
**Please find attached the report in respect of Item No. 8
on the agenda for the above meeting**

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| 8. | Any Other Items which the Chairman Decides are Urgent.
Technical Paper Planning (Scotland) Act 219 – National Planning
Framework 4(NPF4): Housing Land Requirement Consultation
(Pages 3 - 16) |
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**TECHNICAL PAPER:
PLANNING (SCOTLAND) ACT 2019 – NATIONAL PLANNING
FRAMEWORK 4 (NPF4): HOUSING LAND REQUIREMENT
CONSULTATION**

Report by Chief Planning and Housing Officer

PLANNING AND BUILDING STANDARDS COMMITTEE

31 May 2021

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to seek the approval for the response to the Scottish Government's consultation on the proposed housing numbers/targets and methodology for their calculation to be incorporated in the draft National Planning Framework 4 (NPF4), which is scheduled for publication in Autumn 2021.
- 1.2 This response is an interim measure and there will be further opportunities to review and confirm the final figure in due course as a result of the publication of the draft NPF4 and the production of guiding documents yet to be finalised such as the such as Housing Need and Demand Assessment 3 (HNDA).
- 1.3 The deadline for the response to be submitted to Scottish Government is 4 June 2021.

2 RECOMMENDATIONS

- 2.1 I recommend that the Committee agree the proposed response to amend the initial default estimates contained within the Scottish Government's consultation to increase the housing land requirement to be 440 units per annum with a 10 year requirement of land for 4,400 homes.

3 BACKGROUND

- 3.1 In September 2019, the Scottish Government published its programme for implementing the Planning (Scotland) Act 2019 (which received royal assent on 25 July 2019). It proposed a series of consultations with local Planning Authorities, key agencies, key stakeholders, community organisations and members of the public on the necessary secondary legislation/regulations and additional guidance required to implement various sections of the new Act, including NPF4.
- 3.2 Once published NPF4 will form part of the statutory development plan and be the primary consideration, along with the Council's Local Development Plan (LDP), in the determination of planning applications and appeals. It will also direct the preparation of future local development plans. The Planning (Scotland) Act 2019 also sets out a requirement for NPF4 to include *'targets for the use of land in different areas of Scotland for housing'*.
- 3.3 In March 2020, the Government consulted on a proposed methodology to meet the requirement for housing, which suggested working with Local Authorities both individually and collectively in regional groupings. The Council previously responded to this consultation.
- 3.4 It is the intention of the Scottish Government to publish and undertake consultation on the draft NPF4 in Autumn this year, seeking Ministerial approval for the finalised NPF4 in Autumn 2022.
- 3.5 The consultation on the housing land requirements runs until 4 June. Appendix A contains the letter from the Chief Planner, outlining the consultation and timescales.

4 CONSULTATION PROCESS

- 4.1 The consultation paper sets out initial default estimates for each Local Authority within Scotland, as a starting point for developing a Scotland wide picture of future requirements for housing land in LDP's. It should be noted that these are not the final estimates that the Government expect to be included within the draft NPF4, rather they are a common starting point for local consideration. The consultation papers set out the method used and stages involved in calculating the minimum all-tenure housing land requirement together with the information used including data sources and outputs produced.
- 4.2 As part of this consultation, Local Authorities are being asked to consider the initial default estimates and to make a case for adjusting these figures where they can provide robust evidence and policy requirement for this. Local input should factor in ambitions to support growth in housing provision. As part of the consultation, the Scottish Government requires local authorities to work with their Housing Market Partnerships (HMPs) and encourage stakeholders to engage positively through constructive co-operation. Where Local Authorities propose an adjustment to the initial default estimates, they are required to make a case for change, using the Response Template provided by the Government for assessment. A

template, guidance note and an excel calculator has been provided by the Scottish Government to support any such responses.

4.3 The Government is asking Local Authorities to;

- a) Consider the initial default estimates and whether alternatives to the default assumptions about household projections and existing housing need should be applied.
- b) Consider whether Council's wish to propose a different flexibility allowance, which should generally be greater than the proposed 25% minimum for urban areas and 30% minimum for rural areas.
- c) Assess the extent to which the proposed land requirement compares with past completions for the local authority area. Where the proposed requirement is substantially lower, the Government's view is that authorities should consider whether it should be increased further.
- d) Set out a locally adjusted estimate of the minimum all-tenure housing land requirement for the local authority area as a result of these adjustments.

4.4 Consideration should be given to relevant national drivers, including the six statutory outcomes set out in the 2019 Act and the NPF4 Position Statement, published in November 2020. The Scottish Government state that HMPs have a crucial role to play in this process and they encourage relevant interests to be part of this, including home providers. This is an early opportunity for inputting to the figures for NPF4. There will be further opportunities for all stakeholders to re-assess the proposed housing figures, which includes the LDP process. Furthermore, the draft NPF4 will be issued for public consultation and considered by the Scottish Parliament.

5 PROPOSED NPF4 HOUSING FIGURES

5.1 The Government has used the HNDA tool to identify initial default estimates of housing need. The HNDA tool is a commonly accepted approach used for calculating estimates of housing need and to identify development scenarios to inform housing supply targets for the Local Housing Strategy and Local Development Plans. The 2018 household projections produced by National Records of Scotland have been tallied with the Government's count of existing housing need (an annual statistical return from local authorities) to give an initial ten year default estimate. A flexibility allowance of 30% has then been added to this figure to identify an overall housing land requirement.

5.2 In summary the housing land requirement comprises of the existing housing need, newly forming households and an additional 30% flexibility. This is set out in Appendix B. This is explained in more detail in the following paragraphs.

Initial default estimates

5.3 The initial default estimates proposed by the Scottish Government for the Scottish Borders are considered to be too low, with a proposed housing land requirement of 175 units per annum (1,750 units over the 10 year period). This comprises of;

- Existing housing need figure of 100 units
- Newly forming households figure of 1,250 units
- 30% flexibility allowance

The Council does not consider that this takes into account past completion rates or the numerous policy drivers, which seek to attract people to live and work within the Region, help boost the economy and meet the required rise in the number of households. Some of these policy drivers include;

- Housing Land Audit programming
- Affordable housing investment set out within the SHIP
- Housing 2040 vision for housing in Scotland
- Borderlands Inclusive Growth Deal
- City Region Deal
- Indicative Regional Spatial Strategies
- South of Scotland Regional Economic Strategy

Scottish Borders Council intend to prepare a joint statement with Dumfries & Galloway Council and South of Scotland Enterprise confirming the important role a generous housing supply will have for the promoting and developing the growth of the South of Scotland, which will be forwarded to the Scottish Government as part of the consultation response.

Existing need

5.4 The existing need figure proposed is 100 units and this is considered to be low. However, work is currently underway reviewing this as part of HNDA3. Therefore, at this moment in time, we do not consider that there is sufficient background evidence to propose a definitive adjustment. It is therefore anticipated that this would be taken into consideration in the future when the HNDA3 process is finalised and its outputs confirmed as robust and credible. As a result, the Council do not propose an adjustment to the housing need figure at this stage.

Newly forming households

5.5 The newly forming households figure proposed by the Scottish Government is 1,250 units over the 10 year period and this is considered to be low. Table 1 below confirms the average 10 year completion rate for the Scottish Borders is 330 units per annum, for the period 2010–2019. This is considerably higher than the proposed housing land requirement set out by the Scottish Government in the consultation. The average completion figure is more realistic than the initial default estimate by the Scottish Government, which conflicts with national and regional policy aspirations for the Scottish Borders, including investment in the South of Scotland. Therefore, it is considered that a case can be made to adjust and increase the initial default estimate to a more realistic level.

Table 1: Average 10 year completion rates for the Scottish Borders

Housing Land Audit year	Annual Completion Rate
09/10	487
10/11	490
11/12	266
12/13	306
13/14	288
14/15	272
15/16	373
16/17	250
17/18	222
18/19	345
Total average completion (10 year period)	330

- 5.6 It is proposed that the newly forming households figure is adjusted to be more aligned with the evidence from previous completions. Appendix B presents the proposed adjustments for the Scottish Borders, resulting in a housing land requirement of 4,400 units, covering the 10 year period. This aligns with recent growth in the region and the housing land requirement figure contained within the Proposed LDP, of 383 units per annum. The adjusted figure builds in the additional 30% flexibility as a contingency to cover the longer 10 year plan period for future LDP's. As part of the 2019 housing land audit, there were 9,176 units within the established housing land supply and this does not include any sites which will be brought forward as part of the Proposed LDP. Therefore, it is considered that the Council would have sufficient land allocated through both the adopted and proposed LDPs to provide for the adjusted housing land requirement going forward, without the allocation of additional sites.

Flexibility allowance

- 5.7 The Scottish Borders is considered a rural area and therefore a 30% flexibility allowance has been applied. The Scottish Government have stated that flexibility allowance is similar to the 'generosity' in the current Scottish Planning Policy (SPP), in that it reflects the aim of ensuring that LDPs allocate a generous supply of land for housing. The flexibility percentages are, however, higher than the current SPP (10-20%) to account for the change in legislation that now requires plans to be reviewed at intervals of no more than 10 years, instead of the current 5 years. Consequently the new plans will be in place longer and it will be difficult to accurately forecast land take-up over this extended period of time. It is therefore considered that the 30% flexibility allowance is acceptable and reflects the statutory requirement in the Planning Scotland (2019) Act that NPF must contribute to the outcome of increasing the population of rural areas of Scotland.

Housing Market Partnerships involvement

- 5.8 There is a requirement to work with HMPs, to consider whether evidence justifies proposing alternative assumptions to the household projections, existing need defaults and a higher flexibility allowance. As part of the collaborative process, SESPlan have consulted the South East Scotland HMP in respect of the consultation, to invite key stakeholders to provide their initial views on the default all-tenure figures. Further to the consultation, Homes for Scotland have provided a response to all Local Authorities and the SESPlan Authorities met with Homes for Scotland and member representatives to discuss the response. The Council are also in ongoing discussions with Dumfries and Galloway. It is agreed by the respective planning authorities and Homes for Scotland further engagement and discussions will need to take place as the process develops with a view to finalising the final housing land requirements.
- 5.9 As mentioned earlier, the Government has used the HNDA tool to identify an initial default estimate of housing need. The SESplan member authorities are currently producing HNDA3 and it is anticipated that this will be finalised later in 2021. Therefore, it is unlikely that the final output of the HNDA3 will be completed in time to feed into NPF4. However, beyond the publication of NPF4, the LDP preparation process will provide an opportunity to take into consideration any up to date HNDA at that point in time.
- 5.10 This is a new means of calculating housing land requirements, which the government, local authorities and home providers are still grappling with. This is an evolving situation and forthcoming conversations with stakeholders may change or alter the figures and our understanding of the methodology. It is re-iterated that the figure produced will not be a final position and will be subject to further opportunities for review. Officers will keep elected members up to date as this process develops.

6 IMPLICATIONS

6.1 Financial

There are no costs attached to any of the recommendations contained in this report.

6.2 Risk and Mitigations

(a) *Risk of submitting estimated housing figures*

There are no risks associated with submitting the estimated housing figures. The figures submitted are an interim measure and estimate and there will be further opportunities and requirements to review the estimates.

(b) *Risk of not submitting estimated housing figures*

The request has come directly from the Scottish Government and must be carried out in order to help guide NPF4.

6.3 **Integrated Impact Assessment**

The HNDA3 and SHIP, as examples, feed into the process of identifying housing need for a range of bodies including matters regarding affordable housing, RSL developments, disabled & specialist housing and homelessness. All proposed housing allocations and calculations for addressing housing land requirements are part of the extensive LDP consultation process involving a wide range of bodies.

6.4 **Acting Sustainably**

(a) **Economic Growth**

Housing is at the heart of the economy and a generous and ongoing housing land supply will help ensure housing needs are met and the wider benefits of new development to communities are maximised.

b) **Social Cohesion**

The final housing land requirements and where sites are allocated to meet the required numbers take cognisance of the diverse needs of local communities.

c) **Protection of the Environment**

All housing proposals are scrutinised at both the LDP and planning application stage to ensure there are no adverse impacts on the environment. This includes consideration for the need of any mitigation and enhancement measures.

6.5 **Carbon Management**

It is not considered the study brings any impact on the Council's carbon emissions.

6.6 **Rural Proofing**

As part of the LDP process cognisance is taken of the need to ensure there is an adequate housing land supply within rural areas.

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes made.

7 CONSULTATION

7.1 The Executive Director (Finance & Regulatory), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Name - Ian Aikman

Signature

Title – Chief Planning and Housing Office

Author(s)

Name	Designation and Contact Number
Deborah Armstrong	Planning Officer

Previous Minute Reference: None

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies.

Contact us at Jacqueline Whitelaw, Environment and Infrastructure, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 825431, Fax 01835 825071, email eitranslationrequest@scotborders.gov.uk

APPENDIX A: CHIEF PLANNER LETTER

Local Authority & National Park Heads of Planning
Local Authority Heads of Housing

cc.

Heads of Planning Scotland
Association of Local Authority Chief Housing
Officers
Homes for Scotland
Federation of Master Builders
Scottish Federation of Housing Associations

Our ref: A32087297

23 February 2021

Dear Colleague

NATIONAL PLANNING FRAMEWORK 4 FIRST STEP TOWARDS A MINIMUM ALL-TENURE HOUSING LAND REQUIREMENT

Last year was unprecedented on many levels. As we have developed new approaches to policy making in response to the pandemic, our efforts to find new ways of joint working between local authorities, stakeholders and Scottish Government have brought benefits. As we move into this new year, and we progress our national spatial plan that will guide our future development to 2050, we wish to see that joint working continuing, and broadening to involve a wider range of stakeholders.

The Scottish Government is committed to enabling the delivery of high quality homes, in the right locations to meet our current and future needs.

The Planning (Scotland) Act, 2019, sets out a requirement for the National Planning Framework to include ‘targets for the use of land in different areas of Scotland for housing’. In March 2020, we consulted on a [proposed methodology](#) to meet the requirement, which suggested working with local authorities both individually and collectively in regional groupings. We received a range of responses to that consultation and an [independent analysis](#) was carried out. We also convened a Housing Advisory Panel, comprising a range of individuals with planning and housing related experience and interests. They have provided feedback to inform work on the requirement as it has progressed.

Having given consideration to the feedback, we have refined the approach and **we are now seeking your input to the next stage**. As key stakeholders in the outcomes of this work, we encourage you to engage positively through constructive co-operation. We wish to see close co-ordination between local authority planning and housing colleagues, and leadership in their engagement with local stakeholders from both the public and private sectors.

Accompanying this letter is a Method Paper that provides initial default estimates to inform the identification of a minimum all-tenure housing land requirement for individual authority areas. The paper explains that these are a **starting point** for meeting the above statutory requirement. They are the first step towards developing a Scotland-wide picture of the amount of land for housing that will be needed in the future, informed by local input, to guide allocations in Local Development Plans.

As the process is on-going, we have not yet defined the final figures that we expect to be included in NPF4. An overall figure for the whole of Scotland is therefore not provided. Figures for past housing completions in each local authority have been set out alongside the initial default estimates to help inform your consideration.

We request that authorities, either individually or collectively with regional partners:

1. Consider the initial default estimates and whether alternatives to the default assumptions about household projections and existing housing need should be applied.
2. Consider whether you wish to propose a different flexibility allowance, which should generally be greater than the proposed 25% minimum for urban areas and 30% minimum for rural areas.
3. Assess the extent to which your proposed land requirement compares with past completions for your area. Where the proposed requirement is substantially lower, our view is that authorities should consider whether it should be increased further.
4. Set out a locally adjusted estimate of the minimum all-tenure housing land requirement for your local authority area as a result of these adjustments.

This consideration should be informed by local input and evidence, and factor in policy ambitions to support growth in local housing provision. Consideration should also be given to relevant national drivers, including the six statutory outcomes set out in the 2019 Act (including rural repopulation and providing homes for older people and disabled people) and the NPF4 Position Statement, published November 2020, which sets out current thinking as work progresses towards a draft NPF4.

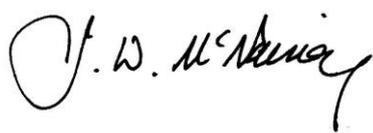
Housing Market Partnerships have a crucial role to play in this process and we encourage relevant interests to be part of this, including home providers. This is an early and important stage for inputting to the figures for NPF4. However, it is also important to note that further opportunities will be available for all stakeholders, particularly as the draft NPF4 will be issued for public consultation and considered by the Scottish Parliament. Beyond that, once published in the finalised NPF4, the Local Development Plan preparation process will provide opportunities to further consider the extent of land supply that will be provided beyond the minimum stated.

In addition to the Method Paper, a template for responding to the Scottish Government, and guidance for completing it, are enclosed along with an Excel Calculator.

We would ask that you complete and return the template with your evidence for locally adjusted estimates of the minimum all-tenure housing land requirement by **Friday 4 June 2021**. This provides time to engage locally with stakeholders and for authorities to come to a considered view. On receipt of this, the Scottish Government will consider the robustness of the evidence and estimates, prior to them being included in the draft NPF. Further information on that stage is set out in the Method Paper.

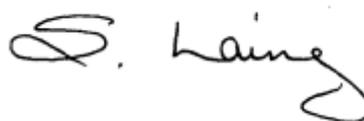
We are conscious that the legislative requirements and the processes for NPF4 and LDPs are new. Planning and Housing officials within Scottish Government will provide assistance where you would find this helpful. The information referred to above will be available online at www.transformingplanning.scot/national-planning-framework/ or please contact Carrie Thomson, Principal Planner, at carrie.thomson@gov.scot.

Yours sincerely



John McNairney

Chief Planner



Shirley Laing

Director for Housing and Social Justice

Enclosures

- | | |
|------------------|--|
| Method Paper | - Outlines the methodology and Initial Default Estimates |
| Template | - To be completed and returned |
| Guidance | - To support completion of the template |
| Excel Calculator | - To support consideration, and to be completed and returned |

APPENDIX B: INITIAL DEFAULT ESTIMATES – ALL TENURE HOUSING LAND REQUIREMENT FOR SCOTTISH BORDERS COUNCIL

Proposed Minimum All Tenure Housing Land Requirement

The table below sets out the figures contained within the Scottish Government’s consultation, as a starting point.

NPF4 – Minimum All Tenure Housing Land Requirement			
10 Years Total			
Existing Housing Need	Newly-Forming Households	30% Flexibility	Housing Land Requirement
100	1,250	400	1,750

Past Completions Average (2010 – 2019)

The table below shows the rate of completions within the Scottish Borders (2010 – 2019) based on the information monitored through the annual Housing Land Audit process.

Housing Land Audit year	Annual Completion Rate
09/10	487
10/11	490
11/12	266
12/13	306
13/14	288
14/15	272
15/16	373
16/17	250
17/18	222
18/19	345
Total average completion (10 year period)	330

Proposed Adjustments to the Minimum All Tenure Housing Land Requirement

The table below outlines the proposed adjustments to the minimum all tenure housing land requirement.

NPF4 – Minimum All Tenure Housing Land Requirement			
10 Years Total			
Existing Housing Need	Newly-Forming Households	30% Flexibility	Housing Land Requirement
100	3,300	1,000	4,400