

## **Scottish Government Consultation on NPF4 Housing Figures Midlothian Council's Response May 2021**

As NPF4 will form part of the statutory development plan for Midlothian, the Council welcomes the opportunity to engage in this important consultation and have the chance to consider any locally evidenced adjustments to the proposed housing figures. The Council's response addresses the four consultation questions set out in the Chief Planner's letter of 23 February 2021.

### **a. Initial Estimates and Assumptions**

NPF4 will be a national spatial document (as well as a policy document) and as such the Council supports the identification of an all tenure approach to reflect the scale of the future housing need. The Council also supports the identification of a housing land requirement set by local authority area to meet local needs.

The consultation paper is clear that the proposed housing figures (6,450 new households and 8,050 unit equivalent land requirement with the 25% flexibility allowance) reflect the first two stages of the Housing Needs and Demand Assessment (HNDA) process and that further work is required to complete that process and identify what proportion of the proposed land requirement should be identified for affordable and market housing. The Council agrees with the statement in the consultation paper that issues regarding tenure will continue to be considered at the local level.

The Council is currently working with the SESplan Housing Market Partnership (HMP) to prepare a new HNDA (following the rejection of the second proposed Edinburgh and South East of Scotland Strategic Development Plan – SDP2) to inform the market and affordable housing requirements for the next Midlothian Local Development Plan (MLDP). The proposed figure for existing need is dated at March 2020. It includes an estimate of homeless households in temporary accommodation, overcrowded and concealed households (HoTOC). In preparing the new HNDA the SESplan HMP agrees, given the scale and importance of homelessness in calculating existing need across Edinburgh and the South East of Scotland, that the updated 2021 return should be used and the proposed housing figures recalculated.

The identification of “existing need” and “newly forming households” as part of the methodology is a better way of presenting the housing figures than referring to housing supply targets. In terms of the estimated number of new households, the proposed figures are broadly similar to those identified in the proposed SDP2 and the more recent interim Regional Spatial Strategy for Edinburgh and the South East of Scotland. The key difference is the increase in the flexibility allowance applied which has risen from 10% in SDP2 to 25% in NPF4. The reason given for the change is that it will reduce the risk to future delivery rates given the longer review periods for new style local development plans which will increase from five to ten years. The Council acknowledges this reasoning but considers the percentage to be somewhat arbitrary.

The proposed figures are based on the latest National Records of Scotland (NRS) Household Projections 2018 (and the Government's count of existing need) and uses the Principle projection, not the lower or higher projection figure. The Council considers that using this mid-range projection is reasonable and appropriate, particularly given the ongoing uncertainty of the long term impact and recovery from the current pandemic and Brexit. The 2018 data was published in 2020 and represents the most up to date official data available and the Centre for Housing Market Analysis (CHMA) advises the use of official statistics wherever possible as they are robust and help to ensure consistency of approach.

#### **b. Flexibility Allowance**

The proposed flexibility allowance for urban areas of 25% is more than double the proposed level of flexibility in SDP2 (10%). The Council acknowledges that the proposed review period for the new style local development plans is double what it is currently (10 years as opposed to 5 years) and that this longer period may introduce more risk in terms of sustained delivery of the housing supply targets. However, other than this there is little explanation as to why the figure is set at 25%. The Council understands and accepts the principle of including a flexibility allowance in the overall land requirement but considers the figure somewhat arbitrary. A flexibility allowance of 20%, double that of SDP2, would be more consistent with the Government's explanation for the increase.

#### **c. Proposed Land Requirement and Past Completions**

The Council welcomes the acknowledgement in the consultation document of the need to focus on the delivery of housing land. The current SESplan targets are proving to be very challenging to the house building sector to achieve. The Council acknowledges that the proposed figures are generally consistent with recent completion rates but are realistic enough to be achievable given prevailing circumstances. The proposed land requirement is also higher than that identified in SDP2 but not of such a scale which would be unrealistic or unmanageable. The Council is not anti-development and would welcome additional house building where the corresponding infrastructure and facilities to support it were in place and where the proposed scale of development did not undermine place making principles or would result in a significant adverse environmental impact on an area.

#### **d. Case for Locally Adjusted Estimates**

Until the current HNDA process is concluded and we understand what the tenure split will be between market and affordable housing, the Council is generally supportive of the Government's approach and of the proposed land requirement figure. However, the Council notes that the option to submit a locally adjusted element is restricted to upward adjustments only in apparent contradiction of the HNDA process and guidance.

The latest NRS population projections identify Midlothian as the fastest growing local authority area in Scotland, partly as a result of the current, extremely ambitious SESplan housing requirements. The scale of growth has proved challenging to

manage but delivery has not kept pace with the targets. The Council supports the proposed housing figures for Midlothian, although still challenging they are more in line with recent completion rates and similar to the housing targets identified in SESplan 2.

The Council would not want to submit any adjustments at his stage.