1. **Purpose of Report**

1.1 The current policy guidance and advice on housing matters is under review by the Scottish Executive. Views on the Draft NPPG3 and PAN38 are sought by 28 June 2002. This report draws members' attention to the main issues raised in the draft guidance.

2. **Sustainability Implications**

2.1 The principles of sustainable development in NPPG3 are in line with those contained in NPPG1. They are now expected to play a key part in delivering housing development. New build and the re-use of the existing stock are expected to be developed into attractive sustainable residential environments supporting the aims of reducing energy consumption and being accessible by forms of transport other than the private car.

3. **Draft NPPG3**

3.1 The Scottish Executive recognises that the provision of land for housing is a key consideration in the preparation of development plans. NPPG3 states that a key aim of the planning system is the provision of good quality, well-located new housing consistent with national and local policies, particularly relating to sustainable development, social justice and integrated transport. New housing developments can also act as a catalyst for urban and rural regeneration.

3.2 From these general principles, the planning authorities and housing providers are expected to adhere to the following criteria in meeting the requirements of housing markets across Scotland.

- **CREATING A QUALITY RESIDENTIAL ENVIRONMENT**

  Housing development should make a positive contribution to the built and rural environment, bearing in mind energy efficiency to provide lasting benefits. It is acknowledged that the planning system has an important role to play in promoting good design, specifying the requirements for landscape and open space as well as indicating where higher densities will be appropriate.

- **GUIDING NEW HOUSING DEVELOPMENT TO THE RIGHT PLACES**

  New housing development should be accessible by public transport and integrated with walking and cycling networks. The guidance reiterates that previously developed land and buildings will continue to have a key role. In rural areas, the majority of new housing requirements should be met within towns and villages.
DELIVERING HOUSING LAND

Planning authorities are required to meet the housing land requirement for each housing market area in full. The Planning system can support a strategy to provide affordable housing. The process of providing housing land now requires to provide greater certainty and be more responsive by:-

- requiring development plans to take a 20 year view of the pattern of future development, with a forecast of land requirements for the first 7 years, and less precise forecasts for following periods;
- requiring that development plans provide a supply of land which is effective or agreed likely to be effective to meet requirements for 7 years;
- careful and regular monitoring of completions, land availability and future requirements;
- more frequent revision of plans, or alterations when necessary to maintain a clear forecast and supply; and
- measures to ensure that land continues to become available if there are delays in plan preparation.

The above criteria reflect the linkages in the draft guidance to other government policy areas, notably the Executive’s statement on urban design "Designing Places" issued in November 2001.

3.3 The draft NPPG requires that planning policy for housing must be viewed in a wider policy context set by the broad aim of the Housing (Scotland) Act 2001 to support "a vibrant housing market that provides sufficient good quality, affordable, warm housing in a variety of tenures, to meet the needs of individuals and community aspirations". It also requires local authorities to undertake an assessment of all housing needs and conditions in their area and produce a Local Housing Strategy. The needs assessment which underpins the local housing strategy will include an assessment of any unmet need for affordable housing within the local authority area. If a need is identified the development plan should address that need and include policies to help provide further affordable housing.

4. PAN38

4.1 This Planning Advice Note (PAN) updates and supersedes the advice on good practice in the assessment of housing land requirements contained in PAN38 (Revised) Structure Plans: Housing Land Requirement (1996). It seeks to encourage the public and private sectors to develop a more consensual long-term view of housing land provision and work together in determining both the scale of the requirement for new housing and the location of future housing development.

5. Draft Regulatory Impact Assessment

5.1 This draft assesses the impact of the draft NPPG3 on business and other interests. It considers the additional costs that may be imposed by the revisions arising from the wider benefits sought by the changes. These additional costs are stated to arise from the provision of affordable housing (although Communities Scotland may make subsidy available for sites that form part of a strategic programme); improved design (although it is noted in the NPPG that this need not add greatly to costs); energy efficiency; and measures to encourage and facilitate public transport, walking and cycling.

6. Recommendation

6.1 It is recommended that the Committee:

(i) welcomes the Consultative Draft NPPG3: Planning for Housing and PAN38 Housing Land and supports the three key themes of creating quality residential environments, guiding development to the right places and delivering housing land.
(ii) respond to the Scottish Executive Draft NPPG3 Planning for Housing and PAN38 Housing Land in the terms detailed in Annex to this Report.

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DIRECTOR OF PLANNING AND ENVIRONMENT

9 May 2002

For further information please contact Linda Wilson on 01236 616250.
Annex

Draft NPPG3: Planning for Housing

The key issues to provide to the Scottish Executive in response to the Draft Consultation.

- The Council welcomes the consultative draft and supports the three key themes of creating quality residential environments, guiding development to the right places and delivering housing land. There are, however, a number of issues which would benefit from clarification and from more specific guidance.

- At several points in the draft NPPG3, it is proposed that Development Plans should, in taking a long term view over 20 years, produce a 'locational strategy'. This introduces some inconsistency in Scottish Executive advice relating to the timescales of Strategies. Existing guidance states that policy directions should be set out for a period of 10-15 years. PAN 37 'Structure Planning' has not been revised and retains references to the structure plan strategy looking at least 10 years ahead.

- In the draft consultation references are made to the development plan in some parts of the document and in other parts a distinction has been made between Structure and Local Plans. This lack of distinction could cause difficulties with respect to where certain issues are of a strategic or local consideration.

- The reference to provision of open space in para. 21 is welcomed. The issue of maintenance of open space has often proved problematic. While the reference to options in para 22 is acknowledged, it is noted that the onus of ensuring provision is made for long-term management is placed with local authorities. It would be helpful if the guidance also emphasised developers' responsibilities and indications should be made that this is likely to incur costs. This last point could also be incorporated in para. 16 of the Draft Regulatory Impact Assessment. It is anticipated that maintenance issues will be addressed in the forthcoming PAN on Planning and Open Space referred to in the note beside para 21.

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- The note between paragraphs 67 and 68 describes an anticipated Development Plan system revision. Anticipation of this revision appears to have heavily influenced the document and led to lack of clarity. It may be appropriate to promote the note to the front of the document and clearly set out which guidance will be affected should the revision to the development plan system take place.

- The draft guidance states that "it is important to ensure that development plans and local housing strategies share common objectives and assumptions in relation to housing provision". Given that housing strategies only look five years ahead, and are not a basis for assessing land requirements over the entire period, it would be appropriate to change the "development plans" to "local plans" the timescale of which is more in keeping with local housing strategies.

- Paragraph 54 creates the basis for development plans to set out the circumstances where developers should contribute towards infrastructure and community facilities. This section only relates to new settlements. The circumstances in which similar contributions would be reasonable in existing settlements could also be set out within the document.

- In the current NPPG3 (para 83) it is stated that the Structure Plan policies should "provide for a minimum 5 year supply of land which is effective or capable of becoming effective to meet the Plan requirement." In the draft NPPG3 (para 68) the word "capable" has been changed to "agreed". This is a significant change. There is no reference to what is "an agreed site" nor what happens to the non-agreed sites. In effect, what happens to the sites which in the past are referred to as "Disputed Sites", a result of a local authority and Homes for Scotland being unable to reach agreement? At present these sites remain in the effective land supply but are highlighted at public inquiries as being disputed.

- The proposed extension of the land supply from 5 to 7 years in Para 68 is also significant. This is because it is necessary to include 2 further years of land supply at the outset. Because of the unpredictable nature of brownfield land fallout there are likely to be severe pressures on local authorities to meet the additional requirements from greenfield sites.

- In para 69 it is stated that "...structure plans should give a clear indication of where future requirements will be met if new land is required in the next Structure Plan". This could involve looking forty years ahead which is not realistic. Should the guidance refer to Structure Plan Alterations or Reviews?

- In Para 86 the draft guidance indicates that any need for affordable housing identified in the local housing strategy should be taken into account in the Structure Plan housing requirement and should be
met within the Housing Market Area where the need is identified. There is confusion in the Draft guidance when it goes on to state that the development plan should indicate the number of affordable houses required, be specific about settlements and identify locations for affordable housing. The guidance requires to be specific whether this is for structure or local plans to define.

- In Para 88 the delivery of affordable housing is expected to be through both policy and planning agreements, based on the local housing strategy. There could be difficulties in delivering affordable housing on sites not in local authority ownership and where planning agreements cannot readily be reached with the owner. This could affect the time taken to deal with planning applications.

- It is critical that clear guidance is incorporated on what role different parties pay in the provision of infrastructure, particularly in light of difficulties arising with Scottish Water.
PAN38

- The guidance proposes in para 38 to extend the effective period in housing land supply to 7 years. This implies that, in order to maintain an effective 7 year supply, each authority will be required to identify a 9 year effective supply to allow for a 2 year lead in period. Given that housing is a dynamic process there could clearly be significant uncertainties involved in assessing the effectiveness of sites so far in advance. The comments in bullet point 6 above are also relevant to this section of the PAN. There is no obvious benefit by adding 2 years to the effective land supply. It would, however, be possible to have a "continuous" 5 year supply plus a 2 year lead in period, which would add up to 7 years. This would keep the period 8-15 years separate, where there is more scope for debate over the scale and location of strategic investment.

- In Para 13 it is welcomed that within PAN38 there is recognition that the Scottish Executive's household projections are trend based and may not therefore be valid locally. This supports the use of the Structure Plan Joint Committee's own projections.

- In Para 17 as part of the assessment of demand for housing, the draft PAN states that it is important to take into consideration the operation of the local housing market regarding locational and house type preferences and the site characteristics required to meet the requirements of different segments of the housing market. This has been an issue that has led to difficulties over a long period, but no agreed method has been found.

- Para 19 of the draft PAN incorporates a more flexible concept than earlier advice in that a meaningful HMA is stated to be likely to exhibit 50-70% self-containment rather than the 'substantial majority' used in the current PAN38 (1996). This is also significantly lower than the 80% used in the adopted Glasgow and Clyde Valley Joint Structure Plan and lower than Communities Scotland's 70-75% used for self containment. In a large geographical area such as the Glasgow Clyde Valley this would result in a large number of individual housing market areas which would not reflect the complex linkages which exist. It is of concern that the draft PAN recommends the use of lower levels of self containment. The new PAN mentions 'discrete HMAs' and 'meaningful HMAs, which could lead to confusion. By using these new terms a two tier system of HMAs is being implied but has not been fully articulated in the text.

- In Para 24 the draft refers to Communities Scotland and Homes for Scotland supporting annual audits and their willingness to contribute to them. It is therefore important that on receiving the yearly audit from local authorities, a response is provided timeously.

- In Para 33 to 35 the advice that urban capacity studies should be undertaken and be as transparent as possible is welcomed. It is acknowledged in the draft PAN that there are some sites which must remain confidential. Although it is stated in the Draft PAN that confidentiality considerations should apply to only a small proportion of the sites, experience of carrying out such an exercise in the Glasgow & Clyde Valley area would indicate there is considerable sensitivity about a significant number of such sites, for example, operative schools or industrial premises.

- In Para 38 the draft PAN refers to Development Plans being supported by Action Plans. This is a reiteration of advice in the Review of Strategic Planning consultation document but offers no additional advice on the nature and status of Action Plans, therefore more guidance would be useful.