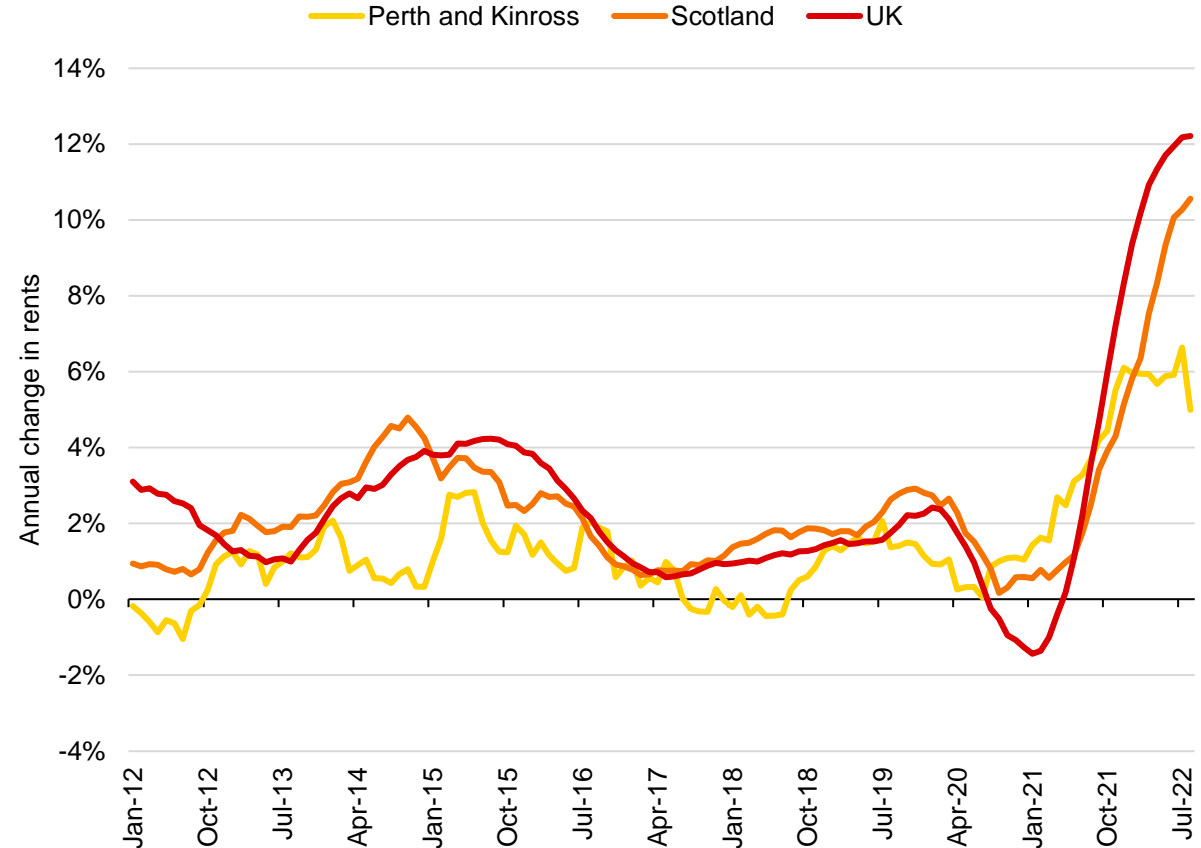


Table 3.5 Rental Growth in Perth and Kinross vs Scotland

	Growth since March 2020	Annualised growth 2012-2019	Annual growth (12 months to Q3 2022)	10-year CAGR
Perth and Kinross	9.3%	1.0%	5.0%	1.7%
Scotland	14.6%	2.2%	10.6%	3.2%

Perth centre has a relatively low population density

Perth is a city with a range of low population densities, with the least densely populated areas being found in the south of the city centre. The city centre is more densely populated in the north. Within the city centre most of the households are council housing or privately rented. There are pockets of owner occupied properties found in both the north and south of the city.

Figure 3.6 Perth City Centre Population Density

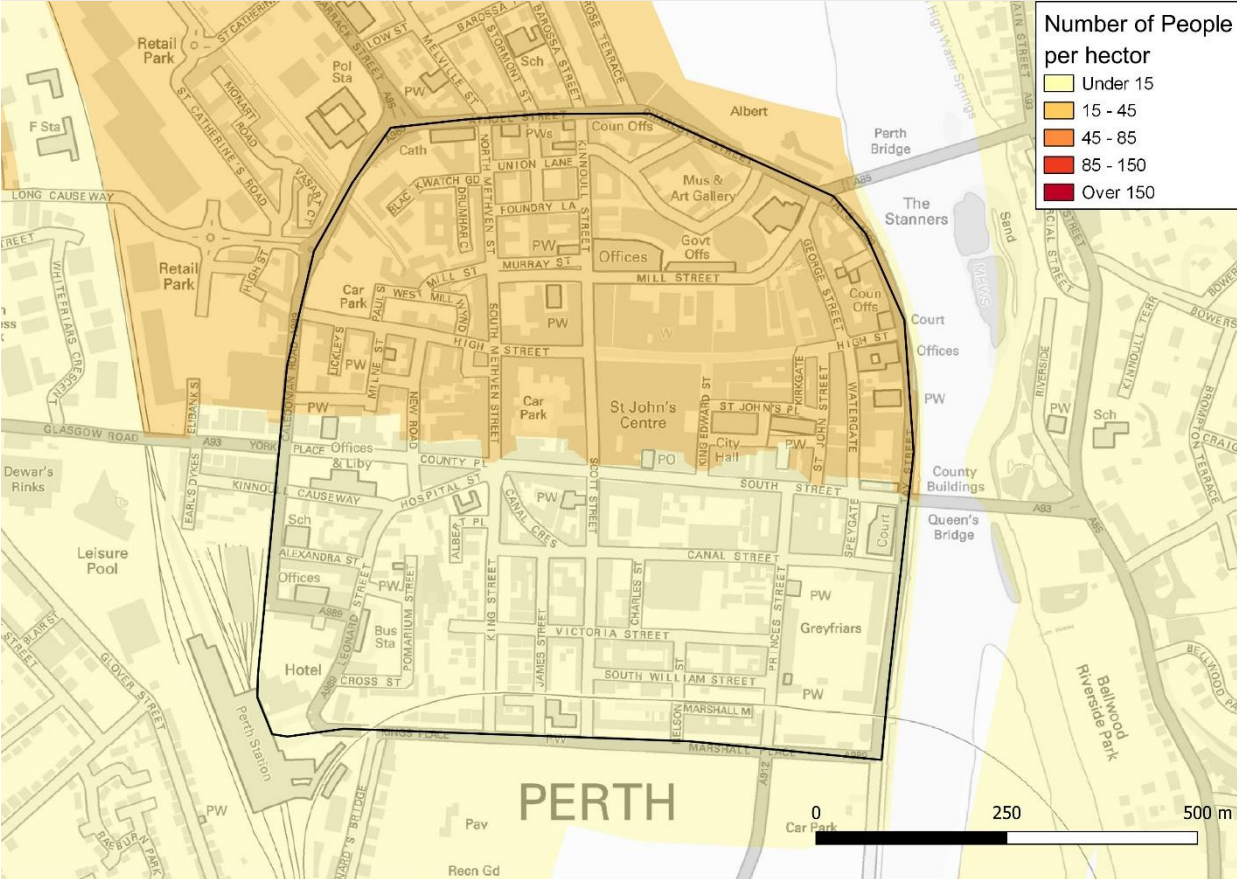
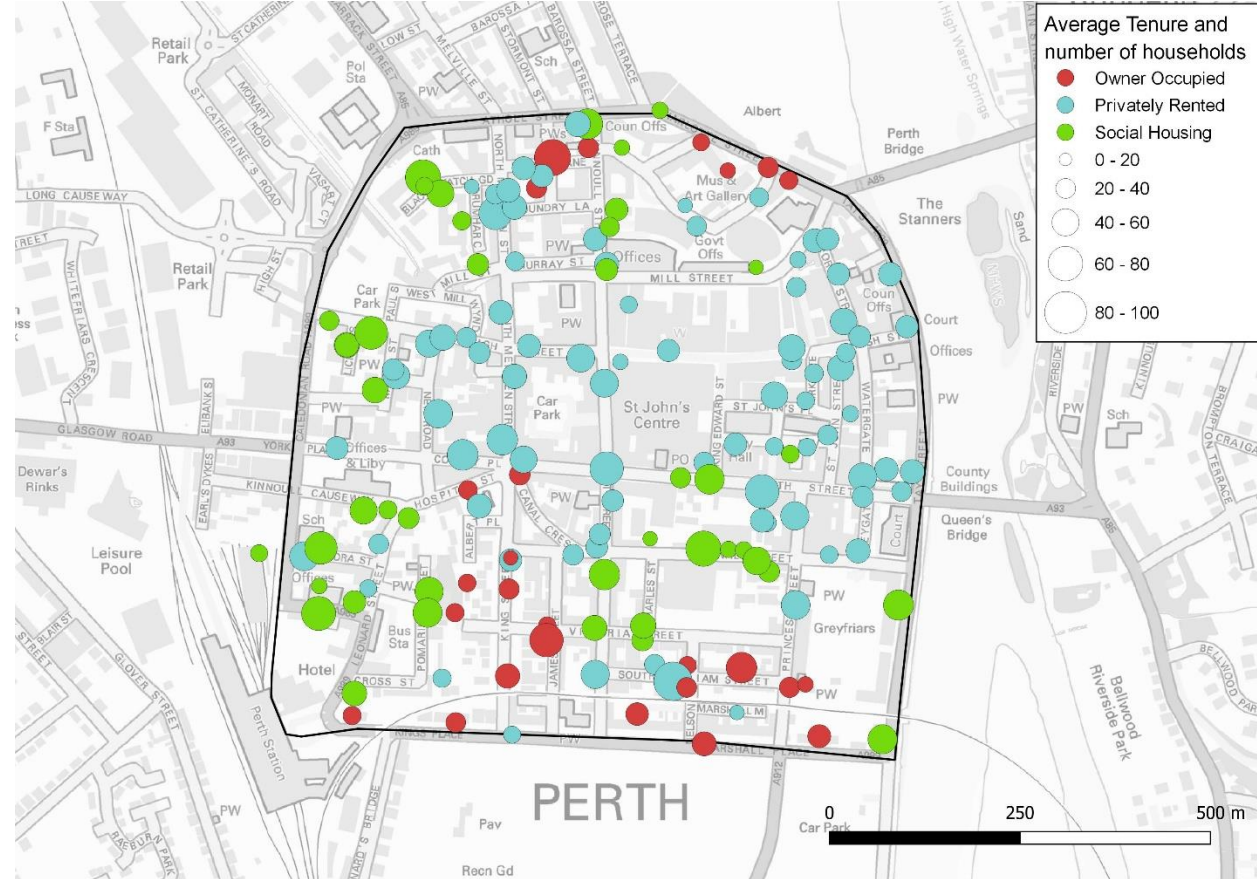


Figure 3.7 Perth City Centre Households by Tenure



Transactions in Perth city centre have averaged 110 sales pa

Since 2015 there have been around 110 private sales in Perth city centre each year. The low levels of transactional activity within Perth city centre indicates a large proportion are likely in the private rented and social sectors. The private transactions are dominated by second hand sales with very few new build in the city centre. New build transactions make up just 2% of sales in the city centre but 17% in the wider city.

2021 had a large jump in transaction activity for both the city centre and wider city after steadily declining from 2018 to 2020.

Table 3.6 Perth Total Residential Transactions (2018-2020)

	New	Second hand	Total
City Centre	8	327	335
Wider City	381	1,906	2,287
Total	389	2,233	2,622
City Centre	2%	98%	13%
Wider City	17%	83%	87%
Total	100%	100%	100%

Figure 3.8 Perth New and Secondhand Transactions

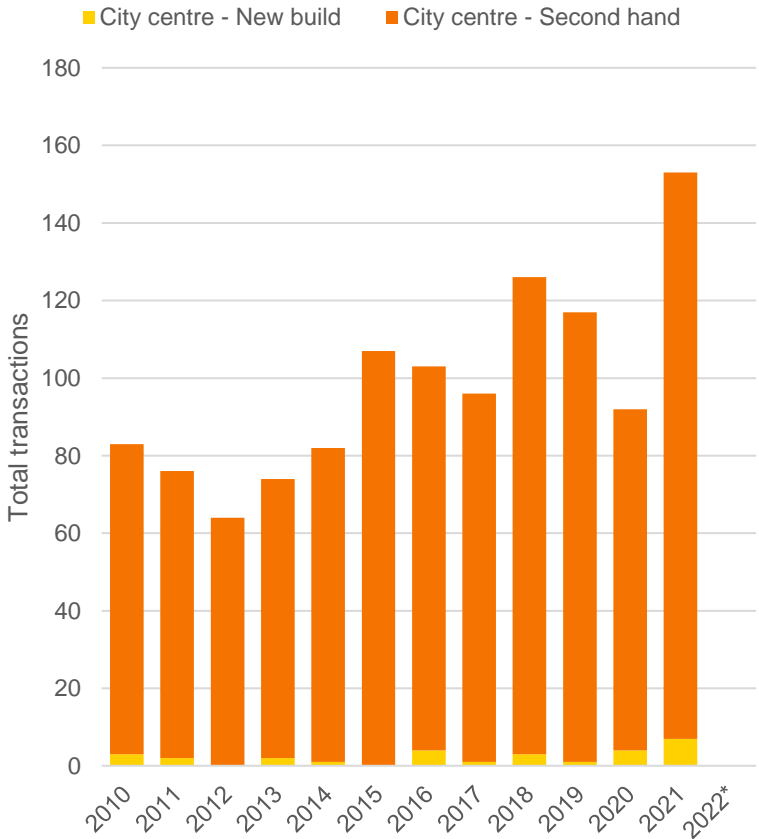
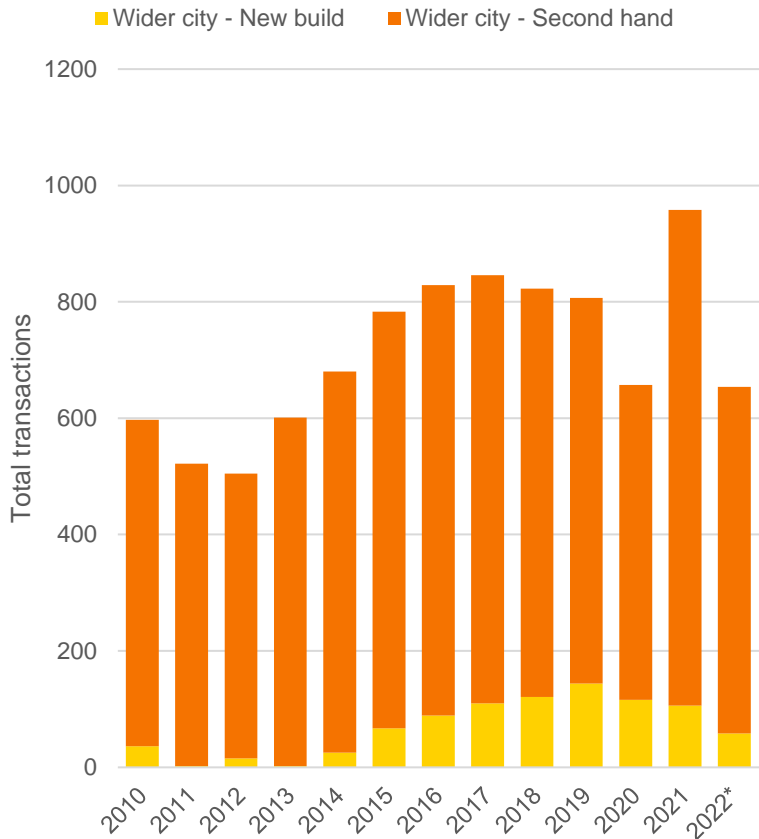


Figure 3.9 Perth Wider City Transactions



Demographics - What is Experian Mosaic?

We draw upon Experian's Mosaic geodemographic data in order to profile who lives in and moves to different housing markets.

Experian's Mosaic UK consumer classification provides a detailed understanding of the demographics, lifestyles, behaviour and locations of all individuals and households in the UK.

Mosaic UK classifies all individuals, households or postcodes into a set of lifestyle types. There are 15 groups, which breakdown into 66 household types.

A total of 332 data elements have been used to build this latest version of Mosaic UK. The majority of the information comes from Experian's UK ConsumerView Database, which combines public and Experian proprietary data and statistical models. These include the edited Electoral Roll, Council Tax property valuations, house sale prices, self-reported lifestyle surveys, term time students from HESA, social housing information from NROSH, broadband speed information from OFCOM, and other compiled consumer data.

The table to the right shows the different groups in descending order of affluence.

Mosaic Group	Description
Prestige Positions	Established families in large detached homes living upmarket lifestyles
City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards
Country Living	Well-off owners in rural locations enjoying the benefits of country life
Domestic Success	Thriving families who are busy bringing up children and following careers
Senior Security	Elderly people with assets who are enjoying a comfortable retirement
Urban Cohesion	Residents of settled urban communities with a strong sense of identity
Suburban Stability	Mature suburban owners living settled lives in mid-range housing
Rural Reality	Householders living in less expensive homes in village communities
Aspiring Homemakers	Younger households settling down in housing priced within their means
Rental Hubs	Educated young people privately renting in urban neighbourhoods
Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles
Vintage Value	Elderly people with limited pension income, mostly living alone
Family Basics	Families with limited resources who budget to make ends meet
Transient Renters	Single people renting low cost homes for the short term
Municipal Tenants	Urban residents renting high density housing from social landlords

Perth city centre is dominated by 'Rental Hubs'

The largest demographic in the city centre is Rental Hubs, making up 55% of all households. This group is mainly made up of educated young people who are privately renting properties in urban locations. The next most popular group was Municipal Tenants, which are characterised as 'urban residents renting high density housing from social landlords'.

Perth's wider city has a much more diverse range of demographics compared to the city centre. Municipal Tenants made up a significant proportion of both the city centre (18%) and the wider city (9%). Municipal Tenants had similar levels to Prestige Positions, Country Living and Vintage Value. Rental Hubs was still the most popular demographic but with a much lower proportion (12%).

Figure 3.10 Mosaic Profile for Perth, Scotland and UK

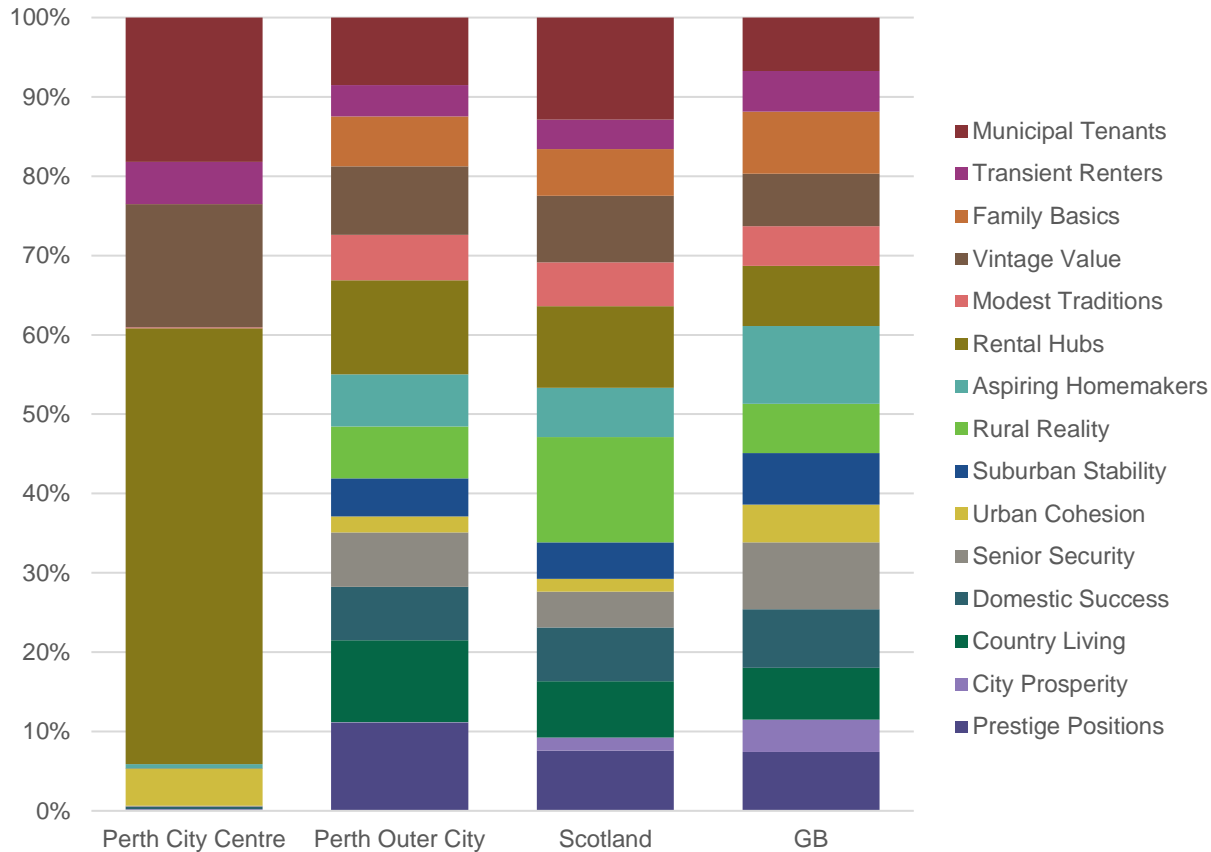
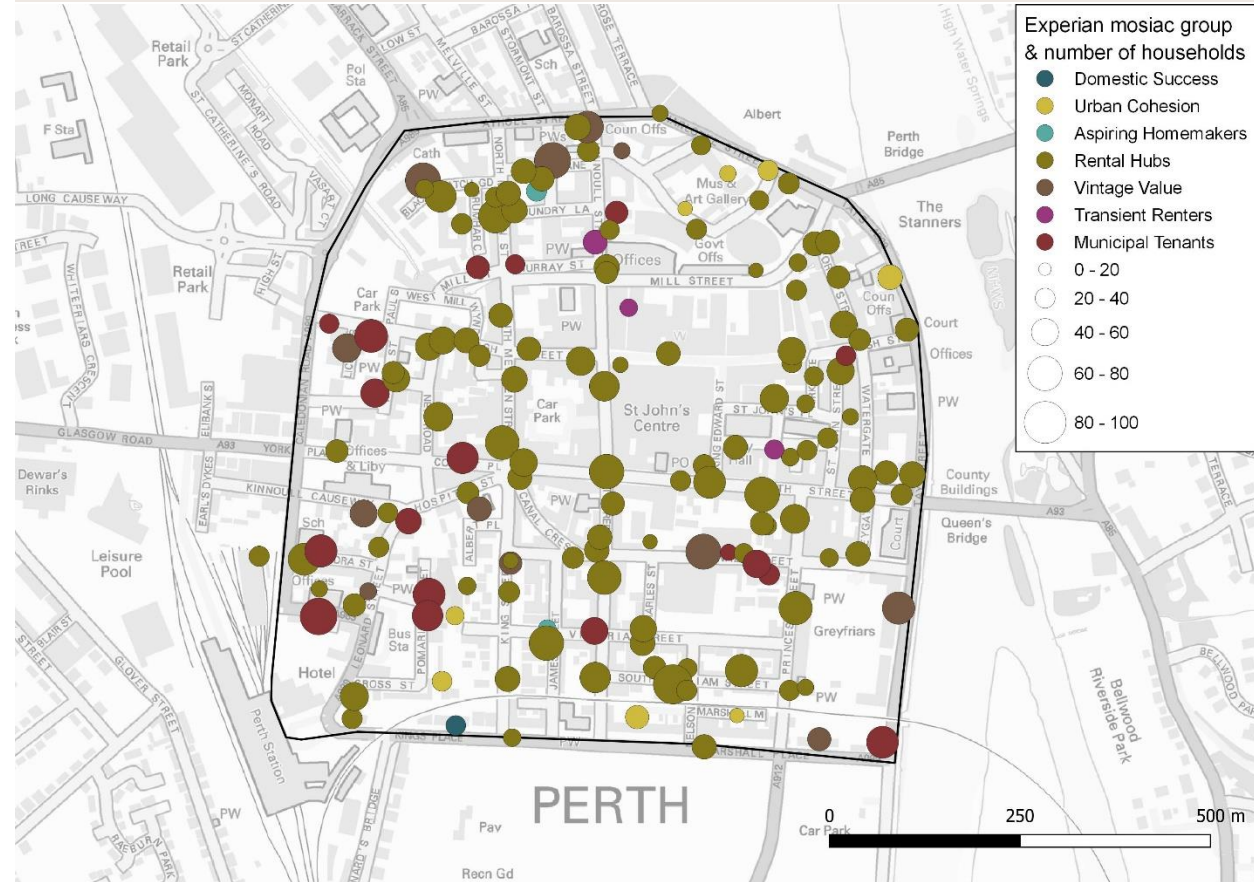


Figure 3.11 Perth Mosaic Households Map



Perth city centre is largely residential with a large 'urban centre'

Urban centres made up the majority of Perth's central inner city, followed by medium and high density residential areas.

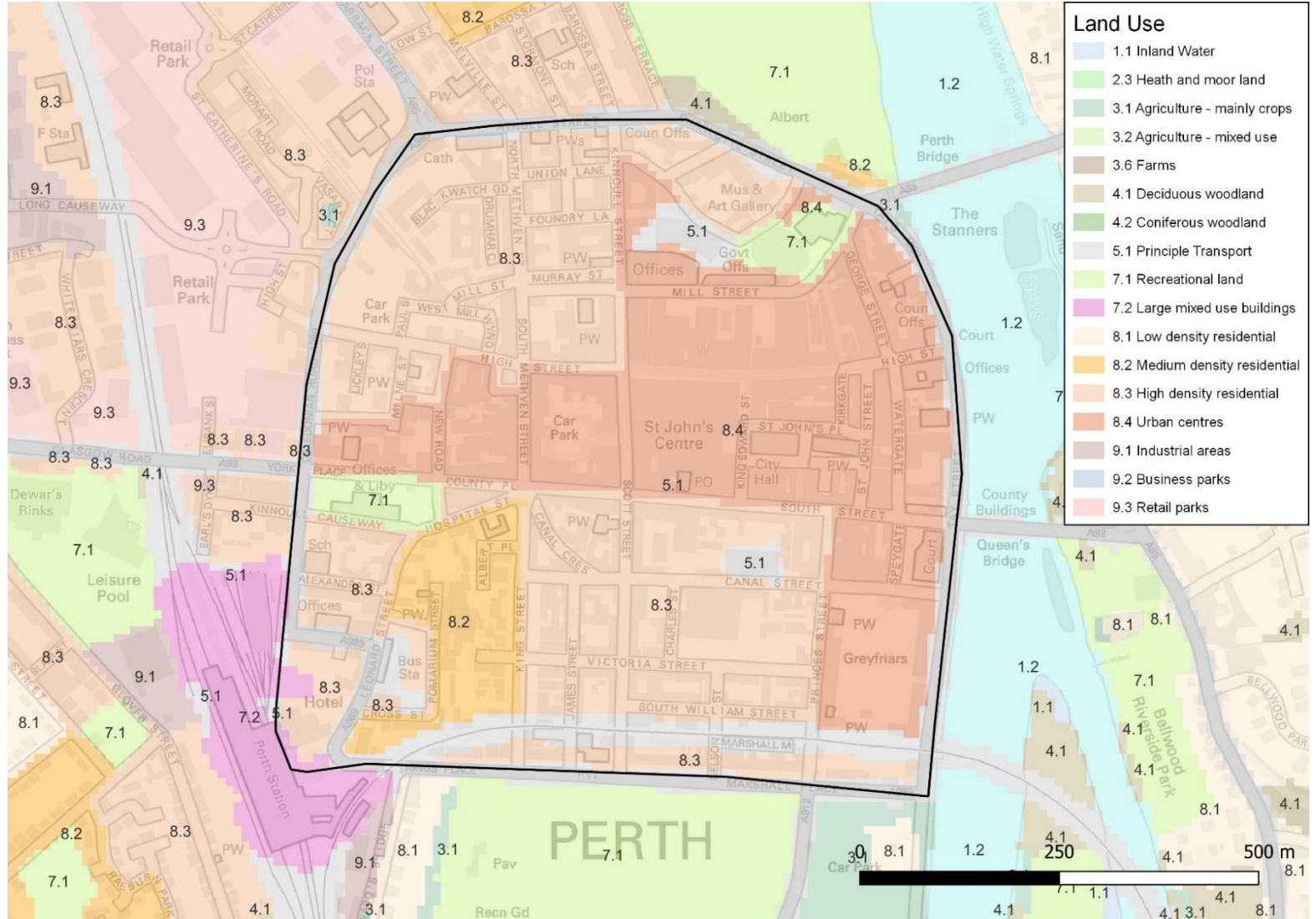
The high density residential areas continued into the outskirts of the city which also contained large areas of recreational land and retail parks.

To the south-west of the city there are large areas dedicated to large mixed use building and to the east there is a large area of woodland.

Land use explanations:

- Low density residential is classified as 'low density residential with amenities (suburbs and small villages/hamlets)'.
- Medium density residential is classified as 'medium density residential with high streets and amenities'.
- High density residential is classified as 'high density residential with retail and commercial sites'.
- Urban centres are classified as 'urban centre – mainly commercial/retail with residential pockets'.
- Large mixed-use buildings are classified as 'large complex buildings with various uses (travel/recreation/retail)'.

Figure 3.12 Perth City Centre Land Uses



4. Review of Planning Applications

No new homes have been submitted since 2019

No new homes have been submitted in Perth since 2019. 2018 was a particularly productive year with 70 new homes submitted.

The scheme that is currently being constructed is located in the north of the city centre.

The current total pipeline is more than 200 homes. 21 are currently under construction, 49 have planning consent, and 162 are at 'pre-planning'.

Figure 4.1 Planning Applications by Number of Homes/Beds

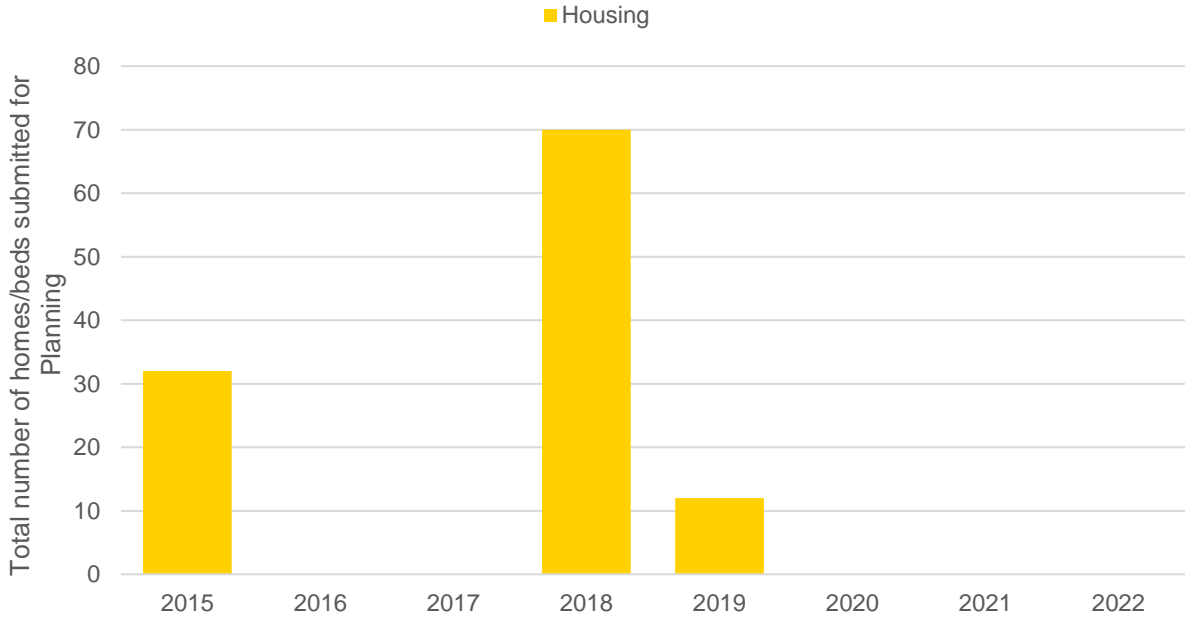


Figure 4.2 Location of Residential Planning Applications

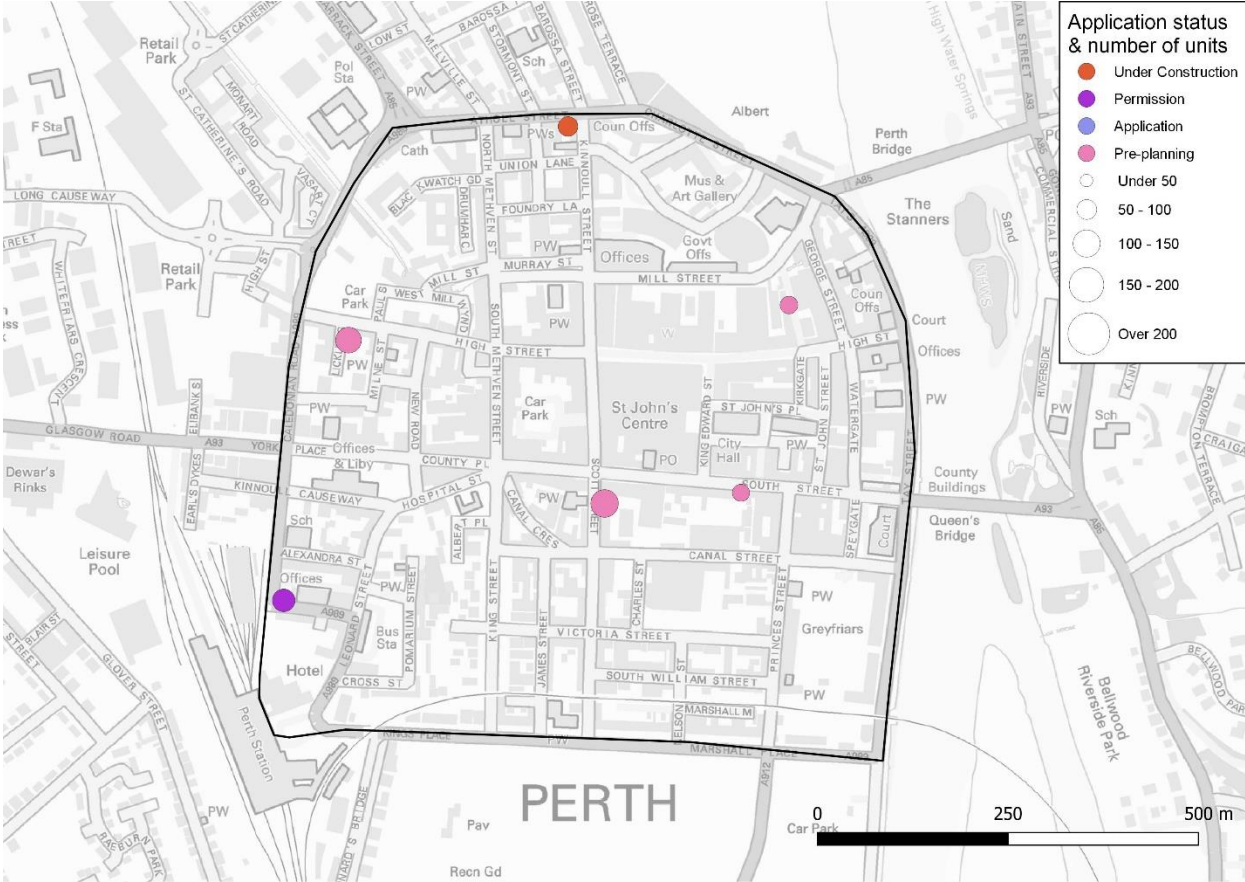


Table 4.1 Status of Perth Residential Planning Applications

	Pre-planning	Application	Permission	Under Construction	Total
City Centre	162	0	49	21	232

5. Key Themes for Increasing Residential Capacity

Key themes for increasing residential supply

Introduction

This section covers the key themes for increasing residential supply in Perth. The summary report compares the findings for each of the seven cities and provides recommendations at the Scottish and UK levels.

Housing Targets and Approach for the City Centre

We understand that no City Centre specific targets are in place and this is an area that could be developed in relation to work towards the development and adoption of LDP3. An examination of what type of city centre living is required for the Perth city centre 'market' would be a prudent step and this could inform the setting of targets/requirements as part of the wider minimum all-tenure housing land requirement (MATHLR). Such a study could usefully take cognisance of a similar piece of work for Aberdeen city, for example it will be important to understand the challenges and market dynamics in place.

Having a measurable annual target evidently allows for robust tracking of progress. However, it may also assist in securing/planning for funding to develop a strategy.

The council should follow a systematic process in order to assess the opportunity sites and support development. The following steps are recommended:

- Assess the costs and benefits of sites and development schemes
- Decide how best to address development viability gaps
- Engage with development industry for example through 'developers forums'.
- Review and secure appropriate partnerships with developers

- Engage with stakeholders (local communities and developers), explain new ideas, and take on board feedback
- Produce guidance on how the council will support city centre housing delivery.

Areas for Development/Intensification/Expansion

Delivery of the Thimblerow site is the priority for the Perth city centre as this is the largest site with the best immediate potential. However there are multiple smaller sites all with their own character and site specific constraints and opportunity.

Currently PKC have not examined city centre living in great detail albeit we understand it is to fulfil a proportion of their housing need. A detailed examination of what type of living is required and how this could be delivered would be a prudent step, we would cite the Aberdeen City Centre Living Discussion Paper as an example of such a report.

Thereafter this can be translated into the NPF MATHLR delivery in LDP3 via an annual target. An action plan could also be developed look at what interventions are required to deliver increased city centre living, as well as what funding etc. may be available to target key sites to help work towards the annual target(s) set.

Viability and Capacity for the Private Sector to Deliver Housing

Summary of the situation & issue: During the site visits the council officers indicated that the housing development is perceived to be unviable in the city centre.

Key themes for increasing residential supply

There is limited demand from developers to develop out sites within the city centre. Development that takes place is likely to be of smaller scale on gap sites by local developers. There are opportunities for development which if pieced together could deliver sizeable opportunities but the apartment market has limited demand within the city centre and therefore development viability is challenged and little development has taken place within the city centre in the last ten years despite the availability of sites for development.

Within the pedestrianised areas of the city centre there is a quality to the buildings and streetscape which is already attractive as a residential environment and could be further developed out for residential. There is an opportunity to create a place especially for older people where amenities and resources are all available in close proximity.

A development brief was made available for the Thimble Row site the Council marketed. For other sites there may be the potential for mini masterplans to be created to help guide developers to those areas of the city centre that could sustain a larger development.

Good masterplanning is helpful in creating a clear path for developers to invest in the city centre. Understanding the planning vision of the city can both attract developers wanting to invest in the city and help landowners move forward with developers. Masterplans set out vision, framework and design standards, providing more certainty for investors and developers. A framework for development can reassure investors about the future quality of an area and can help them make the investment decisions. Funding should be sought to deliver masterplans for key development areas. However the right balance needs to be found between vision and quality vs viability and deliverability.

Where sites or buildings are thwarting masterplan delivery the council could use Compulsory Purchase Orders (CPOs) where necessary to ensure masterplan delivery.

If the council does not initially consider CPO appropriate, it could set out the vision framework and suitable design standards to provide more certainty and a structured framework for development. When a CPO is a necessity in promoting the development of sites and wider areas within the city centre the council should look to work with a preferred development partner or partners to masterplan specific sites or districts within the city centre. Development might then be carried forward by one or more parties in the future. Examples from other cities include the Sheffield New Retail Quarter and Birmingham Bull Ring.

A constraints plan of sites should be available to allow clear understanding of the key impediments preventing development happening for both existing and prospective developers.

In key sites funding may be sought to remove key constraints stopping major developments happening.

Further developing a joined-up approach at council level to ensure delivery of projects would be helpful. Teams responsible for planning, estates, roads, building standards etc should deepen their collaboration to cut through issues which may be preventing or delaying investment in city centre sites. Relaxing policy where appropriate should be considered if a justifiable case can be made. Expansion of city centre team/forums across the departments in the council that meet on a regular basis could facilitate a more joined up approach to ensure delivery of projects.

Key themes for increasing residential supply

The council could consider a maximum developer contribution rate per unit that could be applied to residential developments in the city centre. This maximum rate would provide a ceiling cost to developers to allow them to fully consider if a project is viable before coming to pre-app and / or can enter pre-app stage prepared for a discussion with the council as to why they cannot meet the maximum rate.

The council's Perth & Kinross Local Development Plan (2019) states that where the cumulative impact of new developments will exacerbate a current or generate a future need for additional infrastructure provision or community facilities, planning permission will only be granted where contributions which are reasonably related to the scale and nature of the proposed development are secured. Within the Perth City Centre Zone, proposals with fewer than 20 units will not be required to contribute towards primary education or transport infrastructure. Where a proposal provides 20+ units, the contribution requirement will be assessed on a case-by-case basis.

Primary education contributions will be sought from residential proposals for the primary school catchment areas. In addition, 25% affordable housing will be sought if the development consists of 5+ units.

Other suggested enablers include greater use of appropriate CPOs, preparation of constraint plans and seeking funding to address constraints. The solutions will have to be site-specific as there is no one size fits all answer. There are examples where CPO or council land was used, sometimes public sector can deliver/unlock the site by specific intervention in infrastructure. It will all depend on specific site situation. Examples include Merchant City.

Overall there is generally no issue with the capacity of the private sector to deliver housing if the opportunities are presented with a clear and appropriate vision on planning and infrastructure.

Examples include local development and regeneration frameworks, site/area strategies and infrastructure plans. Investors/developers should have an understanding of the broader vision/ambition for an area to support their investment decisions. This includes public realm, transport, education and healthcare. Numerous companies want to build and invest in city centres. It is unlocking the sites and buildings and providing suitable certainty which is the issue.

Potential for Conversion of Commercial Space

Recommendation & justification: There is limited stock available for such within the City Centre that which is, is small scale however there are likely to be viability challenges to doing so.

Tax relief on developing out residential properties in vacant space above existing commercial could allow some of this stock albeit on a small scale level to be developed out and contribute to the stock within the city.

The council should do periodic surveys with identification of ownership and interventions required to provide access noted. Such interventions could be the reconfiguration of retail units to provide direct access to upper levels from main streets. The significant changes to the retail market may help facilitate this in the short term. A broad-brush assessment of conversion potential in terms of design considerations and viability gap for key sites should be prepared. The viability gap is always site specific and there are not usually rules of thumb or indicative flat rates which could be applied to the city centre. The sites with the greatest potential to deliver residential development and the smallest viability gap should be prioritised for further assessment of funding options.

Key themes for increasing residential supply

Potential for Conversion of Listed Buildings

The conversion of Listed Buildings brings consenting (planning and building warrant) and viability challenges. This was discussed on site and is also a nation wide dynamic.

The removal of the requirement to pay VAT on the conversion of listed buildings would have a significant impact on the viability of proposals to convert listed buildings in Perth. Alternatively, we would suggest that Listed Buildings do not attract developer contributions.

Grant funding will be required to save those buildings which could viably offer a quality of product in a part of the City Centre which would be considered desirable to live within. It may be that some of the stock which is clearly unviable and that has been lying empty and derelict for a number of years is considered for demolition unless there is an enabling solution proposed to owners/developers or if there is grant funding at a level required to ensure the viable future development of the buildings/s.

An overall assessment of city centre living could identify priority action areas where specific briefs could aid the listed building consent challenges. In addition, there may be common barriers which could be identified and a plan developed in conjunction with relevant statutory and private sector bodies, to help facilitate re-use of vacant Listed Buildings to help their re-purposing for city centre living.

There is a 100% relief from non-domestic rates for the whole time a listed property is unoccupied. This is seen as a disincentive to redevelopment although the removal of this relief would cause liability to owners. Potential for revision of this relief should be explored to bring the city centre sites forward for redevelopment sooner. Possible domestic and non-domestic rates relief for a certain period after the occupation would incentives the development.

Affordable Housing Strategy

The provision of affordable housing is evidently critical but it can raise viability issues with schemes, again this is a nationwide dynamic.

A city centre living strategy could consider waiving the affordable housing requirement in certain areas or for a certain timeframe should viability issues be evident as a particular barrier. Such a waiver has had some success in Aberdeen.

It is also possible that affordable housing funding could actually help bring schemes forward this could be standalone or on a joint-venture basis. We are aware that PKC have a forward-thinking affordable housing team as well as policies to ensure housing mix to help bring forward flexible schemes. Again, precise evidence on the current city centre housing need would assist.

Conversion of commercial properties for affordable provision is prohibitively expensive and complicated from the design standards perspective (larger units are required).

Family Housing Strategy

There is no requirement for family housing (larger units). This is helpful if the council wants to increase the population in the city centre. Family housing is challenging due to viability issues and design requirements.

Perth is recognised for the quality of its housing stock and the environment within which it is set. There is limited demand for apartment living beyond the existing stock of the City. There is no requirement to have a policy to bring families into living in the City Centre. There is an abundance of family housing within a short walk of the City Centre.

Key themes for increasing residential supply

Student Housing Strategy

Currently Perth has no specific student living strategy but there is recognition in City Deal literature and the Perth City Plan clearly recognises that the education sector can be improved.

The development of a standalone strategy or incorporation of university/college living into a City Centre Living strategy is important. The consideration of improvement of walking, cycling and public transport links to the UHI from the city centre could also be a focus of 20 minute neighbourhood analysis for the next LDP.

There is limited demand for student accommodation within Perth. There are sufficient opportunities available to develop PBSA (purpose-built student accommodation) should there be a requirement for such, but to be viable, an educational institution would have to offer a nomination agreement or something equally robust to allow it to be funded.

Housing for Older People

Summary of the situation & issue: There is no strategy for housing for older people.

Demographic shows that the growing proportion of the elderly population which will need to be catered for. The city centre offers good access to services and public transport.

Recommendation & justification: Consider a city centre strategy for housing for older people. The place and services within the City Centre as well as the natural amenity within close proximity offer everything elderly people require to have a quality of life if living within the City. A strategy for provision of such is likely to attract developers to consider delivery of product on gap sites within the city centre. Assisted living schemes have a useful role to play.

Co-living, Built to Rent

It is unlikely in the short term that Perth will be considered by institutional investors for such product due to the lack of population and their requirement to deliver quantum of units.

If the council are interested in attracting BTR investors or developers, we would suggest that they openly communicate with those active in the sector and ascertain what support would be required to facilitate a development of this nature.

Social Infrastructure

If the council wants to increase residential population in the city centre an infrastructure delivery plan should be prepared. It can quantify what the increase in the residential population means in terms of social infrastructure. The plan should review social infrastructure including education facilities (early years, primary, secondary and post-16 facilities), primary healthcare facilities (GPs, dentists), different types of open and play space and sport facilities. The plan should consider how the incoming population will affect the existing facilities considering their household characteristics (the new population might comprise more couples and singles which reduces the need for schools and play spaces). The plan should set out what additional infrastructure is needed, its cost, funding and the timeframe for delivery.

Low Carbon Development

Summary of the situation: The LDP requires proposals for all new buildings to demonstrate that at least 10% of the current carbon emissions reduction set by Scottish Building Standards will be met through the installation and operation of low and zero-carbon generating technologies.

Key themes for increasing residential supply

Recommendation & justification: Consider the specific requirements for the city centre development. The location ensures good environmental credentials including reduced travel, reduced infrastructure requirement and availability of district heating networks.

The next LDP will be required to take account of NPF4 and policy content on 'infrastructure first', 'heating and cooling', 'blue and green infrastructure' and 'climate mitigation and adaptation'. The key sites and other city centre proposals for residential will require to be developed/re-developed with these policy considerations in mind. To improve the prospects of this taking place, preparation of the next LDP and/or additional planning guidance could be developed/updated to guide developers on what is expected in terms of applications.

Car Parking Standards

During the site visit the council officers indicated that there are minimum car parking standards in the city centre.

Policy aspirations of zero parking should be commended due to the benefits they will bring. This includes the ability of developers to increase densities without the need to include space for parking, the environmental benefits, as well the improvements to public realm with less cars, and more liveable, pedestrian friendly streets. For rental properties this policy does not impact developer or occupier demand, however for owner occupied properties, particularly those targeting families or downsizers, will demand a level of car parking provision. The council could consider maximum parking standards while encouraging car free developments

EV Charging Strategy

The Local Development Plan requires all development proposals to support the provision of

charging points for electric vehicles. No specific targets for EV charging points provision have been set. The policy does not provide enough support for Council's ambition to reduce CO2 emissions.

In the context of the shift to electric cars, the council's low carbon strategy, and the limited scope for driveway electric charging in the city centre, we recommend that the council develops a wider and complete EV charging strategy for the city centre. This should assess all charging requirements for city centre residents and how this is to be met. This will help ensure the city centre is an attractive place to live.

Other Development Constraints

Limited demand for product within the city centre and lower values for property within the city centre housing stock, predominantly for apartment living, has resulted in sites which have been available for development lying undeveloped for a number of years as they are just not viable. That will only be exacerbated by rising build costs and a slower sales market.

The nature of the city centre allows cars to permeate most areas of the city centre. This breaks up community and reduces amenity. Reducing car routes throughout the city centre where possible may help to improve the environment for city centre living and aligned with mini masterplans may create more attractive propositions for developers considering building in the city.

Key themes for increasing residential supply

Conclusion and Role of the Public Sector

Public sector involvement can lead to better outputs compared to purely commercially driven projects. The focus should be on mixed use, sustainability (transport, energy efficiency, GHG emissions) and social infrastructure. Development can be brought about with a varied degree of council involvement. This ranges from no direct involvement (land owned and developed by other parties) to direct delivery. These options can be considered based on the risk exposure, resource and financial commitments, control over the process, timeframes and quality.

Below we set out options for partnerships. Options 2 – 4 could be in combination with an initial CPO if land is not owned by the public sector agencies.

Option 1 – Land Owned and Developed by Other Parties. In this option the private sector develops land. Council's involvement is limited to local policy, planning process and building control.

Option 2 – Disposal and Development Agreement. This option involves a sale of council/public sector controlled land (with the remediation works if required) and then a development partner to develop out a site in agreed phases and in accordance with a Development Agreement. The development partner will then bear most of the risks and bringing market knowledge, delivery expertise and access to finance.

Option 3 – Corporate Joint Venture. This option requires the council to set up separate Joint Venture Company with a private sector partner and participate in the delivery of a scheme and sharing profit. This is often in the context of a council owning/controlling land. Joint ventures pool the resources of partners (financial and otherwise) to improve efficiency and output whilst

reducing financial risk. This presents opportunities for the private sector developer and authority, which uses its land to lever long-term investment from the developer. It does though involve the public sector taking more risks than the development agreement model.

Option 4 – Direct Development. This option involves councils acquiring land, funding all necessary infrastructure and building out housing (and/or other uses) under the guidance of a development manager. This is the maximum risk, maximum up-front cost and maximum potential return model for the public sector.

Key themes for increasing residential supply

Recommendations

In seeking to deliver more homes the council could consider the following actions:

- A mechanism for the delivery of grant funding to bridge viability gap in the case of most challenging sites.
- Possible maximum developer contribution rate per unit that could be applied to residential developments in the city centre.
- A template for the assessment of the retention of existing unlisted buildings.
- Reducing car routes throughout the city centre where possible with mini masterplans to create more attractive propositions for developers.
- Establish/extend forums for discussion with developers and investors to review the barriers for development, gather ideas and act as a sounding board for council's proposals.
- Develop a wider and complete electric vehicle (EV) charging strategy for city centres.
- Consider application of maximum car parking standards for housing developments.
- Prepare additional low carbon planning guidance to inform developers about what is expected in terms of applications.
- Be mindful of the ability of developers to create fully net zero developments within a listed building whilst also protecting its heritage
- A template for the assessment of the retention of existing unlisted buildings
- Guidance on the conversion of listed buildings in the city centre – including the potential to

partner with a developer to deliver and exemplar scheme.

- Prepare a social infrastructure delivery plan.

Appendix 1 Abbreviations

BTR	Build to Rent
CO2	Carbon dioxide
CPO	Compulsory Purchase Order
EV	Electric vehicle
GFC	Global financial crisis
GP	General Practitioner
HA	Housing association
Ha	Hectare
HESA	Higher Education Statistics Agency
LDP	Local Development Plan
MATHLR	Minimum All-Tenure Housing Land Requirement
NPF4	National Planning Framework 4
NROSH	National Register of Social Housing
pa	Per annum
PBSA	Purpose-built student accommodation
pcm	Per calendar month
PKC	Perth & Kinross Council
VAT	Value Added Tax

Appendix 2 Policy Documents: Summaries

Perth & Kinross Local Development Plan (2019)

Policy 5: Infrastructure Contributions - where the cumulative impact of new developments will exacerbate a current or generate a future need for additional infrastructure provision or community facilities, planning permission will only be granted where contributions which are reasonably related to the scale and nature of the proposed development are secured. Within the Perth City Centre Zone, proposals with fewer than 20 units will not be required to contribute towards primary education or transport infrastructure. Where a proposal provides 20+ units, the contribution requirement will be assessed on a case-by-case basis. Primary education contributions will be sought from residential proposals for the primary school catchment areas

Policy 20: Affordable Housing - residential developments including conversions, consisting of 5+ units should include affordable housing, amounting to 25%. If the on-site affordable housing provision is not viable following a viability assessment, the Council will seek off-site provision. If not viable as well, a commuted sum will be required from the developer

Policy 25: Housing Mix - proposals with 20+ units should comprise an appropriate mix of house types and sizes that meet the needs of smaller households and provide at least 10% of their homes as one or two bed homes

Page 256 Perth Area Strategy - the strategy supports the utilisation of brownfield sites within the settlement and provides a flexible framework that will assist developers and landowners to bring forward underutilised sites in the city centre. However, it notes that within the city there is limited potential to bring forward brownfield sites for development

Developer Contributions & Affordable Housing Supplementary Guidance (2020)

4. Primary Education & New Housing Development - the Council will seek to secure contributions from developers of new homes towards the cost of meeting primary education infrastructure improvements necessary as a consequence of development

6. Transport Infrastructure - the Council will seek contributions from developments in and around Perth towards the cost of delivering the transport infrastructure improvements and to support the growth of Perth and Kinross

7. Affordable Housing - the benchmark figure for affordable housing is 25%. If the residential development consists of 5+ units, it should provide 25% affordable housing. The details of the provision, including tenure, house size and type will be a matter for agreement between the developer and the Council and based upon local housing need and individual site characteristics

TAYplan Strategic Development Plan 2016-2036 (2017)

Policy 4 - housing land developments including the centre of Perth are important to assist in the delivery of the 20 year housing supply target of 38,620 homes between 2016 and 2036. The city centre and surrounding area within the boundary illustrated in the map of the document would be expected to deliver 540 new homes per annum from 2016 to 2028. Moreover, the policy requires that the mix of housing type, size and tenure meets the needs and aspirations of a range of different households throughout their lives, including the provision of an appropriate level of affordable housing based on defined local needs. The general requirement is 25% affordable housing

Placemaking Guide (2020)

Page 68 - urban infill development is recognised as the practice of developing vacant or underused parcels within existing urban or developed areas that are already largely developed. Where appropriate, infill development should look to involve more than the piecemeal development of individual plots

Page 69 - brownfield sites are recognised to have the potential to contribute positively to the regeneration of a street or wider street. Proposed development on brownfield land may be permitted if it enriches and does not detract from the character and qualities of the existing built environment; the site size, form, density, architecture and the scope fits in with the character of the surrounding area; any direct or indirect impact on landscape or biodiversity have been considered and mitigated; environmental considerations have been taken into account

Perth & Kinross Local Housing Strategy (2016-2021)

Priority 1 Supply of Housing and Sustainable Communities - the guidance seeks to increase number of affordable homes in size, type and location that people need and increase range of tenure type and mixed tenure developments to maintain sustainable and mixed communities. It wants the areas of deprivation to be regenerated and more people are living in the city centre. A total of 2,750 new build homes should be delivered through a combination of funding from Scottish Government and developers' contributions. 25% affordable housing delivery in a development of 5+ units is important.

Policy Documents - Summaries

Mill Street Best Practice Guide

The town centre is at the heart of the community and can provide a hub with a range of activities. The plan identifies pilots with a number of planning authorities and heads of planning, 15 pilots around 7 key areas were identified.

The Perth Project focuses on creating a safer, high quality environment on Mill St. for pedestrians. Mill Street runs parallel to the High Street. Mill Street is at the heart of Perth's proposed Cultural Quarter. The council wants to offer a world-class quality of life for the residents of the city.

The approach used to safeguard the land for future development and to ensure the completion of the project is the use of compulsory purchase orders (CPO).

The scheme involves encouraging a vibrant and successful night time economy, improvements to the pedestrian spaces, implementing shared spaces to generate a sense of place and the provision of attractive spaces for markets, events and outdoor eating and drinking facilities to improve the vibrancy and economy of the city.

The CPO for land plan and schedules was made by the Council in 2015.

Perth City Plan 2015-2035

The Perth City Plan focuses on the strengths and weaknesses of the city and the development that should take place over the next 20 years. The plan focuses on investment, internationalisation, innovation and inclusive growth. The plan provides a long term plan and vision for the city which ties into the goals of the LDP and focuses on the goals of the city centre. The City plan has 4 main sections - Place, People, Policy and Investment.

The strengths of the city include the location and setting, commitment to community, working in a partnership, strong food and drink offering, high quality of life and a strong historical and cultural heritage.

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.