



NPF4 Housing Technical Discussion Paper

Homes for Scotland Response to the Scottish Government Consultation

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 consultation has been approved by our Planning Forum.

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1.0 Introduction and Priority Asks

- 1.1 Responding to Housing to 2040 and the National Planning Framework 4 (NPF4) Call for Ideas, Homes for Scotland called for a national housing target of at least 25,000 new homes a year. This sits amongst our four priority asks for NPF4.

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

- 1.2 Homes for Scotland supports evidence-based policy and targets, but it is vital that neither the Scottish Government nor planning authorities rely too heavily on evidence that is incomplete. Additional information must be sought beyond the typical reach of an existing Housing Needs and Demand Assessment (HNDA). All of the households and aspirant households in the table below are overlooked by basic HNDA methods. This is an unsustainable and unfair flaw, but one which the Scottish Government can resolve through NPF4.

Overlooked Households

Those who are **overcrowded** in their current homes
Concealed (but not overcrowded) households
(i.e. adults living in HMOs or with friends / parents / adult children)
Those living in **homes that are physically unfit**
households in **homes that are not affordable** to them
households in **unsuitable homes** (e.g. families without outdoor space)
homeless households not in temporary accommodation

2.0 Why 25,000 + homes a year?

We know at least 25,000 homes a year are needed:

- 2.1. Best evidence points to 25,000 homes a year being an appropriate minimum target for Scotland. Analysis carried out by Rettie for Homes for Scotland in 2019 reaffirmed the fact that Scotland needs to provide approximately 25,000 to 27,000 new homes each year to catch up on backlog and provide for new households.

A Scottish Government target must be ambitious:

- 2.2. An NPF4 pan-Scotland housing delivery target would be the first all-tenure housing target to be adopted by the Scottish Government for over a decade.
- 2.3. In its 2007, in its discussion document ***Firm Foundations: The Future of Housing in Scotland*** the Scottish Government set a target of 35,000 new homes per annum by the mid-2010s. It was open to a challenging target the looked beyond baseline need and demand and sought to reflect Scotland's ambitions and the issue of affordability.
- 2.4. In the slow recovery period from the global financial crisis of 2007 year, house price growth has continued to outstrip growth in incomes. So, affordability decreases, and wealth inequality widens. Planning restrictions, and the Scottish system's under-developed focus on delivery, play a significant part in this. NPF4 targets based only on baseline need and demand would perpetuate this issue.

The Scottish Government has championed the need for more, high-quality homes

- 2.5. The Scottish Government has consistently stated that planning reform must achieve the delivery of more, high-quality new homes. This recognises the fact that too few homes are being built to address the following:
 - the need for affordable housing (in its many forms)
 - the demand for new homes for sale
 - housing shortfall-derived issues of affordability and wealth inequality
 - Scotland Government economic growth and in-migration ambitions
 - Regional and local ambitions such as retaining graduates and young families



2.6. Meanwhile, Scotland remains in a housing crisis. Demand has outstripped supply for over a decade, creating an estimated all-tenure backlog of 85,000 homes¹

The economic benefit of delivering 25,000 homes a year:

2.7. Research²³ shows that delivering 25,000 new homes across Scotland each year would have wide ranging economic benefits. These 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

2.8. Scotland is missing out on these benefits because the restrictive impact of its planning system is not facilitating the delivery of enough new homes. The recent Infrastructure Commission for Scotland report⁴ recognises that:

This lack of (housing) supply, particularly in key economic growth areas, is considered to be acting as a brake on Scotland's economic growth"

25,000 + homes a year is achievable

2.9. As recorded in the edition 05 of Homes for Scotland's **Insights** publication, completions statistics suggest the 15% year-on-year increase in delivery that was achieved in 2018 could be repeated in 2019. If the trajectory for last year continues we will be looking at year-end completions of around 23,000 new homes.

¹ [Retrieval analysis of Scottish Government data](#)

² [Economic & Social Benefits of Home Building in Scotland](#), Lichfields, 2015 ([infographic](#))

³ [The Value of Residential Development, Rettie, 2019](#)

⁴ Infrastructure Commission for Scotland, 2019

New Home Completions Reported to Date for 2019



Source: Homes for Scotland Insights 5 and Scottish Government Statistics

2.10. A minimum target of 25,000 new homes a year is also comparatively modest compared to the 300,000 / year target in place for England. 25,000 is within much easier reach of recent delivery levels in Scotland.

A lower target would put industry sustainability at risk

2.11 The proposed approach may only point to an annual housing target of 15,000 homes, or even fewer. That is significantly below both current delivery levels and the number of news homes that are indicated to be required by the best available independent evidence. It is more than 25% below current delivery levels, so would require a retraction of the home building industry and its attendant job creation and economic growth advantages.

3.0 Response to specific questions on issues for consideration

Q1 What is your view on the guiding principles?

- 3.1 Homes for Scotland cannot support the guiding principles in their current form. We believe that the fundamental basis for planning for housing in Scotland should firstly state the number of homes that require to be delivered each year across all-tenures.
- 3.2 It is unclear how the proposed focus on land to be identified, rather than on homes to be delivered, will transform the housing delivery focus and outcome-based success of Scotland’s planning system. This is particularly so as the land-based approach perpetuates the allocation of sites in places where there is limited or no demand and increases pressure for the fewer new homes that are built in areas where people want to live.
- 3.3 It would also be a missed opportunity for true collaboration, across the current public-private divide, if those who build homes were not given a share in the task of setting targets and helping ensure spatial policy is deliverable, where intended, through the market.
- 3.4 The efficacy of the new LDP gate check introduced in Planning (Scotland) Act 2020 would be significantly enhanced if all parties are stakeholders in setting LDP targets in NPF4, spatially distributing the 25,000 + target among each area.
- 3.5 Allied policies should be carefully drafted to ensure the all-tenure targets for each LDP do not encourage too big a shift from a range and mix of house type, densities and sizes towards high density living.

Principle	HFS Comment
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	Homes for Scotland agrees with this principle but changes to the proposed approach will be needed to achieve it.
The purpose of the figures is to ensure that LDPs allocate sufficient <u>land</u> 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.	Homes for Scotland does not agree with this principle. Land for housing is required because new homes are required for households. It is impossible to state the quantum of land required without first assessing the number of homes required.

<p>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.</p>	<p>Homes for Scotland does not agree with this principle. There have been many failures in plan-making under the current system, with too little effective land identified. The answer is not to remove the requirement for a full supply of land which can demonstrably deliver the number of homes required to meet/exceed NPF4 targets. No land should be relied upon and used as a reason to reject other sustainable and deliverable home building opportunities if it cannot be demonstrated that it is free of barriers (market or otherwise) to the delivery of homes on it through the preferred method. There should be a clear plan of action within each LDP to show that every site is, or will go through defined steps to become, deliverable. This said, we prefer the word ‘deliverable’ to ‘effective’. It is clearer and it better reflects the intended outcome of delivering new homes.</p>
<p>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.</p>	<p>Homes for Scotland agrees that minimum figures should be set for all local authority areas in Scotland, but these should be minimum housing delivery figures and not just minimum figures for identifying land on paper. This will also facilitate the use of planning trajectories to map each planning authority’s route to meeting its target over the course of its 10-year plan – and track progress as that period unfolds and homes are built.</p>

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.

Whilst Homes for Scotland agrees that the national approach requires support at the regional and local level, this attempt at regional buy-in should not be to the detriment of meeting Scotland’s housing need and demand, and it should not be limited to local and planning authorities. Key cross-sector stakeholders like Homes for Scotland should be at the heart of this work as are members are now, and will continue to be, the delivery agents for the majority of new homes built in Scotland. They have current and informed information on local housing and housing land markets Giving them a more equal voice in early discussions will better ensure no part of Scotland needlessly under-plans for new homes. If Regional Spatial Strategies (RSS) will play a role in developing NPF4 housing targets, those RSS should be developed in collaboration with, and be demonstrably supported by, key stakeholders like Homes for Scotland.

Q2 Should NPF4 contain housing land figures for all areas in Scotland or focus on certain areas?

3.6 NPF4 should contain housing delivery figures for all areas in Scotland. The figures should be targets. This is a clear requirement under the new legislation and the Scottish Government should not seek to downgrade from targets to figures. The areas should correspond with the operational area of each Local Development Plan. The minimum housing delivery targets for each Local Development Plan area should combine to give a minimum pan-Scotland delivery target.

3.7 There is a cultural issue now of some planning authorities suggesting they have identified more than enough land and that, therefore, land availability is not a/the barrier to increasing housing delivery. This is a fallacy. There are barriers to the delivery of many sites allocated in plans and/or identified in audits, and other land options available with a higher likelihood of yielding new homes in line with housing supply targets and plan periods. The large amount of undeliverable land, and the over-optimistic programming over other sites, serves as a barrier to the release of

alternative, deliverable, sustainable, housing development opportunities. This issue will perpetuate if NPF4 housing targets relate to land rather than to the number of new homes that require to be delivered.

Q3 Are there areas in Scotland where an alternative approach may be more appropriate?

3.8 Homes for Scotland participates in development planning in all areas where our members are active. We cover the vast majority of planning authorities in mainland Scotland, excluding the National Parks. Our members range from PLCs to small scale home builders and developing RSLs. There is no obvious reason why any part of mainland Scotland should need to vary a standard national approach to planning for housing, particularly in terms of target-setting. When national policy provides hooks for local variation, but does not provide clear parameters for this, unintended consequences are likely to arise, and the intended outcomes may not be realised.

Q4 What is your view on the proposed approach to setting out requirements for housing land?

3.9 Whilst we welcome the openness of the Scottish Government to share its detailed thinking on establishing housing targets for NPF4 at this early engagement stage, Homes for Scotland cannot support the proposed approach. If the HNDA Tool is run, the outcome could result in an annual housing target of fewer than 15,000 homes. That is significantly below both current delivery levels and the number of new homes that are shown to be required by the best available independent evidence. It is more than 25% below current delivery levels, so would require a retraction of the home building industry and its attendant output of new, high-quality homes, job creation and economic growth advantages. This feeds our concern that HNDAs undertaken under current guidance underestimate housing need and demand in Scotland and that the HNDA Tool should be reviewed (and supplemented with primary research work) to better support NPF4 preparation.

3.10 We do support the proposal to set a distinct, all-tenure target for each LDP area. It will also be good to see Housing Market Partnerships (HMPs) take on a clearer role in planning for housing. It will be important these partnerships are genuine, that they include representatives of the home building industry, and that any proposals to put forward 'alternative scenarios and assumptions' must be referred to and agreed by the full HMP.

Tasks for future LDPs

- 3.11 Homes for Scotland strongly supports the current requirement for planning authorities to maintain a 5-year supply of effective housing land at all times. This should be retained as a test, with planning authorities required to demonstrate they have a 5-year supply of deliverable⁵ land at all times.
- 3.12 LDPs must, also, from the outset, allocate a 10-year supply of housing land which equates to 120 per cent of its NPF4 total housing delivery target. The majority of this should be truly deliverable, i.e. free of any impediment to home building. Where a site is to be delivered through the market this must include market related issues. The balance of the allocated land must have a clear route to deliverability, with actions to be taken set out in an Action Programme which has been scrutinised through consultation and examination alongside the LDP itself.
- 3.13 NPF4 should also require LDPs to indicate a longer-term pipeline of 15-20 years' worth of housing land . Some LDPs, such as that being prepared by the Moray Council, already seek to do this. It is an approach that better ensures the future supply of homes, planning on a long-term basis beyond economic and political cycles. It improves community awareness of how an area is likely to grow over time, and it better enables informed, in-time investment in utilities, infrastructure and services. Thinking of those who choose to prepare Local Place Plans, this also improves community awareness and the opportunity for communities to be engaged in planning to meet housing need within their areas.
- 3.14 It is Homes for Scotland's firm view that making proper provision for the number of new homes that require to be delivered in Scotland in the short, medium and longer terms cannot be achieved without the release of more deliverable sites. NPF4 should encourage planning authorities to properly tackle this challenge.
- 3.15 A summary of these NPF4 and LDP roles is set out at Diagram 1, and Annex 1 provides further commentary on Sections 1.2 and 1.3 of the Housing Technical Discussion Paper.

⁵ We support the Scottish Government's suggestion to replace 'effective' with deliverable, if deliverable means the land in question is free of any impediment to development.

Q5 Should NPF4 provide a single housing land figure or a range?

- 3.16 NPF4 should provide a single, minimum, annual housing delivery target for the Scotland and each of its constituent LDP authorities. There is nothing to suggest a range would be successful in achieving the delivery of more homes. Where ranges are set there is a tendency for the bottom (or easier) reaches of the range to be selected. This has been clear in many local responses to the requirement for a 10-20% generosity margin to be used to establish housing land requirements.

Q6 Is the HNDA Tool an appropriate mechanism to base housing land figures on?

- 3.17 The HNDA Tool is not an appropriate mechanism to base targets on in its current form as, without methodology changes and/or or the addition of household survey work, it can't provide a full account of all the households that need or want a new home. At present, housing need and demand in Scotland seems to consider need on the basis of only those households that are both concealed and overcrowded, which is somewhat restrictive. It also works off a strict definition of what a household is, which means that young single adults living with parents friends or relatives, but who want their own home, are excluded. Homes for Scotland has listed, in section 1.2, the types of household and aspirant household that are overlooked.
- 3.18 To avoid a repetition of current evidence gaps, housing need and demand assessment work for NPF4 should involve primary research in the form of households surveys. These surveys would capture, from real people, through careful question, the extent to which Scotland's housing stock needs to grow to ensure there is a home available to satisfying the needs and aspiration of all households. The primary information gleaned would be used alongside other information sources to estimate the number of households and aspirant households in the categories we have defined. This would make the evidence base for the NPF4 housing targets more complete than would be achieved through a straightforward run through Stages 1 and 2 of the HNDA model. This survey could be undertaken through a reputable online consumer panel such as ScotPulse.
- 3.19 A further downside of current HNDA practice is it is limited by association with self-perpetuating, mechanical trend-based projections. Homes for Scotland does not take issue with continued reference to projections, but these should never form the sole or main basis for planning. If the planning system and other barriers to housing delivery result in lower household formation than would occur if aspirant households were all able to move into a home on their own, household projections will be lower than the real ambition of Scottish people to form new household and

move into their own home. We are otherwise planning for decline on basis of a trend, rather than planning to reverse the shortcomings that have created it.

Q7 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?

3.20 This would need to be accompanied by clear information on how each authority would retain its own responsibility for achieving the delivery of the sufficient new homes to meet the minimum delivery targets in NPF4. As a rule of thumb need and demand should be met where it arises. Recent attempts to shift much of Edinburgh's housing delivery challenge to Fife, the Scottish Borders and the Lothians has not proven very successful beyond Edinburgh's immediate commuter belt. However, cross boundary demand is not a new issue and the option to do this, where it would boost delivery and reflect people's location choices, need not be overlooked for the fear of the unknown.

Q8 Should NPF4 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?

3.21 Homes for Scotland is not clear on what 'flexibility' is in this context. We would support a form of ambition bias being applied in target setting, ensuring delivery targets exceed the base need and demand uncovered through evidence gathering.

Q9 Should the level of flexibility be informed by recent housing completions?

3.22 Not in so simple a sense. It could, though, be informed by the track record of the planning authority in question of delivering new homes against its (current system) housing supply target and/or against identified need and demand.

Q10 Should NPF4 housing land figures be met in LDPs as a minimum?

3.23 Yes. A vital role of each LDP will be to put in place a spatial strategy and a suite of allocated housing sites that have the best chance of delivering at least as many homes as are reflected in NPF4 targets. Their wider policies should ensure those opportunities are not unduly diminished and that there are clear approaches in place to effectively and quickly address and housing delivery shortfall that may arise if some of the preferred sites do not deliver homes as anticipated.

Q11 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?

- 3.24 Housing Land Audits across Scotland vary to an extent that is unnecessary and unhelpful. In their current form they will not be useful in monitoring the implementation of a pan-Scotland, all-tenure housing target. A single template should be provided for all planning authorities to use and this should feed into an online database that can be readily accessed and used to monitor completions and deliverable land in each planning authority, in each region, and across Scotland as a whole. These audits must be an effective tool for supporting the 25,000 homes a year housing delivery target.
- 3.25 Homes for Scotland advocates an extrapolated form of current Housing Land Audits, where sites that are currently thought to be deliverable are programmed out, at a locally achievable rate that the market is capable of absorbing, from the year the home builder attached to the site (or another developer) demonstrates the completion of new homes will begin. Audits will need to programme sites for at least 10-years. Any shorter period would deter planning authorities from planning boldly and transparently, from the outset of their new LDP period, to achieve or exceed the full quantum of new homes that are indicated in their target. Significant new allocations of deliverable land will need to be added to LDPs as they move to a 10-year cycle. It is only on this basis that DPEA reporters will be able to gauge whether “the amount of land allocated for housing in the proposed local development plan is sufficient to meet the targets...”, and so whether to use the new powers afforded to them by new section 19ZA of the Town and Country Planning (Scotland) Act 1997.

Q12 Should the Scottish Government play a role in the housing land audit process?

- 3.26 Housing Land Audits will be a key tool in establishing whether planning authorities are on-track to deliver the new homes apportioned to them in the NPF4 targets. It is therefore in their interests to ensure Housing Land Audits become more effective and reliable in tracking where new homes will be delivered, and where there will be a shortfall in the required delivery rates without a more flexible approach being taken by any particular planning authority. Homes for Scotland has previously provided a track-changed version of the Housing Land Audit part of PAN 2/2010.
- 3.27 The DPEA will have an enhanced and more impactful role, on behalf of the Scottish Ministers, at Gate check and Examination and, using its new powers, in ensuring LDPs with inadequate housing land supplies cannot be adopted. Beyond this, the Scottish Government does not need to play a role in programming out effective

sites. This is best achieved, in agreement, by the planning authority and the housing sector. It should, though, help to ensure Housing Land Audits are afforded far greater importance, and that there is a reliable, annual, genuinely agreed audit for each planning authority. It should also act to ensure the content of an audit can be properly interpreted and, where necessary, acted upon. This requires the establishment of a common approach to calculating the effective housing land supply (or whatever is the new measure of success). Any stakeholder should be able to visit the website of authority X and easily find the current status of its housing land supply. This would help home builders focus on areas with greater unmet demand. It would help communities understand why, in some places, there will be a greater reliance on windfall sites to meet need and demand. It will help utility providers know whether changes are needed to their work programmes.

4.0 Further suggestions

A Scottish Housing Delivery Test

- 4.1 The Scottish Government has consistently shown commitment to ensuring planning reform results achieves the delivery of more, high-quality homes. To achieve this, it should work with Homes for Scotland and other stakeholders to develop a Scottish form of housing delivery test. If delivering less than 85% of the new homes required is seen as a reason to require new action from a planning authority in England, is there a reason a planning authority in Scotland should not be similarly compelled to act?
- 4.2 Shortfalls in the land supply should not have to be remedied through the planning appeal system. Any planning authority that is unsuccessful in delivering the quantum of new homes, through its LDP, that it has been apportioned in NPF4 targets, should be required to move quickly to make additional land available, both through the granting of planning permission and the new statutory procedures for plan review. The LDP review process will be hugely important part of the system as plans move onto a 10-year cycle of future LDPs: Where evidence demonstrates a failure in the deliverable land supply there must be a compulsory trigger point to review the LDP.
- 4.3 Scotland needs a clear focus on the delivery of outcomes, not just of plans and policies. This is the only way to achieve a culture change in those planning authorities where there are lingering views that, as the authority itself will not be building all of the homes for which it plans, it is somehow unfair to judge their performance on whether or not the homes it says it has enabled are, in practice, delivered.

The Centre for Housing Market Analysis (CHMA)

4.4 As the CHMA looks set to play an important central role in planning for housing across Scotland. Their remit, resource and skills base may need to be expanded.

5.0 Measuring the Deliverable Housing Land Supply

5.1 NPF4, LDPs and HLAs must work effectively together to achieve a delivery level of 25,000 new homes a year. This means:

- NPF4 sets a minimum housing delivery target for each LDP (e.g. 10,000+ homes per year, and so 100,000 homes for the 10-year LDP)
- LDP allocates deliverable land for 120% of the minimum housing target (the above target would mean allocating 12,000+ homes pa, 120000 in total)
- LDP also indicates a longer-term supply of land for 15-20 years
- Examination tests whether the proposed land is sufficient and deliverable
- HLA tracks completions and forecasts future completions over 10 years
- A 5-year supply of deliverable housing land must be maintained at all times
- The full housing delivery target from the NPF must be met within the LDP period
- Shortfalls⁶ arising from the base date of the plan cannot be written off
- Shortfalls arising must be recovered within the following 5 years⁷

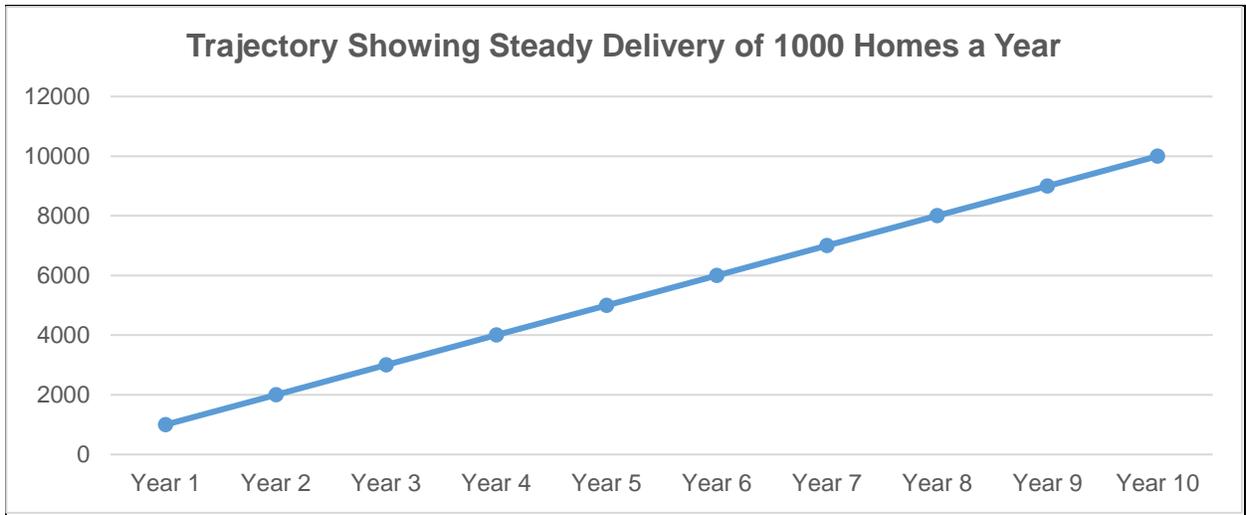
Annualised Targets at From Base Date of Plan

5.2 The planning authority should provide a housing trajectory to show how delivery of new homes will meet its housing delivery target for the plan period and maintain a 5-year supply of deliverable housing land at all times. For an LDP with a 1000 home per year target that would simply look like this:

⁶ With targets being expressed as minimum, surpluses would not arise

⁷ Leaving shortfalls for longer is incompatible with a system that starts with evidenced need and demand

Year One	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven	Year Eight	Year Nine	Year Ten
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000



5.3 In reality there will be more fluctuation in how housing delivery each year will build towards the overall target for the plan period. It is important though that this is not used to justify proposed plans that do not provide for a 5-year supply of deliverable housing land from the outset and at all times.

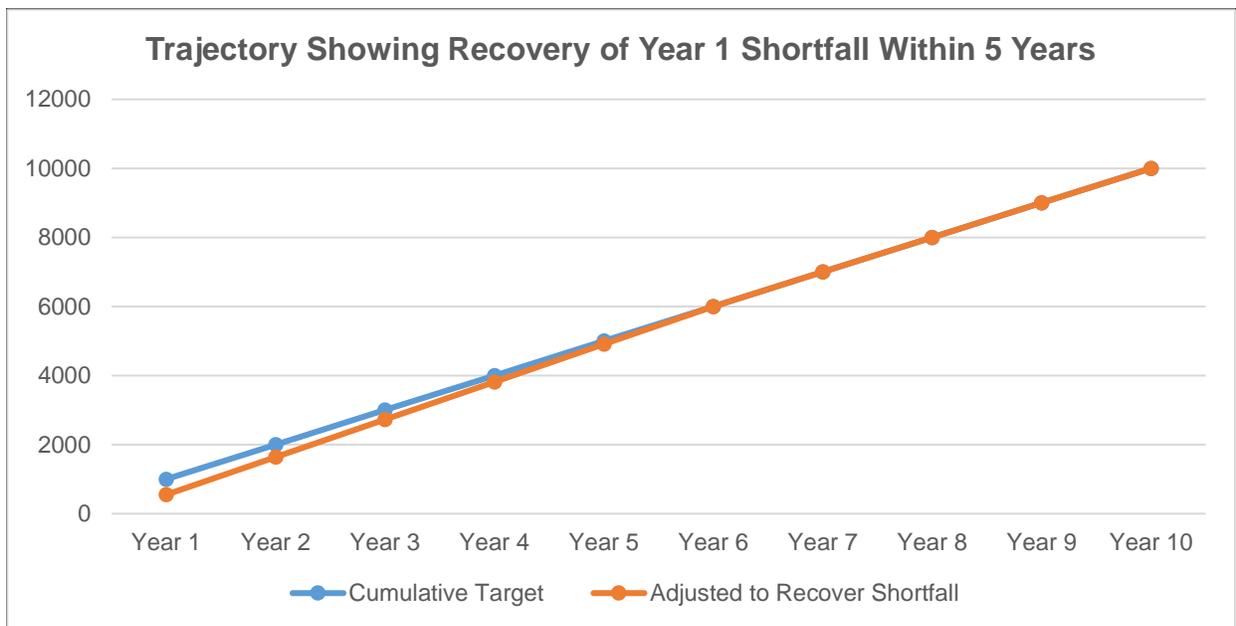
Recalibrated Annual Targets in Response to Recorded Completions

5.4 This updated table shows how annualised targets would require to be adjusted if in year 1 (or any year) homes delivered falls below targets and projections.

← Current 5-Year Period →

Year 1	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven	Year Eight	Year Nine	Year Ten
Built 550	1090	1090	1090	1090	1090	1000	1000	1000	1000
Short 450	↑ 90	↑ 90	↑ 90	↑ 90	↑ 90				

5.5 This would amend the intended housing trajectory to re-join the 1000 homes a year average line by Year 6:



5.6 To establish whether a planning authority is maintaining a 5-year supply of deliverable housing land, the programmed yield of new homes as confirmed in the agreed housing land audit should be divided by the target for the 5-year period, then multiplied by 5.

$\frac{\text{5-year supply of homes as programmed in agreed audit}}{\text{5-year housing delivery target (adjusted for shortfall)}} \times 5$

6.0 Concluding remarks

6.1 Homes for Scotland welcomes the willingness of the Scottish Government to take a proactive role in ensuring LDPs allocate sufficient deliverable land to achieve the planning reform aim of delivering more, high-quality homes across Scotland. We are grateful for the opportunity to respond to this discussion paper and help shape the approach that will be followed, collaboratively, in the coming months.

6.2 However without some fundamental shifts in approach, the opportunity to achieve a culture shift in planning for housing will be missed. Ideas we have promoted in this paper, and in our response to the NPF4 Call for Ideas, include:

- NPF4 must set a pan-Scotland, all-tenure annual housing delivery target
- This target must be at least 25,000 homes a year
- Each LDP should have a share of this target, also expressed as a minimum
- LDP targets should be informed by more complete evidence of need and demand, picking up those households overlooked by HNDAs at present
- The minimum figure of 25,000 homes a year should be a National Development and should be monitored regularly and transparently on a Scotland-wide basis
- Homes for Scotland and its members should have a greater role in collaboratively scoping and selecting targets and housing delivery policies
- The requirement to maintain a 5-year supply of deliverable housing land should be retained
- LDPs should identify deliverable sites for the full 10-year plan period that can deliver 120% of the housing delivery target
- LDPs should also indicate a longer-term supply of land for 15-20 years

6.3 Only with these changes will NPF4 fulfil the intent of the Scottish Parliament, in voting for NPF4 to include targets for the use of land for housing in all parts of Scotland, and to give DPEA reporters a specific power to refer LDPs back to the planning authority if they fail to identify sufficient land to meet the housing target for the area. A focus on homes delivered, not land identified, is also essential to achieving a more impactful role for the presumption in favour of sustainable development.

6.4 The detail provided in this paper supports Homes for Scotland's priority asks for NPF4 which, to reiterate, are:

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



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"> • Sets Housing Delivery Target for Scotland and each LDP (the minimum number of homes to be delivered each year) • Requires LDPs to allocate deliverable housing land that can accommodate 120% of the total housing deliver target for the full 10-year plan period • Requires planning authorities to maintain a 5-year supply of deliverable housing land at all times 	<ul style="list-style-type: none"> • Allocates deliverable housing land that can accommodate 120% of the total housing delivery target for the full-10-year period • 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 • Identify the likely longer-term pattern of housing growth over a 15-20-year timeframe



Annex 1: Commentary on Housing Technical Discussion Paper Sections 1.2 & 1.3

HTDP Section 1.2: What the Scottish Government is Proposing

We agree that NPF4 should provide clarity on the amount of land that will be required for housing in Scotland, but our firm view is that it must also provide clarity on the number of new homes that this land must deliver.

We agree that defining “targets for the use of land for housing in different areas of Scotland” in NPF4, as required by the Act, is 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. This cannot, though, be achieved without clear targets for housing delivery. Homes for Scotland should be invited to join the collaborative work that the Scottish Government will do with local and planning authorities to define targets.

We feel an element of top-down target setting will be required if the Scottish Government is to fulfil its aim of securing the delivery of more, high-quality homes across Scotland. That said we fully believe in making the planning system more collaborative and breaking down artificial barriers between national and local government, and between those who plan and those who build. NPF4 targets should be informed by views and evidence from local and planning authorities and other stakeholders, such as Homes for Scotland. Ultimately, though, the Scottish Government must take responsibility for ensuring it is planning in the best long-term public interest, as required by the Act.

We support the continuation of functional linkages between the development plan and local housing strategy (LHS). It is unclear to us how the five-yearly LHS review would provide the best evidence on which to judge the responsiveness of the land supply to market conditions and the ambitions of local authorities. The Housing Land Audit will remain – and should be strengthened as – the evidence base for whether the land identified for housing development is yielding, and is likely to continue to yield, the quantum of new homes set in the NPF targets.

1.3 “How might this work”

The Scottish Government has mooted a model to develop “targets for the use of land for housing in different areas of Scotland for housing”.

Using the established housing need and demand assessment (HNDA) tool as a basis for target setting is okay, but this must not be the extent of the research undertaken.



If the Scottish Government ran the first steps of the HNDA tool using default scenarios to provide all-tenure housing need and demand estimates for each local authority, the desk-based exercise would likely yield an estimate of fewer than 15,000 homes. This is very significantly below current and improving delivery levels, and also significantly below all the best evidence available on need and demand. Furthermore, it does not speak to the Scottish Government's growth ambitions for Scotland.

We cannot support the proposal for NPF to include housing land figures. Figures are not targets, and it is targets that are required by the Act. Housing land can only serve the public interest if it yields the required number of homes. An appropriate target for land cannot be set without first having a target for the number of homes to be delivered. There is no obvious housing delivery benefit for basing targets on land rather than homes. We do support the all-tenure approach.

Authorities should be able to propose alternative scenarios and assumptions, but this must be an open and transparent process. Care will be needed to ensure Housing Market Partnerships have an all-tenure focus the resources and support needed to ensure their works looks beyond the need for affordable homes and considers the wider ambitions that underpin planning for housing. The wider body of stakeholders should also have the opportunity to put forward their own evidenced suggestions as to how housing targets might best serve Scotland and each LDP area.

The Scottish Government should not limit its research to running steps 1 and 2 of the HNDA tool using default scenario and assumptions. This will yield a very limited amount of evidence and it will not draw any link between the target-setting role of NPF4 and the wider Scottish Government commitments and ambitions. We do not propose an alternative to the household projections, but we do strongly advocate primary research in the form of household surveys, as this will uncover households and aspirant households that are otherwise overlooked as they are not both overcrowded and concealed (HoTOC) households. There is also a need for a wider measure of homelessness. Not all homeless households are in temporary accommodations. It is not in the long-term public interest to plan for fewer homes than are truly needed,

We agree that the Scottish Government should apply a level of flexibility to the output of its evidence gathering work (which we have previously said should go beyond a desk top HNDA). We suggest the NPF requires planning authorities to allocate land that could yield 20% more homes that are identified in the minimum housing delivery target for the area.

We support full consultation on the Draft NPF4 and its component targets, and the proposal to support this with a housing technical report. We also support the transparency that would be provided by the proposed consultation report. This should provide a full



account of any contrary views of evidence put forward by stakeholders, such as Homes for Scotland, if collaborative work in preparing the Draft NPF4 has not achieved a consensus of views. The best scenario would of course be a Draft NPF4 and draft targets that stakeholders are aligned on, so a strong and aligned body of support can be demonstrated to members of the Scottish Parliament.

We agree that LDPs should meet the NPF targets in full, though we maintain our view those targets should be based on homes to be delivered, not just land to be allocated. The LDP allocations should (as above) provide for 120% of the minimum housing delivery target. It is our firm view that there should be no scope whatsoever to adjust targets downwards as LDPs come forward. The benefit of including targets in the NPF4 will be entirely lost if they are, in effect, optional. The Scottish Government should put down a clear marker on this from the outset.

Ends.

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Director of Planning
30 April 2020