

## **National Planning Framework 4 (NPF4)**

### **Homes for Scotland Response to the Scottish Government Call for Ideas**

**30 April 2020**

#### **About Homes for Scotland**

Homes for Scotland is the voice of the home building industry in Scotland, representing some 200 companies and organisations which, together, deliver the majority of all new homes built across the country. Our response to this Call for Ideas has been approved by our Planning Forum.

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## 1.0 Introduction

- 1.1 Homes for Scotland welcomes this opportunity to shape thinking on the role and content of NPF4. We also welcome the ongoing changes to the planning system in Scotland which will give the Scottish Government and its policies a greater stake in ensuring the system operates as intended and delivers the right outcomes for Scotland, including the delivery of more, high-quality homes.
- 1.2 Homes for Scotland was heartened when the Scottish Government, during the passage of the Planning (Scotland) Act 2019, accepted a role for NPF4 in setting “targets for the use of land in different areas of Scotland for housing” This gives NPF4 the best possible opportunity to secure the delivery of more, high-quality homes. These targets should be set within a **pan-Scotland, all-tenure target to deliver at least 25,000 homes a year**. We discuss this target in detail in our response to the Housing Technical Discussion Paper.
- 1.3 Adding to the long-standing housing emergency in Scotland, the COVID-19 pandemic has brought home building sites across Scotland to a standstill. There has never been a more important time, or a better opportunity, to re-set national planning policy, removing vagaries and elevating key points to ensure planning authorities are crystal clear on the importance of delivering more, high-quality homes through their plans and decisions. Most people still aspire to open market home ownership. Planning must respect and support that ambition.
- 1.4 Homes for Scotland (HFS) has five priority asks which would ensure that delivering significantly more, high-quality new homes is a key outcome and indicator of success for planning in Scotland. Wider policy suggestions follow.

### HFS Priority Asks for NPF4

Classify new homes as essential infrastructure

Pan-Scotland all-tenure housing delivery target of 25,000 + homes a year

Minimum delivery targets for each LDP (which support the Pan-Scotland target)

The 25,000 + homes a year to be a National Development

An industry-supported method to measure the deliverable housing land supply

## **2.0 The spatial opportunity**

- 2.1 NPF4 is an opportunity for the Scottish Government to work collaboratively with all stakeholders to shape the pattern and nature of future development across Scotland. It can uphold existing spatial strategies where they are working well in delivering outcomes, but it must begin the process of change, wherever change is needed.
- 2.2 Through NPF4, planning authorities, home builders and communities alike can take a shared understanding of how home building will sustain communities and support inclusive growth across Scotland, and how different parts of the country must change and develop to resolve the housing crisis whilst also addressing the climate emergency.
- 2.3 NPF4 should build on the attempts made by NPF3 to shape local and regional approaches to planning for development and growth. Issues to tackle include:
- Guiding authorities to meet housing need in demand in the places from which it arises.
  - Supporting home building in North East of Scotland, where the industry is particularly susceptible to volatility in the oil market.
  - Setting the tone for development plans being spatial expressions of economic strategies and fully reflective of national, regional and local growth ambitions as expressed in, for example, city region deals.
  - Identifying a long-term, pan-Scotland plan for investing in and delivering the infrastructure required to support existing residents and growing communities, so that public implementation of infrastructure does not continue to delay sustainable housing growth. Building too few homes is not the answer to infrastructure gaps.

## **3.0 The importance of delivering more new homes**

- 3.1 Every Scottish household should be able to select a home that suits them and that is in the place of their choosing. To make that possible every planning authority must plan determinedly for the delivery of more, high-quality homes. Success should be judged by the new homes that are actually built through the planning system. Real homes that real households can live in, rather than paper houses that exist only in plans and audits.
- 3.2 Through each new home their plans and decisions help deliver, planning authorities will contribute to the local and national economy, support jobs, add

to the stock and improve the balance of high-quality, energy efficient, adaptable homes, and unlock public benefits through developer contributions.

3.3 The benefits that would flow from hitting the 25,000 homes a year target were quantified in 2015 in research for Homes for Scotland by Lichfields<sup>1</sup>. They include:

- £1.17bn in net capital expenditure
- A total of £5.1bn in economic output
- 101,630 jobs (direct, indirect and induced employment)
- An increase of £93.7m of tax revenue through LBTT, Corporation Tax, NI and PAYE Contributions
- £50.7m of additional developer contributions to local infrastructure including school places,
- community facilities, public open space and affordable housing

3.4 Increasing the delivery of new homes would also support many of the National Outcomes, especially if delivery reaches a sufficient level that it has a positive material impact on the affordability of housing on the open sale and rental markets. Inclusive, empowered, resilient and safe communities can only be achieved if younger generations have the same access to home ownership as previous generations. Beneficial contributions towards UN Sustainable Development Goals would also be achieved, such as Sustainable Cities and Communities which allow people to advance socially and economically and have efficient urban planning and management practices in place. A shortage of adequate housing is specifically identified as a challenge.

3.5 The opportunity cost of under-providing new homes is also huge, as evidenced by the increasing problem of wealth inequality and affordability barriers to buying and renting homes on the open market. Scotland is becoming increasingly reliant on affordable housing to provide homes to people in professions and income brackets that would, in previous generations, have been owner occupiers in the open market. People still aspire to that, but the way Scotland plans can work against those ambitions.

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#### 4.0 How NPF4 housing policy can ensure more homes are delivered

4.1 SPP lays a good foundation for a system that plans for the new homes that are thought to be required. However, there are instances of ambiguity, and policy caveats and gaps, that can lead planning authorities in the wrong direction. SPP policy has been interpreted by different authorities in different ways, and not always in the way the Scottish Government may have intended. These issues can be righted through clear and careful drafting in NPF4.

Issue in Practice	NPF4 Solution
<b>Evidence</b>	
There is incomplete evidence on housing need and demand, with many aspirant households overlooked, resulting in too few homes being planned for. Housing Need and Demand Assessment (HNDA) overlooks several demand types.	In developing NPF4 housing targets, the Scottish Government should use household surveys to capture the full range and real quantum of households and aspirant households for whom a new home is required <sup>2</sup> .
<b>Targets</b>	
These can be, and often are, set at levels lower than evidence need and demand. In some instances, planning authorities in city regions have sought to apply lower targets that set out in the Strategic Development Plan	Setting housing targets in NPF4 will help if (a) they clearly state the minimum the number of homes to be built each year (b) they take evidenced full need & demand as their starting point but also support growth ambitions and (c) they are supported by unambiguous policy that stops them being revised downwards in LDPs.
<b>Generosity</b>	
Scottish Planning Policy (SPP) does not specify the circumstances when it would be wise to include a generosity allowance of more than the minimum 10% in the housing land requirement. Few opt for more than that minimum even where previous allocations and other 'effective' sites have gone unimplemented.	Replace para.166 of SPP with a simpler requirement for each planning authority to identify land which can accommodate at least 20% more new homes than its housing delivery target (this removes a common source of disagreement, provides for a planned 'plan B' rather than higher reliance on windfall proposals, and works better with the use of minimum delivery targets.

<sup>2</sup> For more detail see the Homes for Scotland response to the Housing Technical Discussion Paper

<b>LDP Housing Land Supply</b>	
<p>Through the examination process many LDPs have been found to have provided for thousands of homes fewer than was intended. This reduces the reliability of the plan for communities and utility providers, increases the need for windfall sites to meet housing supply targets. This issue is a risk of worsening as plans move from a 5 to a 10-year lifespan.</p>	<p>With allied regulations, establish key requirements for:</p> <ul style="list-style-type: none"> <li>(a) no LDP to pass its gate check without confirmation the NPF4 minimum housing delivery target is capable of being met or exceeded</li> <li>(b) evidence reports to identify all sites in plans and audits not yet delivered and identify the delivery barrier, (sites yet to be delivered and with barriers should have timescales and specific actions detailed in LDP Action Plans which can be scrutinised an)</li> <li>(c) DPEA reporters to use their powers to reject plans that allocate insufficient land to meet delivery targets, so planning authorities can undertake further collaborative work with Homes for Scotland and others to find solutions to the shortfalls</li> <li>(d) NPF4 to work in tandem with regulations to ensure an LDP review is triggered as soon as shortfall in the 5-year supply of deliverable housing land arises.</li> </ul>

<b>Housing Land Audits</b>	
<p>The housing land audit should be a factual and honest snapshot of where new homes are forecast to be built and when. They don't function well in this regard at present, making them unreliable for any communities and infrastructure providers. The issue is compounded by the fact there is no agreed method of identifying whether the sites identified in the audit can yield new homes (of are 'effective').</p>	<p>Establish a common approach to housing land audits which enables a national snapshot to be compiled from local audits, and which readily lend itself to clearly establishing the deliverable housing land supply. Set out a common methodology for assessing whether the land that has been identified for residential development is sufficient in capacity terms and realistic in delivery terms to achieve or exceed the NPF4 housing delivery target in the plan period. This requires a methodology for the calculation of the deliverable land supply (or delivery forecast) which quickly resolves shortfalls, and a clearer set of parameters for agreeing whether a site can deliver homes, and when it will. Proper collaboration with Homes for Scotland should be required by policy. The final audit should confirm whether it is agreed with Homes for Scotland and whether there are any disputes.</p>
<b>The Presumption</b>	
<p>The 'presumption in favour of development that supports sustainable development' should change the policy considerations applied to applications the 5-year effective housing land supply is short, with local policies giving way. The courts describe this as a 'tilted balance'. Overall, the policy has made no obvious difference to how applications are considered or to delivery levels. Its applicability is reduced by lack of agreement on how to identify a shortfall.</p>	<p>Unless the current absence of a clear methodology for identifying shortfalls is achieved, NPF4 will need to introduce a new and clearer presumption policy that is less reliant on arguable concepts of effective housing land shortfall and which, instead, presumes in favour of any development which will contribute to the delivery of more, high-quality homes and which will not cause significant harm that outweighs the benefit and critical importance of housing delivery.</p>

<b>Viability</b>	
<p>Scotland has yet to introduce measures to ensure the policy asks flowing from a plan can be serviced without having a prohibitive effect on the ability of the market to deliver homes in the areas and on the sites favoured by that plan.</p>	<p>New provisions asking site promoters to show their sites are deliverable must be matched by a requirement for planning authorities to take responsibility for understanding the housing and housing land markets in their area and ensure they identify sites on which homes can be built in a way that meets policy aspirations. Collaboration with Homes for Scotland will help them in this endeavour. Procedures should be established to ensure consideration of viability doesn't create disputes and delays. All authorities should be required to properly consider viability arguments and adjust policy asks accordingly, prioritising that which will make the best contribution to sustainable communities and which cannot be delivered in other ways. Planning Authorities should be asked to show that their plans are deliverable.</p>

## **5.0 Key thematic policies to strengthen and clarify**

### Affordable Housing

- 5.1 Homes for Scotland supports the current SPP policy that “the level of affordable housing required as a contribution within a market site should generally be no more than 25% of the total number of houses.” In practice authorities increasingly seek higher contributions. NPF4 should seek to manage these variations by requiring any higher requirements to be justified with evidence not just on need but in viability too. The paragraph 126 description of affordable housing is good in that it focuses on the issue of people with modest incomes requiring homes that are attainable within their means, describing a range of ways that can be provided rather than focusing on a subset of affordable housing such as council housing / social rent. This should be retained and should planning authorities put under a greater direction to maintain that flexibility.
- 5.2 The most effective way of securing a larger number of affordable homes, through private development, will always be to allocate a more generous supply of viable sites in places where people want to live.

### Infrastructure and developer contributions

- 5.3 NPF4 should support the Scottish Government's wider work on infrastructure delivery, and that of the Infrastructure Commission. It has a particularly important role to play in reversing the contraction of public sector-led investment in the infrastructure required to sustain and support Scotland's growing communities. Home builders expect to be asked to make a fair contribution towards infrastructure which their customers will use, and which makes new development supportable. However, the current culture of home building being delayed because the public sector is not geared up to deliver the required infrastructure ahead of (or on) time means that not only are infrastructure shortfalls retained, housing shortfalls are worsened. NPF4 could reframe planning obligations payments as, primarily, as a means of retrospectively recouping from developments a fair share of the cost of providing the infrastructure from which it benefits. The test set out in the Circular is clear, understood and has been tested and found to be appropriate over many years and should continue.
- 5.4 We agree with the Infrastructure Commission on the role of NPF4 in establishing where infrastructure is needed to support sustainable and inclusive growth, with a long timeframe and regional approach. We agree that an Infrastructure First approach is required, with improved infrastructure planning at a national and regional level, through greater co-ordination and involvement of all stakeholder in the planning process. The value Regional Spatial Strategies add to the wider planning system will be tested by how coherently and effectively they plan for and secure the delivery strategic infrastructure across Scotland.
- 5.5 NPF4 should require plans from Scottish Water and other utility providers and key agencies to be provided for inclusion in LDP and NPF4 Action Programmes, to show how they will support the implementation of sites, targets and policies. Strategic growth projects and actions to resolve network capacity constraints need to be aligned with the delivery timescales for new development, hence the importance of ensuring all of the allocations in a plan can be delivered within the plan period, and that housing land audits provide reliable forecasts of home building patterns.

### Small-scale home builders

- 5.6 In line with the recommendation of Homes for Scotland's 2019 report on increasing supply from Small-Scale Home Builders<sup>3</sup>, NPF4 should include a policy which waives any requirements for developer contributions on sites of up to 12 homes. Where developer contributions are required above this, a graded approach should be implemented on sites of 13-25 homes with provision made for a proportionate capped fee.

### Greenhouse Gas Emissions

- 5.7 Neither Section 72 of the Climate Change (Scotland) Act 2009 nor Section 3F of the Town and Country Planning (Scotland) Act 1997 require planning policies push beyond building standards, but in practice these provisions have led some planning authorities to do so. This affects viability but can have no material impact on Scotland's emissions. If the Scottish Government retains the 2009 provision, NPF4 taking development plan status may provide a solution. If there is pan-Scotland policy included in NPF4 and written into each LDP, there would be no further burden on each planning authority. NPF4 should at least state that policies prepared under the 2009 Act should not be required developments to exceed building standards without evidence this is deliverable.

### Green Belts and Greenfield Land

- 5.8 NPF4 is an opportunity to redefine the purpose of Green Belts in Scotland, to clearly articulate the difference between the Green Belt and the wider supply of greenfield land, and to require Green Belt designations to be critically reviewed each time a relevant LDP is prepared or reviewed. In some circumstances the release of Green Belt land may be the best or only way of ensuring housing delivery targets are met, especially where the Green Belt is extensive and viable brownfield sites cannot fully deliver the number of homes required. Planning authorities which have designated Green Belts need a stronger steer to be open to changing its boundaries and extent over time in order to strike a better balance between managing the growth of urban areas and achieving necessary development. In the Central Belt, the release of more Green Belt and wider greenfield land would also open opportunities to expand the Central Scotland Green Network.
- 5.9 The third bullet of SPP policy on the 'right development in the right place' (para 40), if strictly interpreted, could result in sustainable development opportunities being looked on unfavourably simply because they involve greenfield land. Whilst finding new uses for brownfield land has positive planning outcomes, it does not necessarily follow that greenfield development does not. Parliament

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<sup>3</sup> [Small Scale Home Builders Report: Increasing Supply. Homes for Scotland. November 2019](#)

rightly rejected a Planning Bill amendment that would have introduced, in effect, a sequential test for Green Belt development. Policy that has the same effect in terms of greenfield development should also be avoided. Loosening the wording of this bullet would help.

- 5.10 Paragraph 49 of SPP seems to encourage planning authorities to designate new areas of Green Belt. It also provides mixed messages when considered alongside paragraph 82. It would be more conducive to sustainable economic growth to look on each Green Belts as an established designation with a particular, and time-specific purpose and justification, that should be reviewed critically overtime to ensure it is not restricting options for the sustainable growth of any settlement. National policy on Green Belt should focus minds on when these designations may unhelpful when considered against the aim of sustainable economic growth and the new 'purpose of planning' as articulated in the Planning Bill. Paragraph 50 is helpful in this regard and should be retained. Clearer policy for brownfield sites within the Green Belt would be helpful too.

#### Accessible Housing

- 5.11 Local aspirations to deliver more accessible and/or adaptable housing through development plans have outgrown national policy and guidance and some local approaches are emerging which are difficult to satisfy on a typical new build development. As set out in our Housing to 2040 response, home builders already play a significant role in the provision of highly accessible homes for a wide range of users. In complying with Building Standards new homes meet most criteria for both Housing for Varying Needs and Lifetime Homes Standards. It is Homes for Scotland's firm view this area of policy is best managed through Building Standards. If it were to become a planning issue then NPF4 would need to very clearly define what is meant by accessible homes and establish a workable approach to delivering it through the planning system

#### Noise

- 5.12 There is a current trend for developments to be rejected based on noise, despite the development meeting need and policy objectives. These refusals are often the result of individual local authorities setting their own stringent noise targets, even if the predicted noise levels meet wider national guidance and planning policy.
- 5.13 NPF4 could help by establishing context as an important consideration in noise considerations, for example in the setting of appropriate require strict adherence to noise targets for a proposed site in an existing noisy urban area to one in a quiet, rural location, which can result in refusal for sites for which

noise need not have been a significant constraining factor had context been better accounted for. Planning authorities and their EHOs must work positively with the developers and landowners of current and proposed site allocation sites to ensure a viable development can still take place.

- 5.14 Local noise standards should facilitate the achievement of the spatial strategy that underpins the plan, and of the individual sites which it identifies as the planning authorities preferred locations for residential development. Strategies and suites of sites should be adjusted if the authority does not believe noise levels can be made acceptable through design.

## **6.0 Other current policies that could be improved**

### Net Economic Benefit

- 6.1 There is limited evidence of consistent and determined efforts being made in planning decisions to consider the net economic benefit (para. 29) of residential development such as jobs created and easing of pressures on wealth inequality / affordability. Equally, the negative economic, social and wellbeing impacts of under-planning for homes and restricting development to the extent planning directly contributes to wealth inequality seems to be given little regard when decisions to refuse are made. These factors need to be considered alongside wider planning considerations.

### Design

- 6.2 SPP paragraph 56, on design as a reason for refusal, reads oddly amongst the wider policy content: it is very geared toward refusing development purely on design grounds and in doing so seems to elevate design above other considerations. Design being a subjective concept, this policy seems unduly risky. Any single issue can – dependent on circumstances – be a reason for refusal. Singling design out like this feels unbalanced. Good design and place making by Homes for Scotland members has a positive impact on growing communities and their wellbeing and is best achieved through a supportive and collaborative planning system where authorities work with positively with developers over the long term.

### Designing Streets

- 6.3 Designing Streets should be reviewed and the next iteration should become part of NPF4. It is desirable to achieve much greater buy in to a national standard for the design of streets in new developments. Designing Streets provides a good starting point for considering what standards and approaches statutory policy should prescribe. NPF4 also provides an opportunity to guide greater alignment of planning and roads consenting services, ensuring each

works to a shared set of goals and principles. A policy articulating the relationship would be helpful (and could follow the example of NPF3's articulation of the relationship between the LDP and the Local Housing Strategy).

#### 6.4 Masterplans

Building on paragraph 187 of SPP, NPF4 should require planning authorities to work collaboratively with home builders when previously agreed masterplans need to be updated to reflect changes in circumstance – ensuring they function as an enabler of high-quality development, not a barrier to its delivery. To reduce the risk of this, NPF4 should identify that masterplans should only be used where they can add greatest value, e.g. multi-phase developments rather than all 50 home stand-alone developments. NPF4 could also articulate a simple, common, non-legislative process for agreeing and reviewing masterplans.

#### Promoting rural development

- 6.5 SPP paragraph 80 (part of the promoting rural development section) is felt to go too far in its protection of agricultural land – especially in encouraging a moratorium approach in some localities to protect land that is of less than 'prime agricultural' quality. It seems unreasonable to promote this in a way which can make the use of sub-prime agricultural land a reason to set aside the presumption rather than consider this issue in the balance with other considerations, including positive ones.

#### Local designations

- 6.6 Policies in the natural, resilient place section (beginning at SPP paragraph 193) provide too much encouragement for various local designations and for tightly written policies on development in the countryside around towns. This both increases the constraints on how a planning authority and its development community can serve housing need and demand and debases the coinage of higher tier designations. Where local designations are used to add additional limits on development, these should be supported with strong evidence as to why they are required. They should also indicate how greater flexibility will be applied in instances where a shortfall arises in the supply of deliverable housing land. NPF4 should make it crystal clear that local designations cannot take the same level of weight as is afforded to the Green Belt.

## **7.0 Concluding thoughts**

- 7.1 NPF4 should be founded on the delivery of a significant increase in new, high-quality homes. Scotland remains in a housing crisis and good NPF3 and SPP content on housing delivery has often been under-implemented at the local level. Other policy aims and ambitions (such as placemaking and responding to the climate emergency) should be pursued in a way that works with, not against, home building. NPF4 should state clearly that both it and LDPs are fundamentally about how housing and other required development will be delivered. Providing what is required is a fundamental part of serving the long-term public interest, so this links directly with the new Purpose of Planning introduced in the Planning (Scotland) Act 2019.

**Diagram 1: Housing Land and Development Planning**

This is a proposed replacement for Diagram 1 of SPP

**Evidence Base**

- Housing Need and Demand Assessment
- Household Surveys to identify wider need and demand
- Home building required to support Local, Regional and National growth ambitions

**Minimum Housing Delivery Targets for Scotland and Local Development Plans**

National Planning Framework 4	Local Development Plans
<ul style="list-style-type: none"> <li>• Sets Housing Delivery Target for Scotland and each LDP (the minimum number of home to be delivered each year)</li> <li>• Requires LDPs to allocate deliverable housing land that can accommodate 120% of the total housing deliver target for the full 10-year plan period</li> <li>• Requires planning authorities to maintain a 5-year supply of deliverable housing land at all times</li> </ul>	<ul style="list-style-type: none"> <li>• Allocates deliverable housing land that can accommodate 120% of the total housing delivery target for the full-10 year period</li> <li>• Includes an effective policy recover a 5-year effective housing land supply in the event of any shortfalls that arise against the housing delivery target</li> <li>• Identify the likely longer-term pattern of housing growth over a 15-20 year timeframe</li> </ul>

**Ends**

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