

Scottish City Centres

Workstream 1 – Increasing Residential Capacity

Dundee

Final Report, July 2023

1. 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 Dundee.

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 Dundee 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 (2023)
- Dundee Local Development Plan (2019)
- Strategic Housing Investment Plan 2019-2024 (2019)
- TAYplan Strategic Development Plan 2016-2036 (2017)
- Our Future City Centre: Strategic Investment Plan 2050.

Housing Targets for City Centre

The ambition to double the resident population living in and around the city centre over the next 30 years period is set out in Our Future City Centre: Strategic Investment Plan 2050.

Development Sites

Dundee Local Development Plan (LDP) (2019) specifies that the area within Central Waterfront has a capacity for circa 375 residential units.

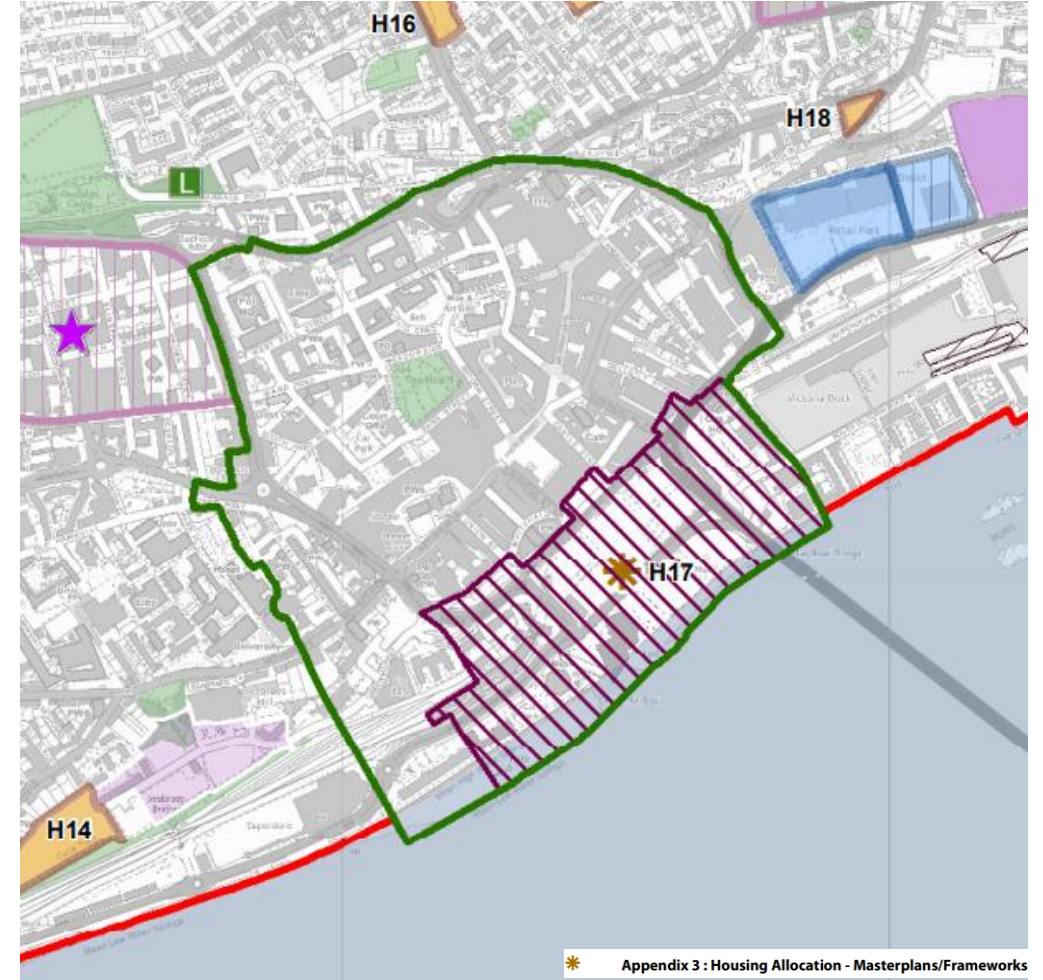
Affordable Housing Policies

Dundee Local Development Plan (2019) states that 25% of housing delivery should be affordable.

Family Housing Policies

No specific policies relating to family housing have been identified.

Figure 2.1 Dundee Local Development Plan (2019) Proposals Map



Source: Dundee Local Development Plan (2019) Proposals Map

Student Housing

Dundee Local Development Plan (2019) clarifies that following comprehensive development of new and replacement student accommodation over the past ten years, it is considered unlikely that there will be the need over the short to medium term for any significant additions to the supply of accommodation for students.

Policy 15: Student Accommodation specifies Student accommodation will only be supported where it can be suitably demonstrated that a demand exists within the particular area for the level and type of student accommodation proposed and it is within convenient walking distance of the higher education institution to which a need exists

Housing for Older People

Policy 14: Residential Accommodation for Particular Needs of Dundee Local Development Plan (2019) supports the development of residential accommodation for elderly where a high quality residential environment will be created and the site the site is well connected to a range of local services (including public transport) and facilities.

Low Carbon Development

The Low and Zero Carbon Technology in New Development Supplementary Guidance (2019) notes that the proportion of the carbon emissions standard set by the Scottish Building Standards Technical Handbooks, 2019, to be met through the installation and operation of low and zero carbon generating technologies will be 5%. Installed low and zero carbon generating technologies cover biomass, solar power, micro-hydro, ground source heat pumps, heat exchange recovery systems, micro-wind, water source heat pumps, geothermal, solar thermal, passive flue gas heat recovery devices and district heating.

Car Parking Standards

The Local Development Plan notes that for houses and flats in the city centre, 100% car parking provision for new build properties is expected. Flexibility on the level of provision may be applied where car-free schemes or alternative arrangements such as car clubs are proposed or where provision is impractical. For conversions, provision should be made where possible.

Streets Ahead Road Standards (2005) sets out maximum allowance of 1 space per dwelling in the city centre. Exceptions may be made for conversions, car free schemes or where provision is impractical.

EV Charging Strategy and Policies

The Dundee Local Development Plan (2019) notes that if residential parking is permissible, the development should include infrastructure to provide electric car charging points, either through electrical connections adjacent to private driveways or through infrastructure for the installation of charging points within communal car parking areas. In addition, the general requirement for houses and flats in the city centre is to provide electric charging points in parking areas.

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.

Dundee city centre is characterised by low residential values, the highest values are found in the south-west of the city near the coastline. Average values in the city centre are higher than the wider city, particularly for terraced houses. Higher values are found outside the city centre for detached houses. The market is dominated by flats in the city centre. House prices in Dundee are 21% 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 £788pcm. Rental growth across the Dundee local authority was 8.7% 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 around 30% less stock on the market for 1, 2 and 3 bed homes.

Dundee had similar population density across the city centre. The east of the city centre was more populated than other areas with less populated areas being found to the north-east.

Since 2015 there have been under 50 private sales in Dundee city centre each year. These are largely second hand sales but with a higher proportion of newbuild than the national average. City centre transactions only make up around 2% of total transactions across the wider city.

Dundee city centre is dominated by Rental Hubs, a demographic group who are 'educated young people privately renting in urban neighbourhoods'. They make up 89% of households in the city centre and 19% in the wider city.

Table 3.1 Number and Proportion of Households in the City Centre

Tenure	Total Households	Proportion of households
Private rented	1,227	67%
Council/Housing Association (HA)	395	22%
Owner Occupied	206	11%
Total	1,828	100%

Properties in Dundee mainly cost under £250,000

Dundee city centre is characterised by low residential values. Higher values in Dundee are found to the south-west of the city centre next to the coastline. On a pound per square foot basis values across the city centre were similar, with lower values found in the north-east of the city centre extending into the wider city.

Figure 3.1 Dundee City Centre and Wider Area Average Residential Values

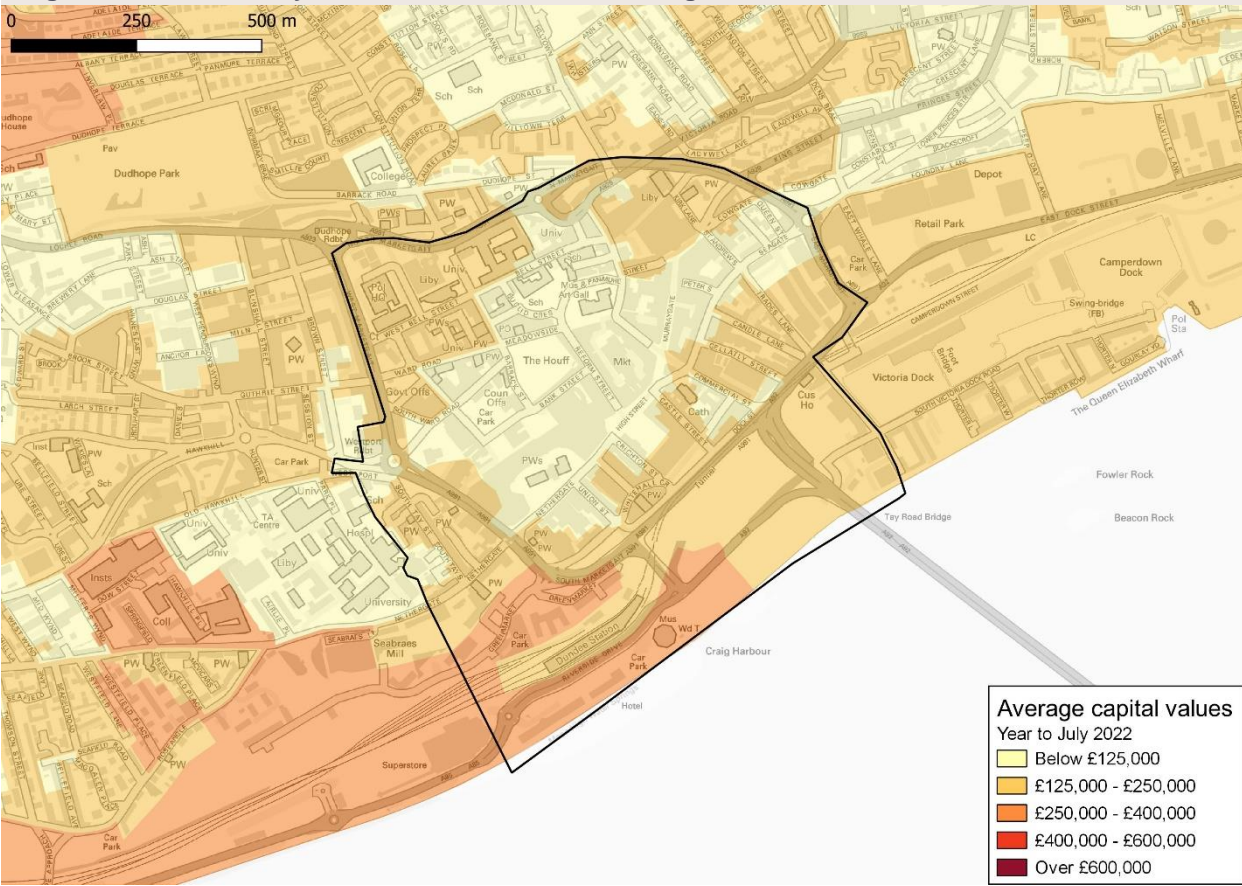
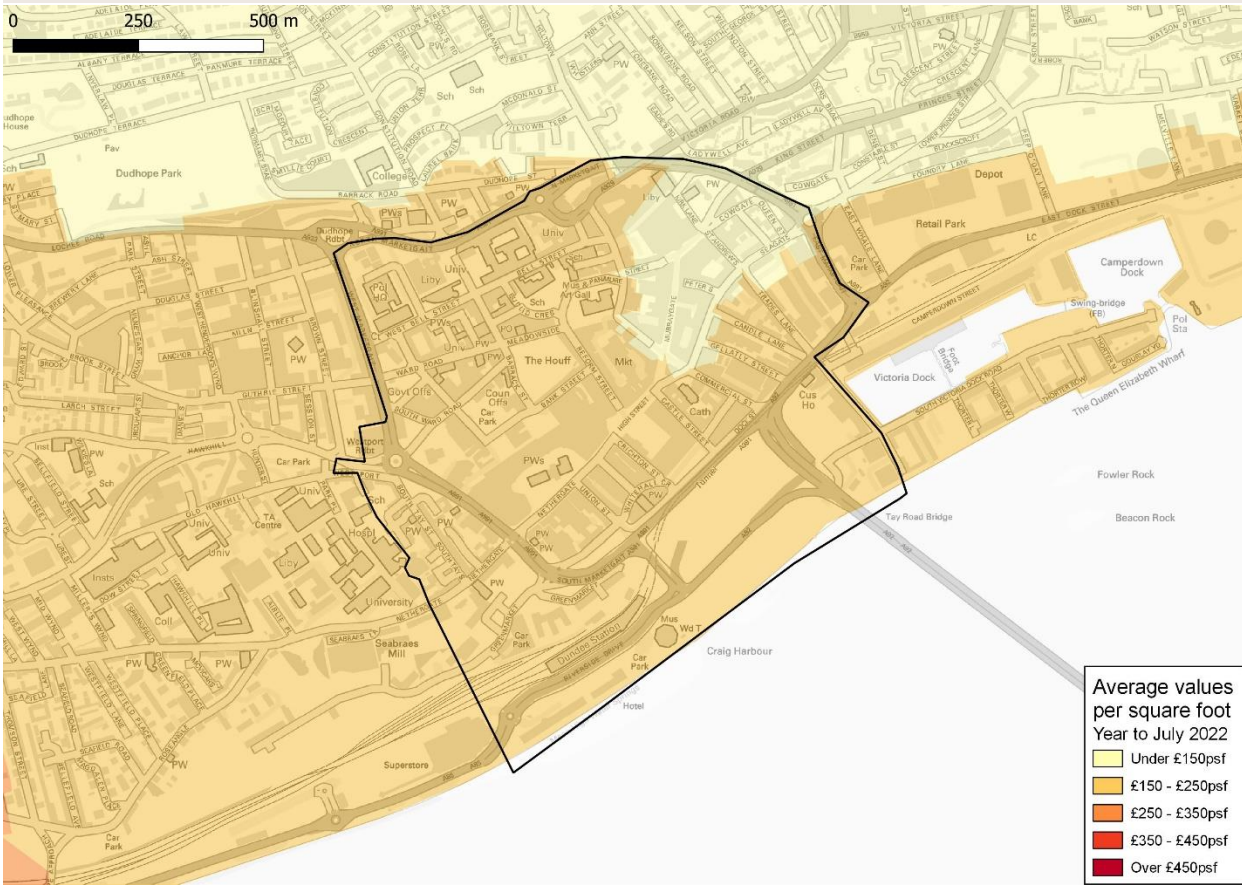


Figure 3.2 Dundee City Centre and Wider Area Average Residential Values per sq.ft



Source: HM Land Registry, DLUHC

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

House prices in Dundee were slow to recover following the global financial crisis (GFC) in 2007/08, taking another decade until February 2018 to return to the same levels. This was similar than Scotland and much lower than England and Wales which returned to the same level four years previously and were 20% above pre-peak in 2018. Dundee has been outperformed by Scotland since November 2018, after recovering at a similar rate.

Terraced houses in the city centre are values at a significant premium to the wider city, whereas detached houses had higher average values in the wider city than the city centre. Flats make the majority of transactions in the city centre (85%). However the wider city has a higher proportion of houses (51%).

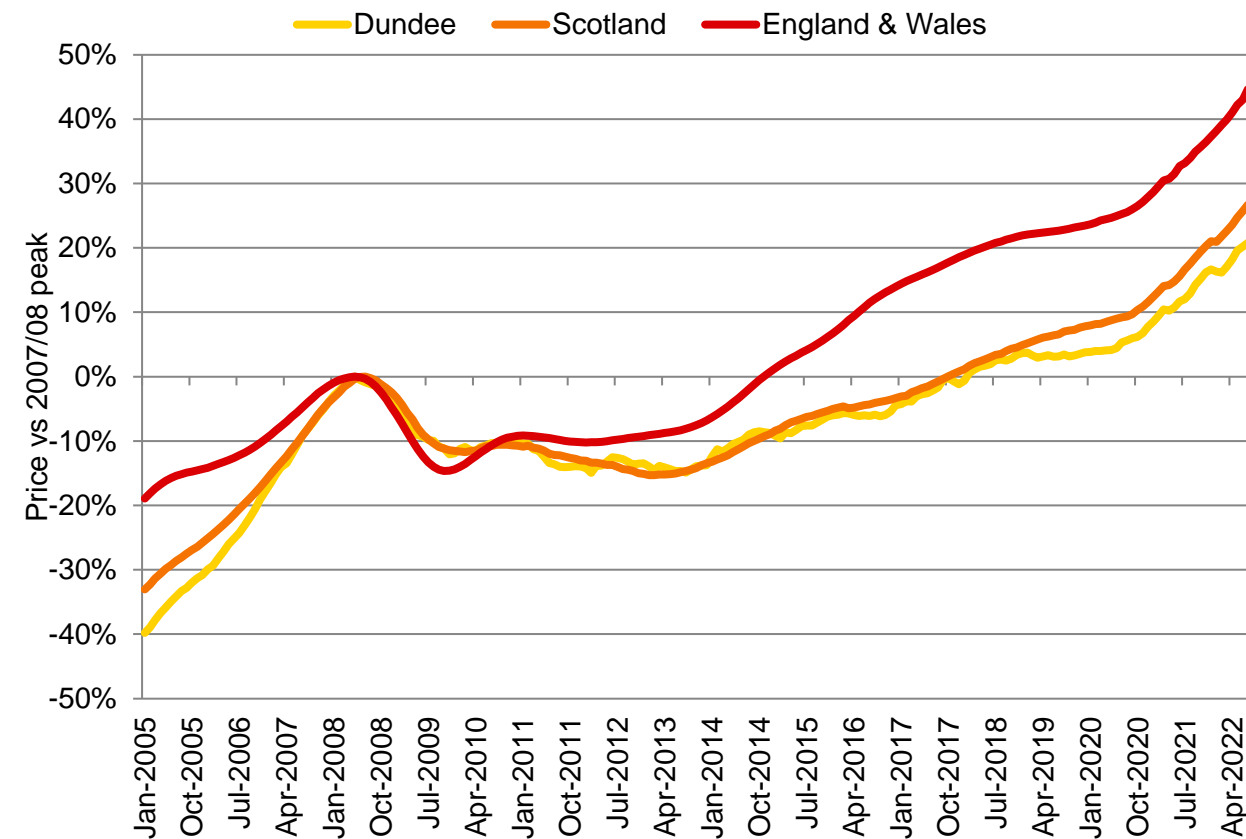
Table 3.2 Dundee Average House Price by Property Type (12 months to July 2022)

	City Centre	Wider city
Flat	£132,934	£116,004
Terrace	£252,691	£149,017
Semi-detached		£184,931
Detached	£264,370	£302,669

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

	City Centre	Wider city
Flat	85%	49%
Terrace	13%	22%
Semi-detached	0%	17%
Detached	2%	12%

Figure 3.3 Comparative House Price Growth since 2005



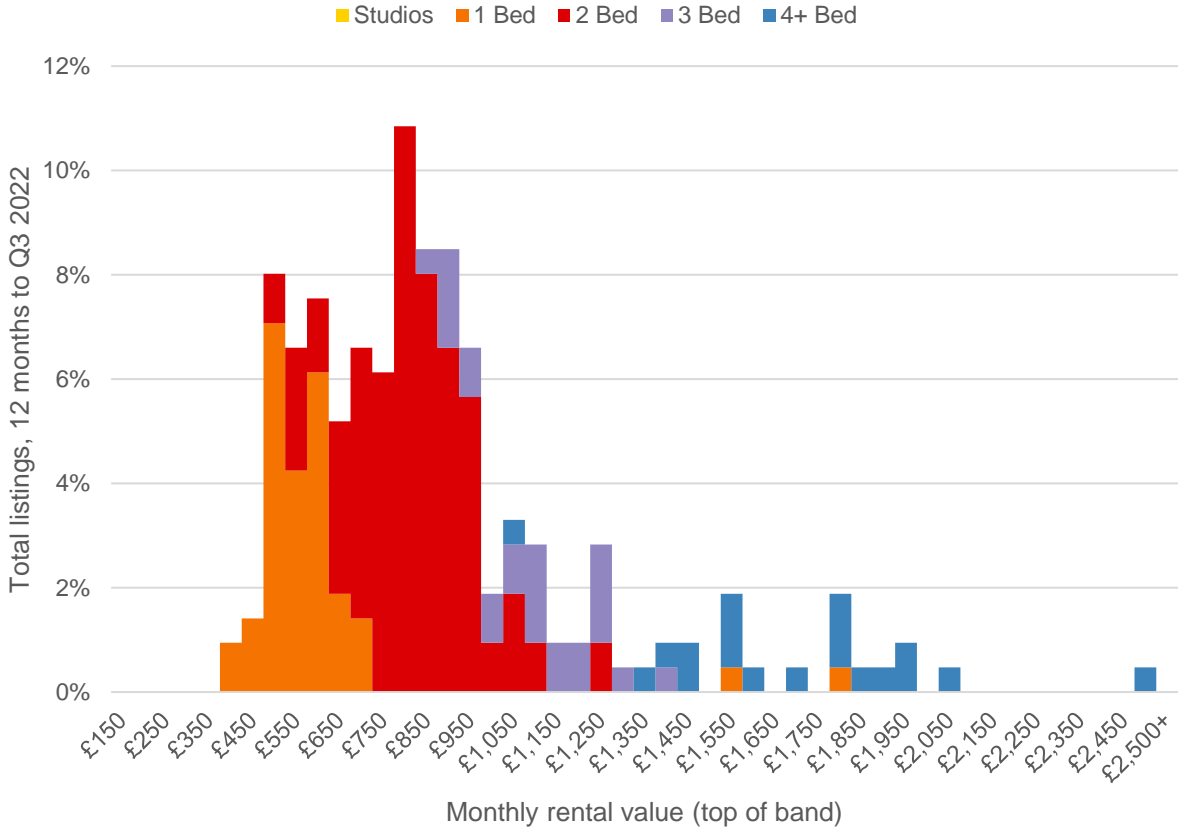
The rental market is dominated by two bed homes

The largest part of Dundee’s rental market is for units renting at between £450pcm and £950 per calendar month (pcm) with 75% of the total market. 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 Dundee City Centre Average Rental Values* (12 months to Q3 2022)

	Lower Quartile	Median	Upper Quartile	No. of listings	Proportion of listings
Studio				0	0%
1 bed	£476	£531	£586	51	24%
2 bed	£705	£788	£874	117	55%
3 bed	£931	£1,069	£1,194	25	12%
4 bed	£1,338	£1,413	£1,506	7	3%
Total	£605	£785	£936	212	100%

Figure 3.4 Distribution of Rents in Dundee City Centre*



Dundee's rental market has seen annual rental growth of >8%



Rents in Dundee are up 8.7% in the year to July 2022. Dundee is being outperformed by 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 30% less compared to the pre-pandemic average between 2017-19. 1, 2 and 3 beds fell by 34%, 29%, and 37%, respectively. 4 beds fell by 67%, although the sample is smaller.

Annualised rental growth in the local authority of Dundee was 2.0%, lower than the equivalent for Scotland of 2.2%.

Figure 3.5 Fall in Listings by Bed Size – Dundee City

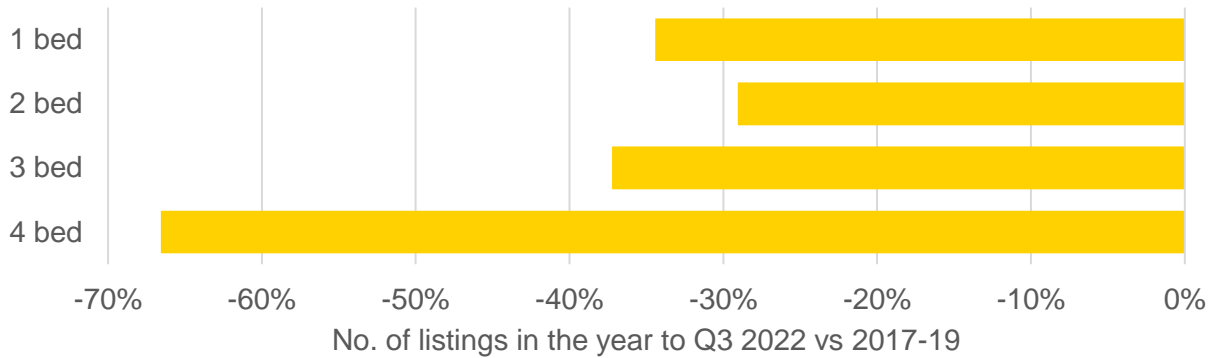


Figure 3.6 Dundee, Scotland and UK Residential Rental Growth since 2012

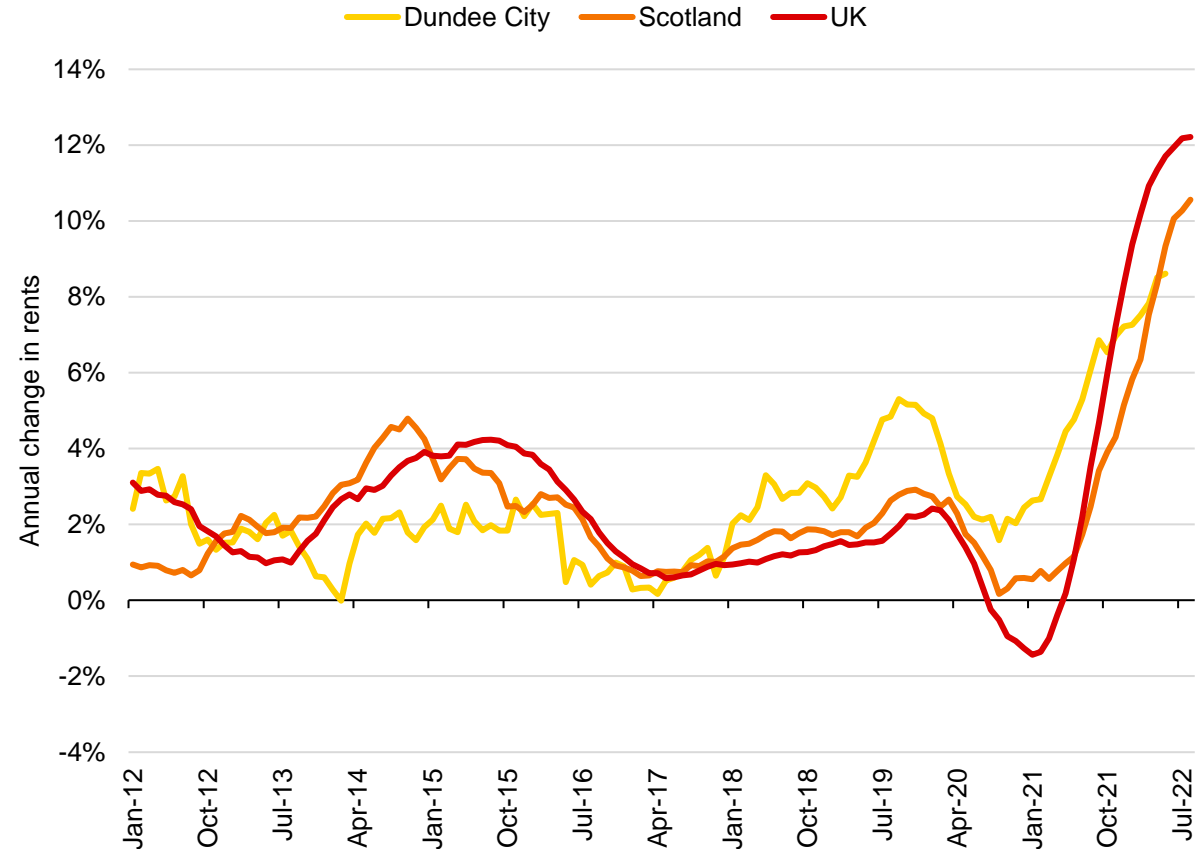


Table 3.5 Rental growth in Dundee City vs Scotland

	Growth since March 2020	Annualised growth 2012-2019	Annual growth (12 months to Q3 2022)	10-year CAGR
Dundee City	16.0%	2.0%	8.7%	3.2%
Scotland	14.6%	2.2%	10.6%	3.2%

Dundee population density is similar across the city centre

Dundee is a city with a range of higher population densities, with the least densely populated areas being found in the east of the city centre. The higher density areas are found outside of the city centre, particularly to the north-west and north-east.

Within the city centre most of the households are council housing or privately rented.

There is a pocket of owner occupied properties to the north of city. There is very little activity close to the coastline with very few residential homes.

Figure 3.6 Dundee City Centre Population Density

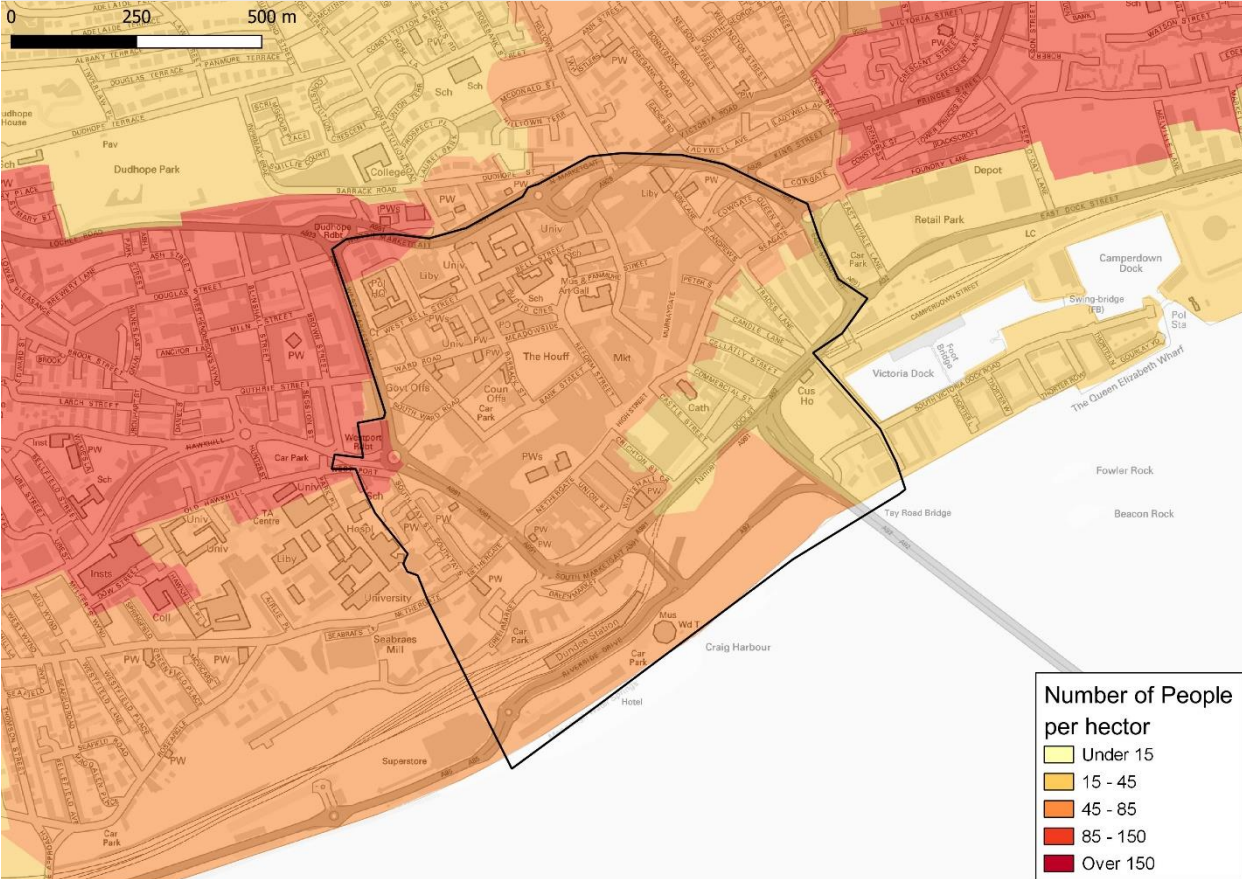
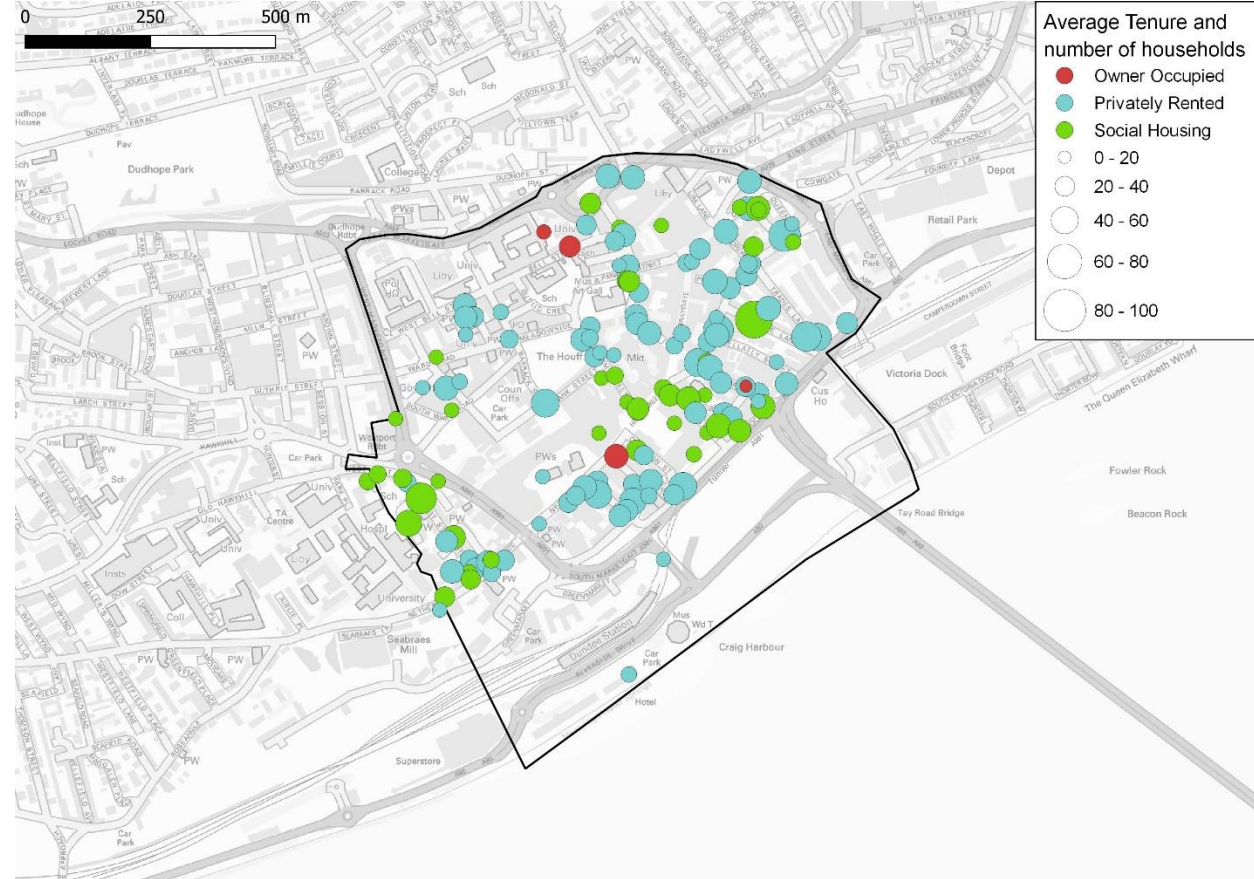


Figure 3.7 Dundee City Centre Households by Tenure



Transactions in Dundee city centre have averaged under 50 sales pa

Since 2015 there have been under 50 private sales in Dundee city centre each year. This low levels of transactional activity within Dundee city centre indicates a large proportion are likely in the private rented and social sectors. 98% of all private sales occurred in the wider city. The private transactions have a higher proportion of new builds than the national average. New build transactions make up 22% of sales in the city centre and 10% in the wider city.

2021 had a large jump in transaction activity for the wider city, with the largest number of transactions over the previous decade.

Table 3.6 Dundee Total Residential Transactions (2018-2020)

	New	Second hand	Total
City Centre	36	129	165
Wider City	720	6,548	7,268
Total	756	6,677	7,433
City Centre	22%	78%	2%
Wider City	10%	90%	98%
Total	100%	100%	100%

Figure 3.8 Dundee New and Secondhand Transactions

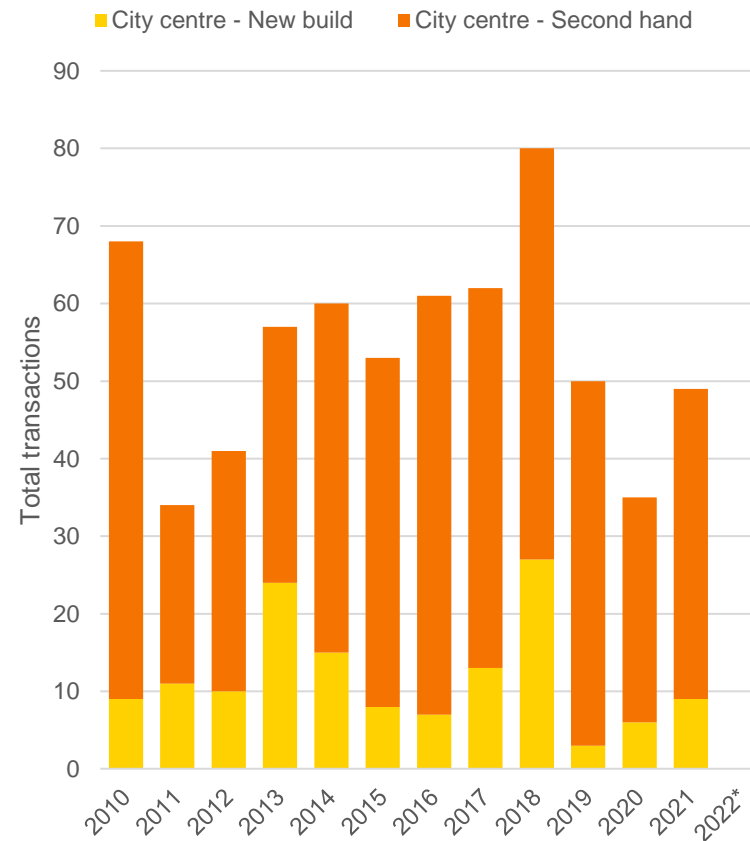
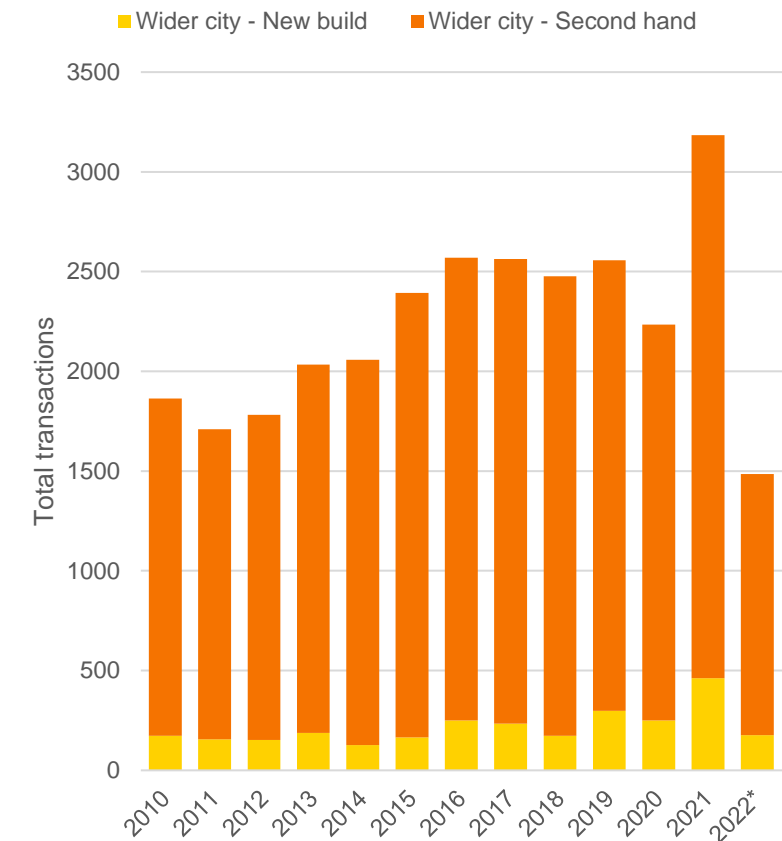


Figure 3.9 Dundee Wider City Transactions



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

Dundee city centre is dominated by 'Rental Hubs'

The largest demographic in the city centre, by far is Rental Hubs, making up 89% of all households. This group is mainly made up of educated young people who are privately renting properties in urban locations.

Dundee's local authority has a much more diverse range of demographics compared to the city centre. Municipal Tenants was the second most popular group for both the city centre (9%) and the local authority (18%). Rental Hubs is also the most popular group in the local authority, with a much lower proportion (19%). Vintage Values and Family Basics also had significant proportions at 14% and 10% respectively.

Figure 3.10 Mosaic Profiles for Dundee, Scotland and UK

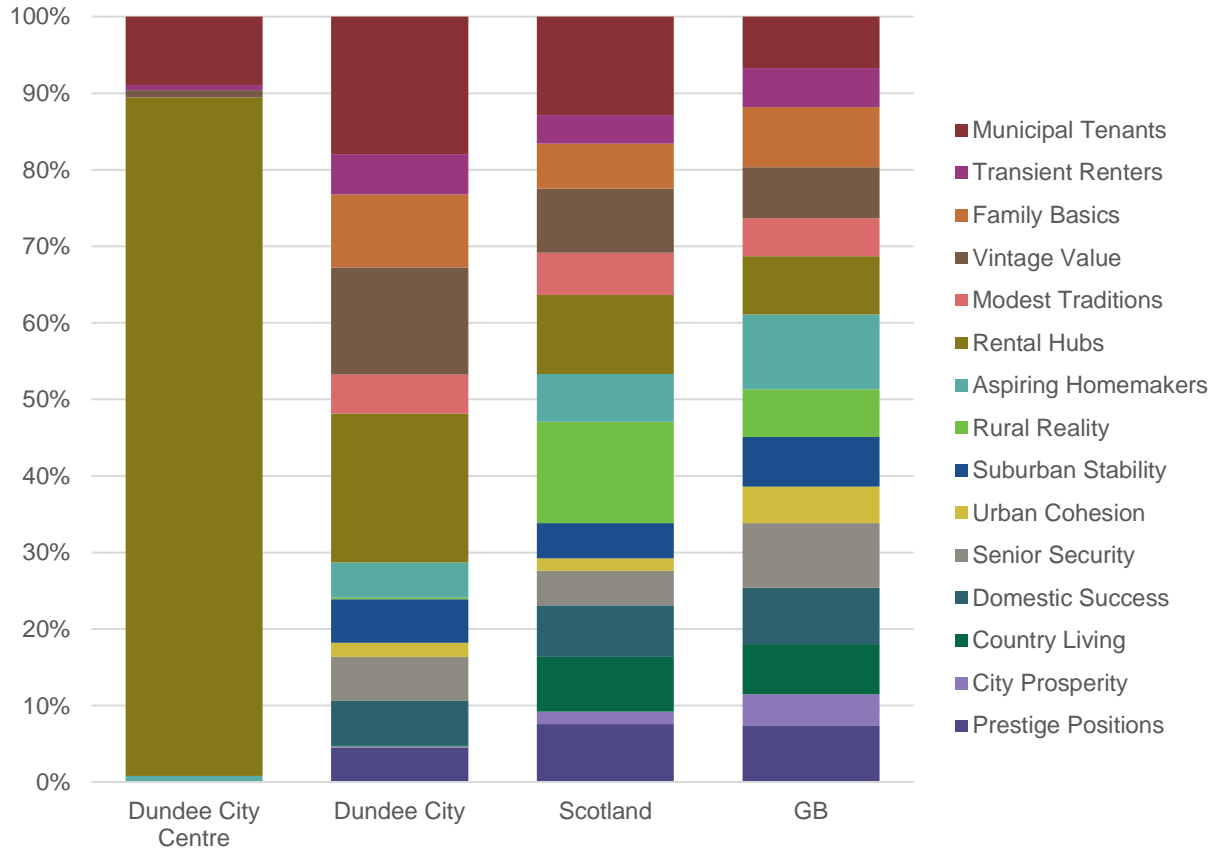
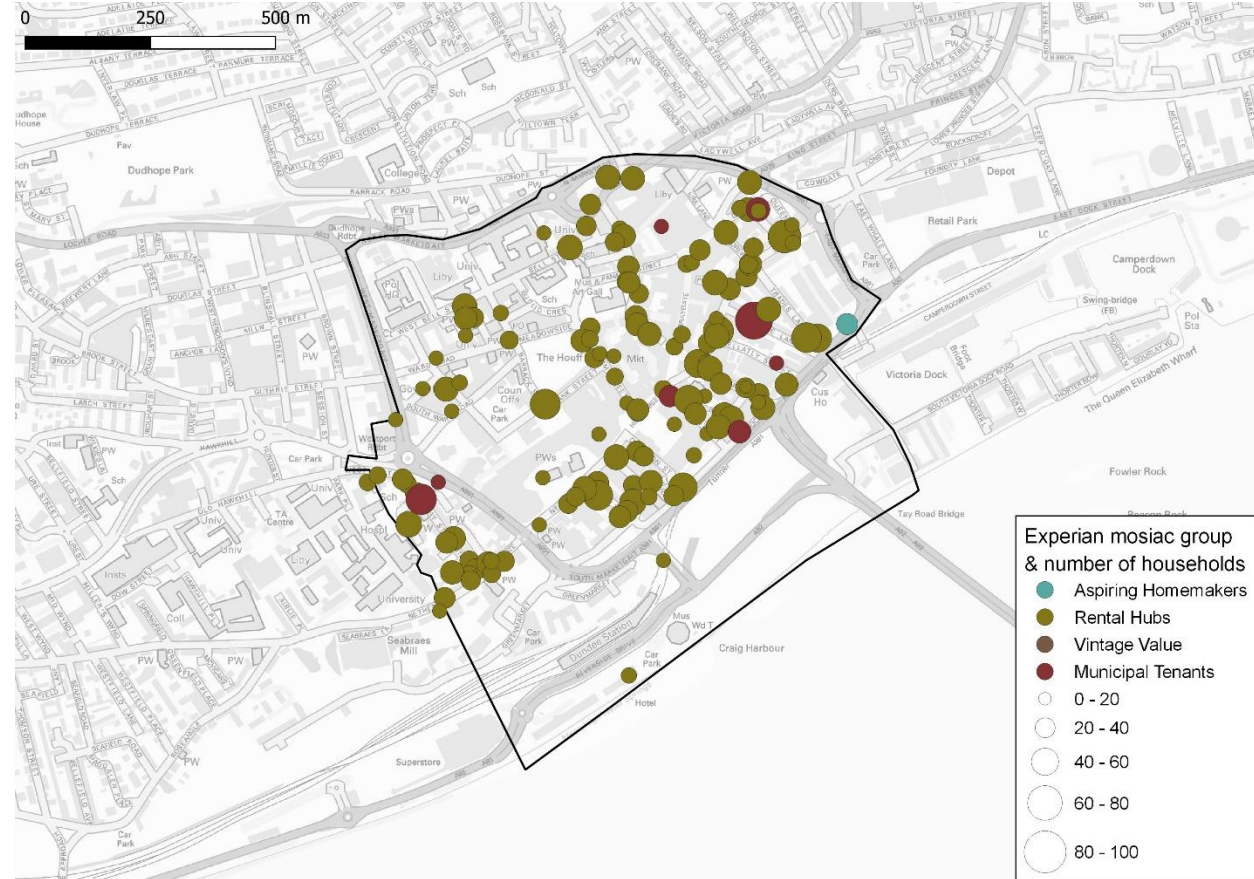


Figure 3.11 Dundee Mosaic Households Map



Dundee city centre only has pockets of small residential areas

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

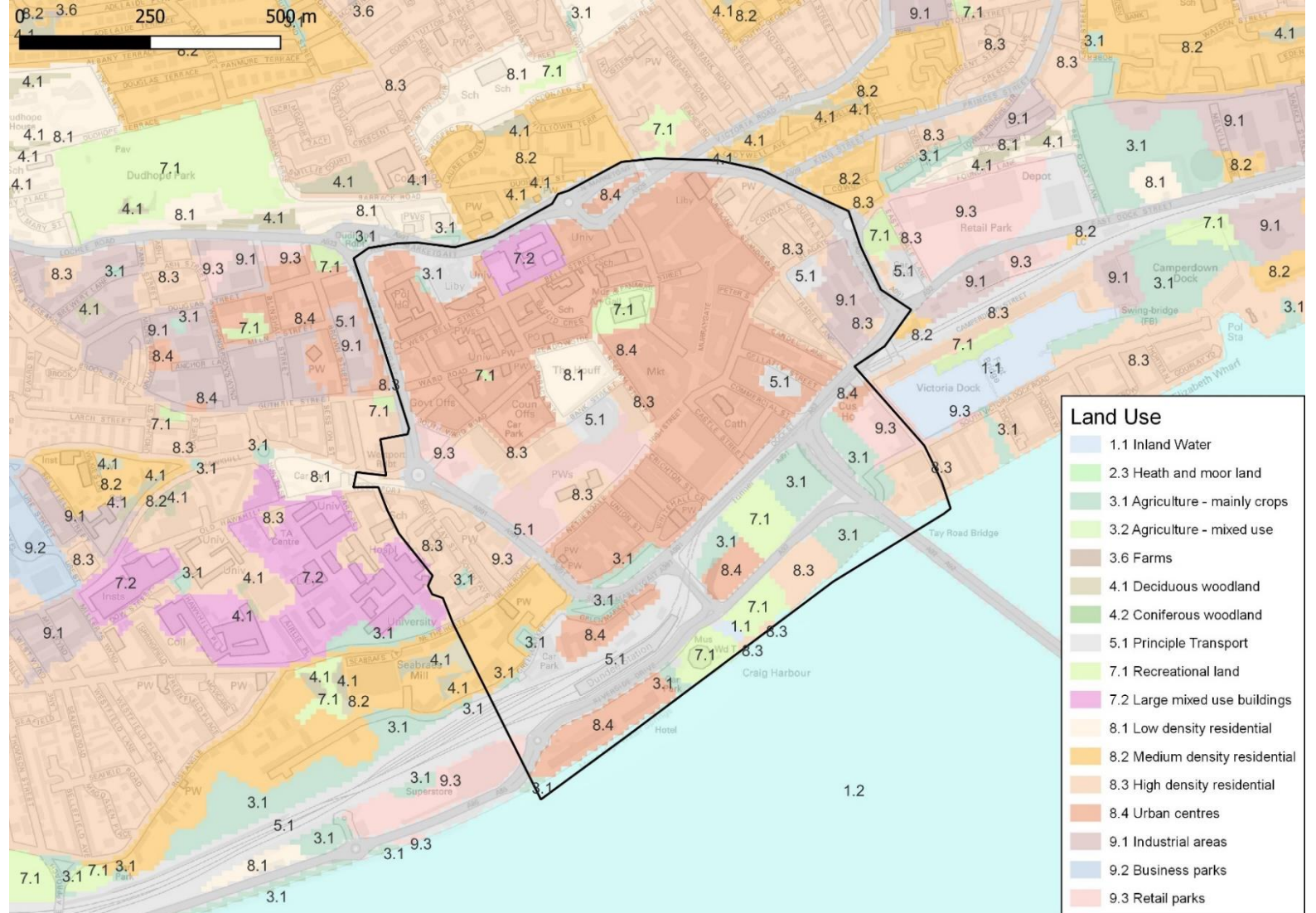
The outskirts of the city had high density residential areas, agricultural land and industrial areas.

Further out of the city there are large areas of large mixed use buildings and high density residential areas.

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 Dundee City Centre Land Uses



4. Review of Planning Applications

Dundee city centre has seen little new build residential activity



Dundee has seen very little new build residential activity over recent years. A total of 71 homes are currently under construction across three schemes.

The Dundee West Mineral Yard scheme on Nethergate closest to the railway station has 16 homes but is part of a large mixed-use scheme that also includes 7,000 sqm of B1 commercial office floorspace which has been pre-let to BT.

A scheme on South Ward Road is currently at application stage awaiting a decision. This will provide 242 student accommodation beds.

Figure 4.1 Planning Applications by Number of Homes

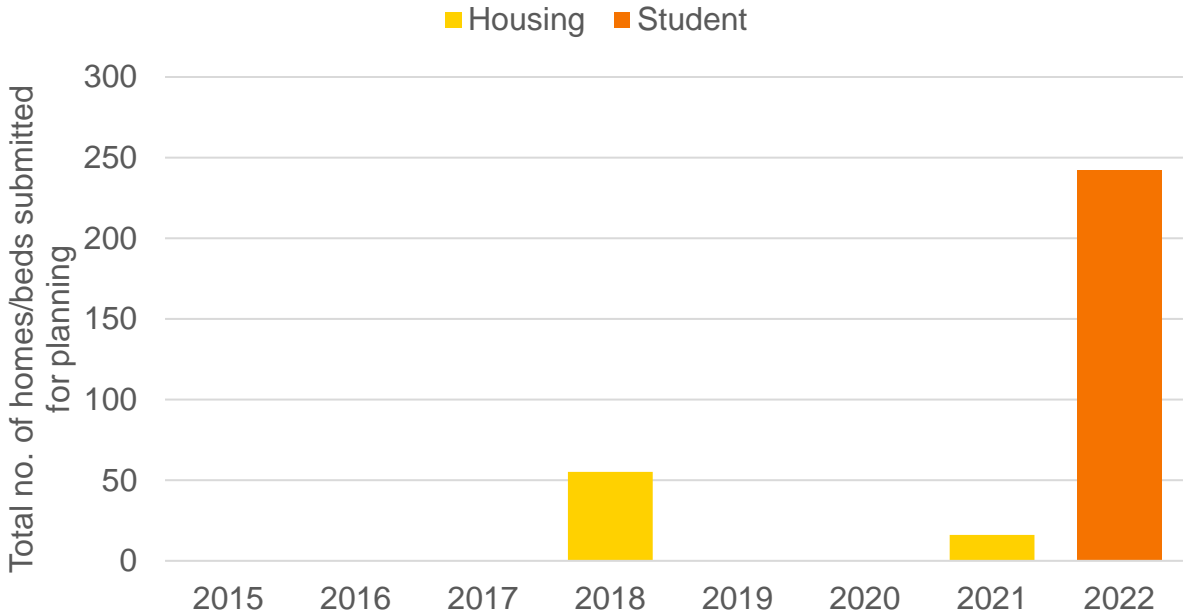


Figure 4.2 Location of Residential Planning Applications



Table 4.1 Status of Dundee Residential Planning Applications

	Pre-planning	Application	Permission	Under Construction	Total
City Centre	0	0	0	71	71

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 Dundee. The summary report summarises and 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

Dundee are developed in their thinking about the inner city centre area. There is an ambition to double the resident population living in and around the city centre over the next 30 years period (set out in the Our Future City Centre: Strategic Investment Plan 2050). Furthermore, the Dundee Local Development Plan states that the housing supply target figure for Dundee City has been set at an average annual build rate of 528 homes per annum over the plan period.

The inner city centre area shown in the LDP is likely to support this target via further brownfield or VDL releases on key target sites. There is also the option of residential living on upper floors. Work in the next LDP preparation to formalise annual targets via appropriate distillation of the MATHLR would help drive this initiative and promote redevelopment of VDL city centre sites.

This should link with the finalised Strategic Investment Plan.

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

The site visit looked at seven key sites that have the capacity to deliver the doubling of the residential population mentioned above. Discussion also focused around the fact that the market attractiveness of Dundee was “on the cusp” and so measures to improve the attractiveness of investment in the city would be prudent.

The development of an economic strategy linked to the Strategic Investment Plan and other relevant plans/funding options would be a prudent step and would help formalise the approach to the key sites identified.

The Strategic Investment Plan also mentions the removal of barriers to upper floor living. To achieve this a formal approach to how barriers can be removed could be developed via the next LDP or a strategy that forms part of that LDP.

Viability and Capacity for the Private Sector to Deliver Housing

The conventional model of traditional housebuilding is most common within Dundee. Most of the city centre's larger potential development sites are within single ownership. The former Langlands and McAinsh site, Wellgate Centre, Keiller Centre, Bell St multi-storey car park, and Telephone House are all in single ownership. There is some fragmentation of ownership at the two sites east and west of Dundee House. Many of the larger potential development sites within Dundee City Centre have inherent issues which prevent large scale developments being undertaken. Lack of Greenfield sites also acts as a deterrent due to the increased costs and risks associated with brownfield sites.

Key themes for increasing residential supply

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 City 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

The council is promoting their own sites which are 'ready to go' (the Central Waterfront sites). These sites are actively promoted through the waterfront website and other channels and are regularly discussed with investors and developers.

The council should consider piecing together other fragmented sites that can provide sufficient scale to be more attractive to potential developers.

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.

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.

Key themes for increasing residential supply

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

Key commercial sites such as Keiller Centre and The Wellgate Centre are examples of under-performing shopping centres, with large vacancy rates. Conversion of such buildings into purposeful mixed-use / residential developments should be encouraged and assistance should be offered from the council where possible. It may be that Tay Cities funding can be channeled towards the key sites/aims of the Strategic Investment Plan.

The council could explore undertaking remedial works on site to allow further clarity for developers. Negating some of the upfront costs and risks for developers should encourage active engagement with developers.

The council should carry out 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.

Potential for Conversion of Listed Buildings

Dundee currently boasts around 900 listed buildings. This makes a strong case for modern new-build accommodation to replace locationally and functionally obsolete buildings.

Formalising an approach to remove barriers from upper floor living will be part of the consideration of conversion of Listed Buildings. Listed buildings are not charged vacant rates and therefore if a property is empty a charge could be applied to the landlord and reimbursed to help with viability of redevelopment.

Alternatively interventions such as a City Centre Buyer Fund (a shared equity fund for first time buyers in the City Centre which contributes towards their deposit and is repayable when the property sells) or a Rental Income Guarantee (identifying an appropriate occupational rate that would encourage the delivery of a project or agree to 'top up' the rent to guarantee this is achieved. In addition, agree a 'base rent' that would allow the project to be viable and commit to topping up if this is not achieved at the time of completion. This would be time restricted.

Key themes for increasing residential supply

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 incentivise the development.

Affordable Housing Strategy

An increase in city centre living is indicated as a strategic aim for Dundee. The council does not require contributions toward affordable housing from developments within the private sector. The delivery of 25% affordable housing is primarily achieved through the affordable housing supply programme and direct sale of publicly-owned land to registered social landlords.

There is the prospect of examining this in the context of the Strategic Investment Plan and removing barriers from upper floor living.

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 clear family housing strategy or policy. Family housing has been focused on suburban locations on the periphery of the city centre. There has been limited flatted developments out with established Waterfront and West End locations. Smaller sites may be unviable for family housing due to a more dense scheme usually being adopted.

The city centre may evolve into a place where families want to be if the supporting infrastructure is delivered to support other forms of residence. Trying to embody the '20 minute

neighbourhood' by offering amenity and services such as Primary & Secondary schools, dentists, doctors and hospitals within the city centre. Council being open to ambitious housing schemes at planning stage. Offering council owned sites with some form of guarantee over rents achievable in order to provide developers GDV certainty.

Student Housing Strategy

Policy 15 of the Local Development Plan supports student accommodation where it can be suitably demonstrated that a demand exists within the area and that it is within convenient walking distance of the higher education institution to which a need exists and is well-connected to local services and facilities. Almost all of Dundee's student accommodation is over 5 years old and may not meet the needs of students today. The number of beds per active student is at a ratio of around 1:4 suggesting a potential lack of supply. (The student housing market has changed as a consequence of the rise in international students and Covid19 pandemic impact removing capacity in the private rented sector.)

However, since 2020, planning permission has been granted for 1,294 purpose built student beds across 6 development sites. None of these permissions have been implemented yet. There is at least the same amount of bed space in the pre-app/planning stage pipeline.

Brownfield city centre sites of a small area could be promoted for purpose-built student accommodation (PBSA). The council could strategically partner with local universities or PBSA providers to control and assist with the delivery of new PBSA or mixed-tenure schemes. Council could actively engage with students and ascertain their needs.

Key themes for increasing residential supply

Housing for Older People

The Local Development Plan acknowledges the importance of delivering residential accommodation for the elderly in Policy 14. Demographic data 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. Given generally higher build costs associated with senior living, developers will target more affluent geographical areas.

Develop a city centre strategy for housing for older people. The council could look to offer blended living schemes which offers a sense of community but also located nearby amenity. The city centre could benefit from proximity to affluent suburb Broughty ferry. Assisted living schemes has a useful role to play.

Co-living, Built to Rent

Due to the perceived risk and volatile nature of the residential market, investors have not considered Dundee as a possible BtR location. This is echoed by VOXCAP Investments (Dundee) who pulled out of a BtR deal in 2019 due to lack of funding.

As mentioned previously, offering 'oven-ready' sites may attract further interest and de-risk elements of a development. The council could also look to offer a minimum rental price guarantee which allows schemes to be effectively 100% let at the date of completion but is slowly offset as tenants take occupation.

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 what 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

The next LDP will require to take cognisance of NPF4 and policy content on 'infrastructure first', 'heating and cooling', 'blue and green infrastructure' and 'climate mitigation and adaptation'.

The sum of the above is that 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. Such guidance may also be able to outline where funding could be applied to improve the prospects and viability of key sites and other residential proposals.

Key themes for increasing residential supply

There is no clear strategy for low-carbon development in Dundee apart from the mention in the Low and Zero Carbon Technology in New Development Supplementary Guidance (2019) that the proportion of the carbon emissions standard be met through the installation and operation of low and zero carbon generating technologies will be 5%.

Recommendation: 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.

Car Parking Standards

Summary of the situation: The Local Development Plan notes that for houses and flats in the city centre, 100% car parking provision for new build properties is expected. Flexibility on the level of provision may be applied where car-free schemes or alternative arrangements such as car clubs are proposed or where provision is impractical. For conversions, provision should be made where possible. Streets Ahead Road Standards (2005) sets out maximum allowance of 1 space per dwelling in the city centre. Exceptions may be made for conversions, car free schemes or where provision is impractical.

The council should not adopt one approach for all types of development. For instance family housing would require higher car parking requirements than student housing. Smaller sites should be promoted for likes of PBSA and the council should focus on larger sites for mainstream housing and allowing larger parking provision.

EV Charging Strategy

The Dundee Local Development Plan (2019) notes that if residential parking is permissible, the

development should include infrastructure to provide electric car charging points, either through electrical connections adjacent to private driveways or through infrastructure for the installation of charging points within communal car parking areas. In addition, the general requirement for houses and flats in the city centre is to provide electric charging points in parking areas. However, it is not clear whether the city centre has the infrastructure or strategy to support this ambition.

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

Currently there are enormous pressures on viabilities due to build cost inflation. The recent prolonged low interest rates have allowed significant house price growth and sales rates to increase, thus making a number of developments viable. As we move into a period of slight depression, developers will be more cautious with their outlook and appetite for new sites. Hence, more mature markets with proven track records will be preferred.

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

Conclusion and Role of the Public Sector

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

- Possible grant funding to bridge viability gap in the case of most challenging sites.
 - Production of a series of masterplans and development frameworks to guide the development and provide reassurance to the developers.
 - Prepare an infrastructure delivery plan.
 - Interventions such as a City Centre Buyer Fund or a Rental Income Guarantee for commercial space conversions.
 - Updated / new guidance on Low Carbon Development as it applies to inner city centre key sites and proposals. Be mindful of the ability of developers to create fully net zero developments within a listed building whilst also protecting its heritage.
 - Wider use of compulsory purchase/sale orders might be necessary.
 - Application of an economic strategy to sit alongside the Strategic Investment Plan and LDP2 Preparation - to identify any funding measures to support development of key sites.
 - Clarity on removal of barriers to upper floor living.
 - Annual inner city centre housing targets developed via next LDP.
 - 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.
- 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 an exemplar scheme.

Appendix 1 Abbreviations

BTR	Build to Rent
CPO	Compulsory Purchase Order
EV	Electric vehicle
GDV	Gross Development Value
GFC	Global financial crisis
HA	Housing association
Ha	Hectare
HESA	Higher Education Statistics Agency
LDP	Local Development Plan
NPF4	National Planning Framework 4
NROSH	National Register of Social Housing
pa	Per annum
PBSA	Purpose-built student accommodation
pcm	Per calendar month

Appendix 2 Policy Documents: Summaries

Dundee Local Development Plan (2019)

Para 5.26 - sites within General Economic Development Areas have an opportunity for a redevelopment and expansion of existing businesses

Para 6.7 - 25% of housing delivery should be affordable

Para 6.8 - the strategy for identifying additional land to meet the housing land requirement is to "*prioritise the reuse of brownfield land within the existing urban area*"

Policy 9 - priority will be given to the development of the allocated brownfield sites (i.e., vacant and derelict land). Housing land release on brownfield sites may be considered acceptable where it can be demonstrated that it will improve the tenure mix in an area where existing choice is limited and would make a positive contribution to the regeneration objectives of the area

Strategic Housing Investment Plan 2019-2024 (2019)

Page 3 - housing has a key role to play in encouraging and enabling the creation of successful, quality places which contribute to the identity of the area. It is also important that the new housing integrates with public transport and active travel networks

Developer Contributions SPG (2019)

Page 12 - in terms of primary school provision, the document notes that whilst the Council maintains an option to include brownfield developments in primary education contributions, it is expected that such requirements will not generally be required. This depends on whether the site for housing development is allocated for development in the Local Development Plan

TAYplan Strategic Development Plan 2016-2036 (2017)

Policy 4 - housing land developments including the centre of Dundee 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 528 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

Our Future City Centre: Strategic Investment Plan 2050

The 'Our Future City Centre: Strategic Investment Plan 2050' is a 30 year plan focusing on the long term visions for the city. It includes indicative plans and visuals for the development opportunity sites. The plan primarily focuses on Living, Working, Visiting, Connectivity and the Public Realm. The consultation began on November 1 2022. One of the ambitions of the plan is to double the number of residents in the city and around the city centre and ensure a range of people choose to live in the city centre, Strategic Outcome 1: Deliver high quality residential development by promoting vacant and underused sites and buildings and Strategic Outcome 2: Provide a variety of residential types and tenures to meet the needs of different households and to create a diverse community will help to achieve this.

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.