

# NATIONAL PLANNING FRAMEWORK 4

## HOUSING TECHNICAL DISCUSSION PAPER

### 1. National Planning Framework 4 – Meeting the requirement to set “targets for the use of land for housing in different areas of Scotland”

#### 1.1 Purpose

This paper sets out the Scottish Government’s current thinking on the methodology that could be used for setting ‘targets for the use of land for housing in different areas of Scotland’ as required in National Planning Framework (NPF) 4 by the Planning (Scotland) Act 2019 (the Act). It has been prepared to inform early discussions with stakeholders on implementation of the Act and NPF4.

There are further opportunities to get involved in shaping NPF4 as set out in the [Programme for Engagement](#).

#### 1.2 What are we proposing?

In NPF4 we have an opportunity to provide greater clarity about the amount of land that will be required for housing in Scotland. There is also scope to review our policies to help ensure that planning acts as a positive enabler of development which is better co-ordinated with infrastructure investment, inclusive growth, community empowerment and placemaking across Scotland. Both of these objectives were set out by the independent planning review panel as clear recommendations.

The approach to defining “targets for the use of land for housing in different areas of Scotland” in NPF4, as required by the Act, is also an opportunity to streamline planning for housing and to create a consistent and transparent platform to free up planning authorities and stakeholders to focus on delivery and the creation of quality places. We propose to do this by working with local and planning authorities individually and in regional collaborations to define housing land targets for all local development plan areas for inclusion in NPF4.

Rather than setting figures from the top-down, we recognise that a national approach needs to be informed by regional and local knowledge, analysis and input. The Act enables Scottish Ministers to request ‘Information to assist preparation of NPF’ including the housing needs of the population of the area and we could use this opportunity to set out housing land targets in NPF4 informed by local evidence.

The important linkages between the development plan and local housing strategy (LHS) established in the current system remain in place. The local development plan will be moving to a ten year review cycle (as will NPF) while the local housing strategy will remain in a five year review cycle. We see this as an opportunity to update local evidence and test the appropriateness of the housing land figures identified in NPF4. There will be sufficient flexibility in the system for local authorities to take into account updated evidence arising from the LHS to ensure that the land supply is responsive to market conditions and the ambitions of local authorities.

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### 1.3 How might this work?

We believe that the following model could be a practical step forward in developing “targets for the use of land for housing in different areas of Scotland for housing” (housing land targets) in NPF4.

- Using the established housing need and demand assessment (HNDA) tool as a basis, the Scottish Government could run the first steps of the HNDA tool using default scenarios to provide all-tenure housing need and demand estimates for each local authority area for the time period under consideration.
- As NPF will contain housing land figures we do not require need and demand to be broken down by tenure (this will continue to be required for local HNDAs).
- Authorities will be invited to propose alternative scenarios and assumptions within set parameters and if they chose to do so will be required to agree these with their Housing Market Partnership (HMP) (including key wider stakeholders) and submit evidence to support their scenario and assumption choices which would be assessed by the Centre for Housing Market Analysis (CHMA).
- The same evidence base used to support the national HNDA could then be used to inform a local HNDA for the LHS and local development plan as is currently the case. The ability for regional groupings to work together on an HNDA remains in place.

The following sets out how this process could work.

1. The Scottish Government could run the **first steps, steps 1 and 2, of the HNDA tool** using default scenario and assumptions:
  - a) household projections - the default scenario choice is the National Records of Scotland principal projection; and
  - b) existing need count - the default is the proxy method built into the tool which is a count of homeless households in temporary accommodation and households who are both overcrowded and concealed (HoTOC)
2. Local areas could be invited to agree or propose alternative **scenarios and assumptions** within set parameters if there is evidence to indicate alternatives are appropriate for the area. Authorities would be required to agree the scenarios and assumptions with their HMP (including key wider stakeholders such as Homes for Scotland) and to submit a report on this to support their choices which would be assessed by the CHMA. A submission template and guidance could be provided to support this work. If the evidence set out in the report is accepted, the results would replace the default HNDA output.
3. It is recognised that HNDAs are now an established part of the process for the LHS and local development plan and in some areas authorities may wish to

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reflect **functional housing markets**<sup>1</sup> that cross local authority boundaries. In this instance, and where regional groupings and HMPs have formed, they could propose alternatives to the HNDA output at local authority level for the areas within their region where there is evidence to support this. Any proposal for change would need to be evidence based, agreed by the HMP (including key wider stakeholders such as Homes for Scotland), be supported by evidence, and be assessed by the CHMA within the timescale required for Draft NPF4.

4. Given the long term perspective on the **supply of land for housing** we are seeking to establish, the Scottish Government could apply a **level of flexibility** to the output from the HNDA tool for each local authority area to establish the **minimum housing land figure**.
5. Housing land figures would be set out in the draft NPF and be subject to public consultation and transparent scrutiny when it is laid before Parliament. Draft NPF4 would be accompanied by a **housing technical report** supporting the housing land figures which would be subject to consultation alongside NPF.
6. A draft revised NPF will subsequently be laid before Parliament accompanied by an explanatory document covering consultation undertaken, representations received and changes made as a result of representations made before being approved by the Scottish Parliament and adopted by Scottish Ministers. There would be an opportunity to update the data between draft and revised draft NPF to reflect up-to-date information such as household projections.
7. We would expect **local development plans** to meet the housing land figure set in NPF4 as a minimum. The same evidence base used to support the national HNDA could then be used to inform a local HNDA. There would be **limited scope for adjusting these figures locally** within local development plans (within set parameters), and any adjustment would need to be informed by a full HNDA, set out clearly in a supporting local housing technical report and agreed at the local development plan gatecheck stage.

Figure 1 overleaf shows how this approach could work at the different scales.

Figure 2 sets out the existing and proposed approaches.

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<sup>1</sup> Geographical areas where demand for housing is relatively self-contained. These areas may significantly overlap and will rarely coincide with local authority boundaries. They can be dynamic and complex, and can contain different tiers of sub-market area, overlain by mobile demand, particularly in city regions.” (SPP, 2014, para 111)

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### 1.4 Guiding principles

A detailed process for reaching this output is the subject of ongoing discussion and remains under consideration, but the following **principles** could form an important part of the process:

- the approach to setting national housing land figures is intended to **provide early clarity and to reduce conflict and complexity** in the local development plan process.
- **the purpose of the figures is to ensure that local development plans allocate sufficient land for housing.** We propose that the figures in NPF4 are expressed as minimum figures for housing land to accommodate an agreed projected number of homes.
- **an agreed proportion of this land should be ‘deliverable’** whilst the remainder should reflect the longer term spatial strategy for the area. The policy and / or guidance could provide clarity on what is expected to be deliverable land, as well as addressing longer term strategy.
- in terms of geography and scale, we propose that the minimum figures **should be set for all local authority areas in Scotland.** This would maximise consistency and simplicity in the planning system as a whole and remove the uncertainty that could arise if, for example, figures at a regional scale required further calculations to set out local contributions to a shared figure. Within this, however, we recognise that there is a need to allow for local flexibility that reflects local circumstances. This could still be achieved as the figures are taken forward in each local development plan.
- **a national approach needs to be informed by regional and local knowledge, analysis and input.** We therefore propose to define the requirements for land in each area by working with local and planning authorities individually and / or in regional collaborations to ensure national analysis is informed by local objectives.

Engagement with communities, key agencies, stakeholders and developers will be important nationally and locally. Infrastructure providers and the development industry could positively contribute to this work and in particular bring their expertise to developing delivery programmes to achieve the ambitions of NPF.

### 1.5 Transitional arrangements

Early guidance on transitional arrangements will be published online alongside our [Transforming Planning in Practice – Post-Bill Work Programme](#). In the meantime current policy and guidance for strategic and local development plans remain in place.

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### **1.6 Next steps and timescales**

We will take forward our consideration of the approach to setting figures for housing land alongside the wider development of planning policy for housing policy in NPF4. At this stage, we would encourage all of those with an interest in planning for housing to participate in the early engagement programme as set out on our website <https://www.transformingplanning.scot/>. The wider policy context for planning for housing has been set out in the background information notes and can be referred to, along with this paper, in responding to the early engagement on NPF4.

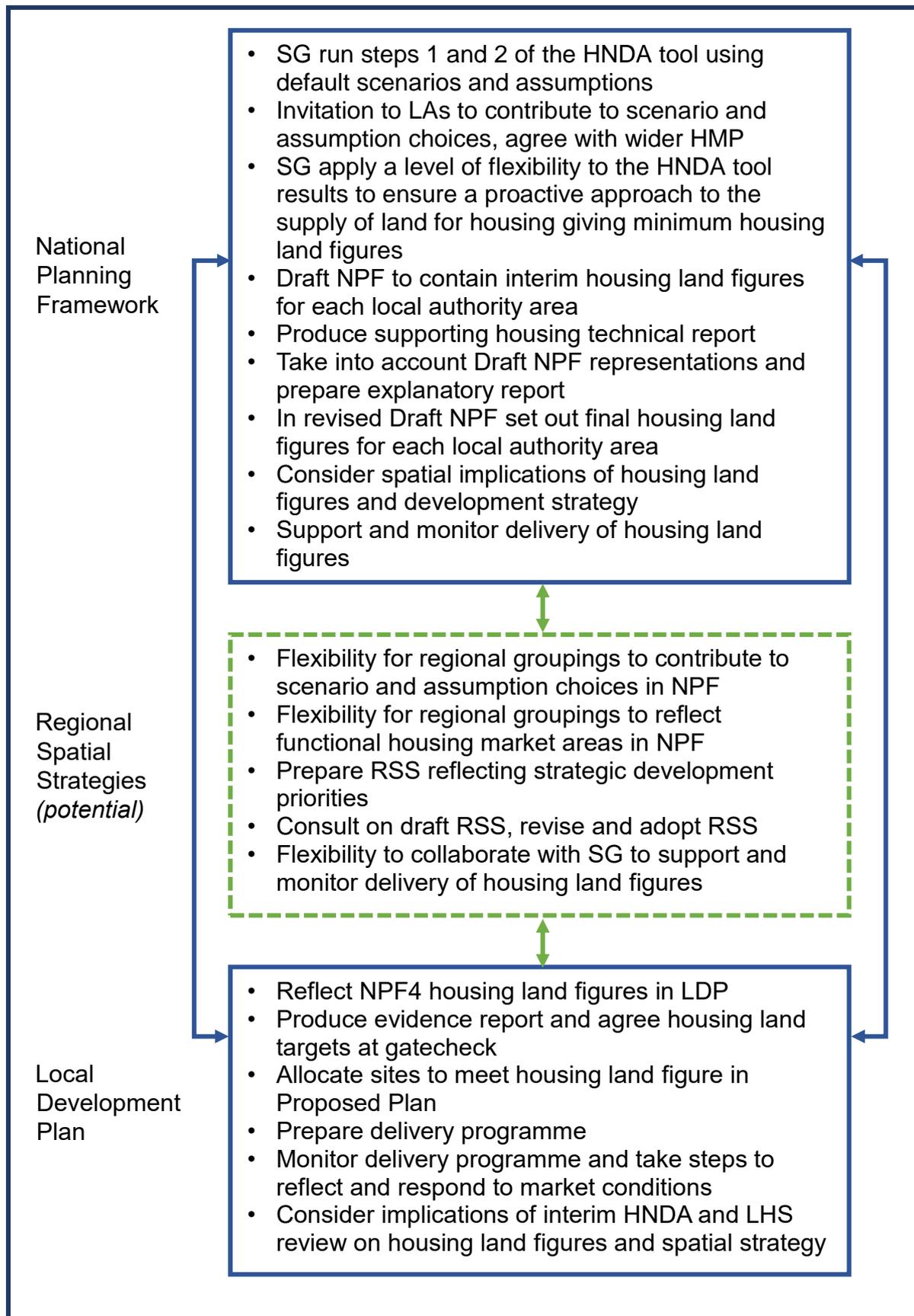
#### *Collaborative working*

Alongside the wider engagement, we will shortly establish an advisory housing panel to help guide this important area of work. This paper will provide the basis of initial discussions with the panel and we will publish its membership and a note of each meeting as the work progresses. We will seek to ensure that wider views emerging from the early engagement are taken into account by the panel.

We anticipate the draft NPF4 will be laid before Parliament in September 2020 at which time it will be subject to public consultation.

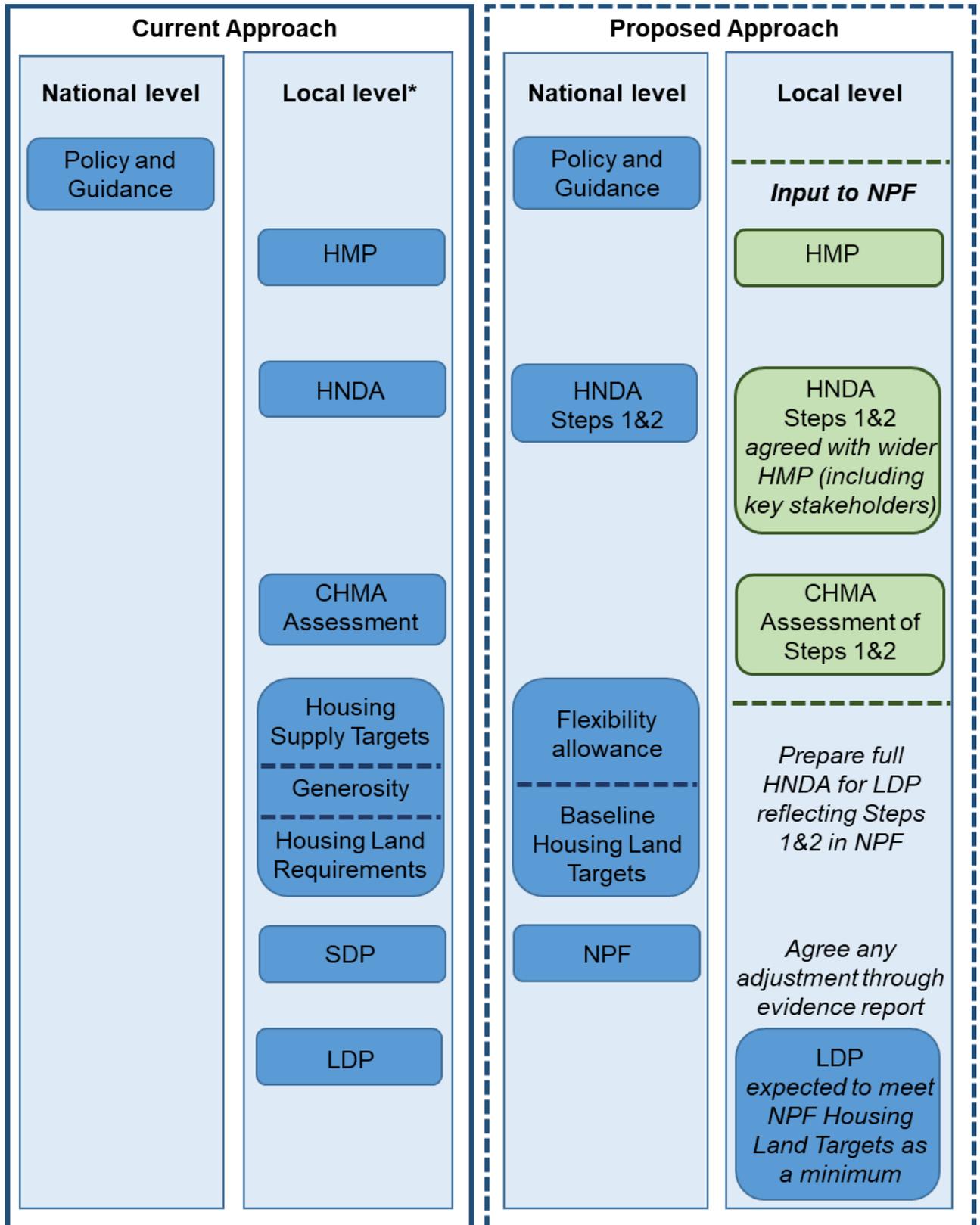
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**Figure 1.**  
**Potential approach to set “targets for the use of land for housing” in the new planning system**



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**Figure 2.  
Current and Proposed Approach to Housing Land**



\*or regional in SDP areas

NB. Local Level to reflect LHS as in current process

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### **1.7 Issues for consideration**

Respondents to the early engagement may wish to consider the following issues:

- What is your view on the guiding principles set out above?
- Should NPF contain housing land figures for all areas in Scotland or focus on certain areas?
- Are there areas in Scotland where an alternative approach may be more appropriate?
- What is your view on the proposed approach to setting out requirements for housing land?
- Should NPF provide a single housing land figure or a range?
- Is the HNDA Tool an appropriate mechanism to base housing land figures on?
- Should there be scope for local and planning authorities working together to reflect functional housing market areas that cross local authority boundaries? What approaches could be used to achieve this?
- Should NPF apply a level of flexibility to the HNDA tool results to ensure a proactive approach to managing the supply of land for housing in a positive way? Should the level of flexibility be informed by recent housing completions?
- Should NPF housing land figures be met in LDPs as a minimum?
- LDPs are moving to a ten year timeframe. Housing land audits generally programme land supply for a five year period. For LDPs to have a ten year land supply available upon adoption what mechanisms could be used to ensure land is brought forward in accordance with the LDPs spatial strategy?
- Should the Scottish Government play a role in the housing land audit process?