

City of Edinburgh Council

**Response to Scottish Government Consultation on National Planning
Framework 4: Call for Ideas - Housing Technical Discussion Paper**

Respondents were invited to consider a range of issues set out in the NPF 4 Housing Technical Discussion Paper.

What is your view on the guiding principles set out above?

Most of the guiding principles are reasonable in theory but may have some problems working in practice. In particular, *“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.”* This needs clarity. The amount and availability of land for housing should not be considered in terms of completion or delivery rates. Land allocations should not be measured on the programmed output – this has caused some of the problems with the current system with the 5 year programme of completions being used as the measure of supply of land. It would be preferable as a principle to talk in terms of a proportion of the land being free of development constraints with a programme in place to remove any constraints on the remaining land by a specific time. Also, the principle states *“an agreed proportion of land....”* But doesn't clarify who this agreement would be between.

“a national approach needs to be informed by regional and local knowledge, analysis and input.” As a principle, this is welcome but it is unclear how this could be achieved. The paper is proposing to use the HNDA tool (default scenario) to set the “land targets”. It is not clear at what point regional and local knowledge would play a part. It will also be difficult for councils and other stakeholders to conduct the required research and provide robust evidence in time to influence NPF 4 land requirements.

Should NPF contain housing land figures for all areas in Scotland or focus on certain areas?

Figures should be produced for the whole of Scotland, though account should be taken of local and regional differences in the methodology.

Are there areas in Scotland where an alternative approach may be more appropriate?

An alternative approach would not be required for City of Edinburgh council area.

What is your view on the proposed approach to setting out requirements for housing land?

Setting requirements for housing land based upon stage 1 and 2 of the HNDA process is not ideal. Such an approach removes the requirement from current Scottish Planning Policy to take account of wider economic factors such as capacity, resource and deliverability. The suggested approach assumes that councils should aim to provide land for enough new homes to account for the projected increase in new households and for households currently in need. It doesn't allow for the type and tenure of needed homes to be considered. There's a danger that the relatively simplistic approach to predicting land required doesn't sufficiently consider the potential that the level of affordable housing need may be higher than the market could support. This could lead to an over-supply of land in areas where there is insufficient resource or capacity to deliver all of the identified need for affordable housing.

This is a particularly important issue considering the current coronavirus pandemic. Capacity, resources and deliverability are all now relative unknowns, at least until we see what measures need to be put in place to enable housing sites to commence on site again. The need for affordable housing is only likely to rise as average household income is likely to decrease and be less certain for many households.

The proposal suggests that local areas could suggest alternative scenarios and assumptions. This is essential to producing reasonable and achievable housing targets that take account of factors beyond simple demographic projections. However, further clarity is needed as to how this could be achieved. Robust and credible evidence would be required to justify alternative scenarios and the proposal is clear that agreement with stakeholders, including Homes for Scotland, would be required. Such a process would be similar to the current situation of councils conducting their own HNDA which is a high resource and time consuming undertaking. It would be difficult to get agreement for alternative targets from a range of stakeholders with conflicting priorities for housing targets.

Should NPF provide a single housing land figure or a range?

A single figure would remove debate as to which figure is the appropriate one to use at LDP stage. However, the figure must be robust and take account of local and regional knowledge. Simply using the HNDA tool default scenario may not be appropriate. NRS projections are based upon past trends. There are wider economic issues to consider. There may be signposts to changes and shifts in likely future demographic changes and demand for housing that won't be picked up by projections for years to come

The latest household projections are 2016 based and use trends in mortality, fertility and migration from 2011 to 2016. The current coronavirus crisis will certainly affect demographic change. The default 2016 based projections are not, therefore, a reasonable proxy for demand/need for new housing in the current circumstances.

Is the HNDA Tool an appropriate mechanism to base housing land figures on?

Some form of assessment of housing need and demand in the future is essential and the HNDA tool is welcomed. However, stages 1 and 2 of the HNDA tool are simply demographic projections of household change, adjusted to account for existing need. There are many other considerations to take account of before allocating land. It is essential that account is taken of the types and tenures of houses needed before land requirements are set. The deliverability and resource requirements for the needed houses must also be considered alongside demographic need. As stated under other questions above, the current coronavirus crisis largely invalidates the 2016 trend based projections as a reasonable estimate of future demographic need and the likely increase in need for affordable housing against market housing highlights the importance of considering the types and tenure of houses required rather than the tenure-blind approach proposed.

At no point in the proposed method for setting housing land figures are available and future infrastructure requirements considered.

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?

There will be scope to do this through Regional Spatial Strategy working, however, there is a need for careful consideration of mechanisms for doing so. The approach must not result in a single local or planning authority area taking a burdensome level of cross boundary market area need and demand and data and digital resources need to be refined to ensure that there is a greater level of sophistication in assessing functional sub-markets.

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?

Yes, whilst useful, the HNDA tool provides basic estimates of future need and demand. To date, the HNDA has been an input to the process of setting housing supply targets (leading to housing land requirements) but has not set the targets itself. Setting targets based purely on demographic projections is over simplistic and doesn't take account of wider economic factors.

Recent housing completions are another factor to consider but it shouldn't be a matter for NPF to interpret. In an area with a constrained housing market, recent completions may be low, masking unmet demand. Peaks and troughs in development activity may occur for a variety of reasons and interpretation of completions rates should be made in a local context.

Should NPF housing land figures be met in LDPs as a minimum?

Unclear as to what this means – are “housing land figures” the housing land requirement (amount of land), the housing supply target (number of homes to be delivered) or the assessment of housing need and demand from the HNDA tool?

If this means the amount of land that should be allocated, then it would make sense for it to be a minimum figure, allowing for more aspirational delivery rates to be targeted if necessary. It is, however, essential that the methodology for setting the “housing land figures” is robust.

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?

This statement/question continues the current confused definition of housing land supply being measured in terms of housing delivery rates. Whilst deliverability and marketability of housing land (and housing units) are important factors to consider, the amount of land available for house building should not be measured in terms of the expected completion rates, especially in the short term. Once housing land is allocated it will be used up, but the rate will change upwards and downwards depending on local, regional and nation changes to demand. Measuring the supply of land in terms of delivery rates can lead to the contradictory conclusion that troughs in demand for housing, leading to slow down in delivery, can (or should) be remedied by making additional land available. This leads to expensive, inefficient use of infrastructure.

Should the Scottish Government play a role in the housing land audit process?

The housing land audit is the tool used to monitor the availability of land for housing (an input) and the number of homes completed (an output) against housing land requirements and housing supply or delivery targets. There is currently a confusion as to how land availability and delivery of homes are measured. It is common for land supply to be measured in terms of the programme of completions for the next five years. The report of the Independent Review of the Planning System in 2016 highlighted the impact of the confusion around measurement and definition of ‘effective’ housing land. Its Recommendation 13 stated an urgent need to establish a clearer definition, to allow energies to be focused on other, more important things. This issue remains a key piece of unfinished business from the independent review. NPF 4 is an opportunity to set out a clearer policy context for how housing land and housing delivery are measured and dealt with.