MLDP2
Housing Technical Note

JUNE 2026

Midlothian

Contents

Introduction

Introduction

1. This Technical Note accompanies the Midlothian Local Development Plan 2 (MLDP2) Proposed Plan. It sets out:
   - The reasoning for the Local Housing Land Requirement;
   - Consideration of matters identified in the Gate Check Notification of Sufficiency;
   - Matters relating to affordable and specialist housing; including social rent, other forms of affordable housing, disabled housing and provision of a broad range of house types to cater for all in society;
   - Later evidence on household formation and the Council's approach to this.

2. Appendix 1 contains a summary of the site assessment information used to inform the selection of sites for allocation for housing, employment or mixed use. This includes individual site assessments tables and an overview of the approach to selecting sites.

3. This Technical Note is being published at the same time as the MLDP2 Proposed Plan and draft Delivery Programme. It is for background information only, and although it can be used to support the Proposed Plan consultation process it is not subject to consultation itself.

4. The Delivery Programme outlines the housing pipeline for MLDP2 – this establishes when sites will come forward, with related infrastructure interventions.

Local Housing Land Requirement

5. The matters to be taken into account in setting the Local Housing Land Requirement (LHLR) for a local development plan are set out in the Town and Country Planning (Scotland) Act 1997, as amended by the Planning etc. (Scotland) Act 2006 and the Planning (Scotland) Act 2019, National Planning Framework 4 (NPF4) and the Scottish Government Local Development Planning Guidance (2023).

6. Section 15(5) of the Town and Country Planning (Scotland) Act 1997 list matters which must be taken into account in a local development plan:
   - The principal physical, cultural, economic, social, built heritage and environmental characteristics of the district;
   - The principal purposes for which the land is used;
   - The education needs of the population of the district and the likely effects of development and use of land on those education needs;
   - The capacity of education services in the district;
   - The infrastructure of the district (including communications, transport and drainage systems, systems for the supply of water and energy, and health care and education facilities);

- The size, composition, health and distribution of the population of the district;
- The health needs of the population of the district and the likely effects of development and use of land on those health needs;
- The housing needs of the population of the area, including, in particular, the needs of persons undertaking further and higher education, older people and disabled people;
- The availability of land in the district for housing, including for older people and disabled people;
- The desirability of allocating land for the purposes of resettlement;
- The extent to which there are rural areas within the district in relation to which there has been a substantial decline in population.

7. Section 15(1A) of the Town and Country Planning (Scotland) Act 1997, as amended, states that “the local development plan must also include targets for meeting the housing needs of the people living in the part of the district to which it relates”. To meet this duty and represent how much land is required, a Local Housing Land Requirement (LHLR) must be identified in the local development plan (LDP). The LHLR is expected to exceed the 10-year Minimum All-Tenure Housing Land Requirement (MATHLR) set by the Scottish Government in NPF4. The MATHLR for Midlothian is 8,850 units and the Council’s LHLR is 8,851.

MATHLR and HNDA3 Established Housing Need

8. NPF4 identifies a MATHLR for Midlothian of 8,850 homes for the 10-year period of MLDP2 (2027-2037). This is the minimum amount of land, by reference to the number of housing units, that is to be provided in the 10-year period covered by the next local development plan. The MATHLR is explained further in the Scottish Government's Housing Land Requirement Explanatory Report (2021) and Housing Land Requirement Explanatory Report Addendum (2022).

9. The calculation used by the Scottish Government for arriving at the MATHLR is set out in Figure 1. For household projections, the 2018-based principal projection of National Records of Scotland (NRS) data was used. Existing housing need uses a count of homeless households in temporary accommodation and household who are both overcrowded and concealed, as identified in the South East Scotland Housing Need and Demand Assessment 3 (2020). A flexibility (generosity) percentage is then applied. Under the definition used by the Scottish Government, Midlothian is an urban authority therefore the MATHLR for Midlothian incorporates a 25% flexibility allowance.

Figure 1: Inputs for Calculating the MATHLR

Household Projections + Existing Housing Need + Flexibility % = MATHLR

10. The composition of the Midlothian MATHLR, as set in NPF4, is set out in Table 1. The MATHLR for Midlothian is the fifth highest in Scotland in absolute terms and represents the highest household growth level in percentage terms in Scotland. It is equivalent to a 20% increase in Midlothian's number of households based on the 2024 mind-year estimate of 44,858 dwellings. The Scottish average household increase required by the MATHLR is 7% and the next highest authority after Midlothian is City of Edinburgh with a required 14% increase in households. East Lothian has the 4th highest required increase at 12.8% (percentage increases based on comparing MATHLR with NRS data on stock of households).

Table 1: Composition of Midlothian MATHLR

Existing Midlothian housing need (from HNDA3)	1,114 units
New households to form over 10 years (rounded up from 2018-based NRS household growth projection of 5937)	5,950 units
Total Need over 10 years	**7,064 units**
Flexibility Allowance (25%)	1,766 units
Need plus flexibility allowance	8,830 units
Final MATHLR for Midlothian (rounded to nearest 50 value)	**8,850 units**

11. The 2018 based NRS household projections for 2022-2037 were used for the calculation of the MATHLR by the Scottish Government. The 15-year change for 2022-2037 was re-based by as an annual average then multiplied by 10 to derive a 10-year figure to be used in local development plans. The 2018-based projections were the most up-to-date available when NPF4 and the MLDP2 Evidence Report were prepared (2023 and 2024 respectively). In December 2025, updated 2022 based projections were released by NRS (2022-based). These are considered in the Additional Evidence section below.

12. HNDA3 was confirmed as robust and credible by the Scottish Government Centre for Housing Market Analysis (CHMA) on 28 July 2022. The HNDA was prepared for six local authorities in South East Scotland and supports the production of local development plans and housing strategies. It is the principal source of information on the need and demand for housing and identifies an existing housing need in Midlothian of 1,114 units. This is comprised of:
    - 762 households that are homeless and in need of temporary accommodation who need resolution in social housing;
    - 64 households that are both overcrowded and concealed;
    - 288 households who need special forms of housing.

13. HNDA3 indicates the predominant housing need in Midlothian is for affordable housing (demand for around 4000 units being identified in the HNDA) and in March 2025 there were 5,637 households on the Council housing waiting list. This highlights the very high demand for affordable housing in the area, despite continued delivery of new affordable housing units each year. Affordable housing need is covered from paragraph 52.

14. The Steady Growth scenario of HNDA3, which is the preferred scenario of the City Deal Directors Group and is therefore the scenario all authorities are following, identifies a demand in Midlothian of 6,186 homes for the 10-year period 2026-2036 (63% affordable, 37% market housing). This demand figure was based on unmet need at the start of the HNDA period, and projected growth from the NRS Principal Housing Projection (2018 based). The 6,186 homes figure, which includes the existing 1,114 housing need figure, is comprised of:
    - 2,624 social rent homes (42%);
    - 1,300 below market rent homes (21%);
    - 419 private rent homes (7%); and
    - 1,837 owner occupied homes (30%).

15. These figures have been extrapolated from Table 4.14 of HNDA3, which presents the data in 5-year bands based on calendar years. The bands do not match with the MLDP2 period so the formula of taking 4/5 of the 2026-2030 figure, all the 2031-2035 figure and 1/5 of the 2036-2040 figure was applied. This calculation is shown in Table 2.

Table 2: HNDA3 Steady Growth Scenario Annual Housing Requirement in 5-year bands extrapolated for MLDP2 plan period

	2026-2030	4/5 of 2026-2030	2031-2035	2036-2040	1/5 of 2036-2040	2027-2037 total
Social Rent	322	258	223	221	44	525
Below market	131	105	131	121	24	260
Private rent	46	37	40	36	7	84
Owner occupied	181	145	186	183	37	368
Total (per annum)	**681**	**545**	**580**	**562**	**112**	**1237**
Affordable (per annum)	454	363	354	343	68	785
Market (per annum)	227	182	226	219	44	452

Setting the Local Housing Land Requirement

16. The LHLR for MLDP2 was set by Midlothian Council as 8,851 units at meeting on 25 June 2024, endorsing the decision of the Planning Committee on 4 June 2024. This LHLR was included in the Evidence Report, which was submitted to the Scottish Government for Gate Check on 28 June 2024. On 19 September 2024, Midlothian Council was notified by the Scottish Government that the Reporter was satisfied that the Evidence Report contained sufficient information to enable the Council to prepare its local development plan. The Reporter found the Council's explanation of the LHLR "to be coherent and sufficiently evidenced, and its conclusion to be a reasonable one" and concluded that the Council may proceed to prepare the LDP on this basis.

17. NPF4 establishes the requirement for the LHLR to exceed the MATHLR. It is for the Council to decide by how much more. It is also for the Council to decide how to identify its LHLR as NPF4 does not set a methodology or formula to follow. The Local Development Planning Guidance sets out a range of factors that planning authorities should consider including the matters listed under Section 15(5) of the Town and Country Planning (Scotland) Act 1997, as amended, the HNDA, Housing Land Audits, the list of persons seeking to acquire land for self-build housing, a windfall assumption, the Local Housing Strategy, the Strategic Housing Investment Plan, the views of the Gypsy/Traveller and Travelling Showpeople community and the proportion of ineffective stock relating to second homes, vacant properties and housing used for short term letting within an area.

18. In setting the LHLR, Midlothian Council took the following matters into consideration:
- environmental and built infrastructure capacity (including the Climate Emergency, environmental constraints, education, health, transport and water and sewerage capacity);
- the costs and constraints to increasing built infrastructure provision;

- engagement with the public and other stakeholders;
- Midlothian's housing need and demand, and the type of housing that is needed;
- the NPF4 MATHLR minimum requirement for MLDP2 of 8,850 homes;
- that a designated robust and credible HNDA is in place;
- possible availability of and contribution from windfall housing sites;
- housing/accommodation needs of different groups (older people, disabled, gypsy/travellers, self-build and implications of demand for affordable homes, impacts of second homes, HMOs, vacant properties, resettlement in rural areas); and
- the impact of the significant population and household growth experienced (and projected) in Midlothian since 2003, including its contribution to meeting growth in south east Scotland.
- Midlothian Housing Land Audit
- Windfall assumption
- List of persons seeking to acquire land for self-build housing
- South East Scotland Housing Need and Demand Assessment 3 2021-2040 (HNDA3)
- Midlothian Local Housing Strategy (LHS)
- Midlothian Strategic Housing Investment Plan (SHIP)
- Information on proportion of ineffective land relating to second homes, vacant properties and housing used for short-term let accommodation) within the area;
- Housing to 2040 (Scottish Government, March 2021);
- A Scotland for the Future: the opportunities and challenges of Scotland's changing population (Scottish Government, March 2021).
- Updated information on MATHLR inputs where available;
- Interim Regional Spatial Strategy.

19. The views of stakeholders are also relevant, including:
    - Gypsy, Traveller and Travelling Showpeople communities;
    - Midlothian Council Housing Service;
    - Social Housing providers;
    - Private housing providers;
    - Landowners;
    - Representative bodies of housing providers and landowners;
    - Housing and specific interest groups;
    - Local communities.

Recent Housing and Population Growth in Midlothian

20. In recent years Midlothian has been Scotland's fastest growing local authority in population terms. The population increased by 16% between the 2011 Census and the 2022 Census. This compares to relatively modest growth of 3.1% between the 2001 and 2011 Census. The number of dwellings increased by 9.5% between 2001 and 2011, increasing to 18.7% between 2011 and 2022. The latest data (2024 Mid-Year estimates) suggest that this high rate of growth has been maintained.

Table 3: Population and Number of Dwellings in Midlothian 2001-2024

	2001	2011	2022	Mid 2024 estimate
Population	80,950	83,450	97,040	99,880
% increase (Midlothian)	-	+3.1%	+16.3%	+2.9%
% increase (Scotland)	-	+4.7%	+2.8%	+1.8%
Dwellings	33,285	36,434	43,231	44,858
% increase (Midlothian)	-	+9.5%	+18.7%	+3.8%
% increase (Scotland)	-	+7.8%	+7.9%	+1.5%

Source: Households and Dwellings in Scotland, 2024 - National Records of Scotland (NRS)

21. This rapid growth resulted from the major housing land allocations made in the 2003 Midlothian and Shawfair Local Plans, which originated in the strategic housing requirements identified for Midlothian in the 1994 Lothian Region Structure Plan (approved May 1997). There were subsequently significant housing land allocations in the 2008 Midlothian Local Plan and the 2017 Midlothian Local Development Plan. The scale of the housing allocations in development plans since 2003 are set out in Table 4.

Table 4: Midlothian Housing Land Allocations and Identifications since 2003

	Midlothian Local Plan 2003	Shawfair Local Plan 2003	Midlothian Local Plan 2008	Midlothian Local Development Plan 2017	Total
New Housing Allocations	2,840	3,990	2,340	3,794	12,964
Longer term housing releases/ safeguards	1,650	N/A	N/A	1,395	3,045
Additional Housing Opportunities	N/A	N/A	N/A	600	600
Total Housing Allocations/ Identifications	4,490	3,990	2,340	5,789	16,690

22. The 2018 based MATHLR will add 8,850 units to the increase already experienced, an increase of 20% on the current stock of dwellings (mid 2024 estimate of 44,858 dwellings).

23. A major driver of growth in demand for dwellings is the new household formation rate. The NRS projections are trend based and reflect the high growth over the last 10 years – growth resulting from earlier planning decisions, based on available infrastructure, and capacity to accept additional development. The NPF4 approach is to take these trend-based projections, figures for existing established need and add a flexibility allowance. Unlike the previous authority-based partnership approach to regional planning in Structure Plans, the MATHLR figures take no account of environmental or infrastructure capacity. This is hugely

challenging for Midlothian, having a recently established high trend of population growth, a limited brownfield and vacant/derelict land resource, large amounts of prime agricultural land focused around the established urban areas, and constrained infrastructure linked to the sustained high population growth (particularly health, education and transport).

24. The public engagement undertaken during plan preparation demonstrates across all parts of Midlothian very strong concern at the scale of housing growth and opposition to further housing development. The concern relates to the scale of housing itself, but also to its impacts on infrastructure (particularly health, education and transport) and the natural environment. The ability of Midlothian to mitigate and adapt to climate change, and the challenges this growth presents for achieving net zero targets were also identified as significant community concerns.

25. Legislation and guidance do not require a particular approach to be used to identify the LHLR beyond the expectation that the MATHLR should be exceeded and that the matters listed in legislation are taken into account. Identifying the LHLR required consideration of a range of factors, particularly availability of built and environmental infrastructure, how that will be funded and what the financial implications are for the Council.

26. Over a 10-year period, the MATHLR is equivalent to 885 units per year. This is a very ambitious level of completions for Midlothian. Table 5 shows annual house completions in Midlothian since 2001/2002. Delivery of 885 homes per annum in Midlothian has been exceeded once – that was 908 homes completed in 2022/2023. Annual average completions in Midlothian between 2015/16 to 2024/25 have been 695 homes per year. The completion figures in the table reflect several factors:
    - The Midlothian and Shawfair Local Plans adopted in 2003, which gave effect to the 1995 Lothian Region Structure Plan, made significant allocations in the district. Due to drainage infrastructure constraints the effect of these was not instantaneous, but completions have increased steadily from the low levels seen in the early 2000s. These plan-led changes were ambitious but were merited by the opportunity of Shawfair, the potential to restore the Borders rail link and the desire of the Council to reverse population stagnation at that time. Analysis for the 1995 Structure Plan identified that the road network was relatively less overloaded in the south east of the Region compared to other parts.
    - The importance of the prevailing economic situation – the effects of the global financial crisis (2008) and Covid (2020-21) can be seen in past build rates. More recently, higher interest rates to curb Ukraine war induced inflation have dampened demand. The UK Government analysis of the determinants of house price changes identifies interest rates as the most strongly correlated factor. Growing real incomes are a positive factor. The Gulf crisis commencing in early 2026 may have negative effects in this regard, particularly if 'stagflation' - combined economic decline and inflation is experienced.
    - Availability of affordable housing finance is a key determinant of completion rates. Midlothian Council's Council house programme was a key factor in the high 2008/09 completions. Scottish Government affordable housing budget cuts following the 2022 UK Budget and spiking gilt yields have been a factor in the fall in completion rates in the most recent years. Although these cuts have now been reversed, it will be some time until this feeds through to completions. It is possible that current international crises may lead to renewed public expenditure cuts in future years.

Table 5: Housing Completions 2001-2025

Year	Total Units
2001/02	111
2002/03	150
2003/04	165
2004/05	137
2005/06	119
2006/07	225
2007/08	464
2008/09	734
2009/10	417
2010/11	459
2011/12	418
2012/13	546
2013/14	603
2014/15	589
2015/16	620
2016/17	685
2017/18	640
2018/19	684
2019/20	617
2020/21	569
2021/22	818
2022/23	911
2023/24	824
2024/25	663

Note: Housing completion figures may differ from totals recorded in the Council's annual HLAs, as data sources are updated at different times and may not reflect completions within the relevant reporting year. Figures used above are based on the Council's detailed completion records from 2016/17, and from historic HLAs pre-2016/17.

Additional Evidence

27. Although the Evidence Report set out the evidence that was gathered to inform the preparation of MLDP2, the Council has taken relevant updates or new evidence which has emerged since June 2024 into account when preparing the MLDP2 Proposed Plan. The Council has also considered the "gate check advisories" included in the Gate Check Notification of Sufficiency (September 2024).

Evidence Requested in Gate Check Notification of Sufficiency

28. In the Notification of Sufficiency, the Reporter commented the following:
"*Some evidence relating to housing market signals (such as rising local housing prices) is contained in the Housing Land Audit (MC050) (and in Homes for Scotland's submissions) but this matter does not feature strongly in the evidence report as having contributed to the identification of the LHLR. I suggest that the council should explore this matter more thoroughly ahead of its preparation of the proposed plan, including considering whether market signals could indicate that a higher proportion of overall need may be for owner-occupied/ private rented housing. Some analysis of how market demand operates across authority boundaries could also be beneficial, including the extent to which any 'overspill' demand from the Edinburgh market may continue to be a factor under the NPF4 policy framework*".

29. This requested information is more closely linked with the issue of affordable housing rather than the LHLR. The HNDA figures are based on the share of households who can access the '25th percentile' of the housing market (i.e. the price point that defines the cheapest 25% of the housing market). Those that cannot reach the 25th percentile are considered suitable for affordable housing. Higher house prices relative to incomes will increase the share of the population requiring affordable housing. One of the factors in determining house prices is the supply, so higher prices might be reflective of a need for additional housing. House prices in Midlothian are also strongly influenced by the number and type of new builds, so care will have to be taken in assessing raw house price levels.

Table 6: Midlothian House Price Data 2016-2024 (Registers of Scotland)

Year	25th percentile (£)	Median (£)	75th percentile (£)
2016	126,000	166,000	240,500
2017	127,475	172,125	250,000
2018	135,000	184,000	269,996
2019	143,375	195,000	285,000
2020	155,000	205,000	300,000
2021	165,000	232,350	322,999
2022	180,000	250,000	345,995
2023	182,000	260,000	375,000
2024	180,000	250,500	365,025

30. Income data has been sourced from the Scottish Government's local level household income estimates for 2018 (banded income). These are research-based statistics and do not represent national or official statistics. The statistics have not been updated since 2018. For Midlothian the findings are:

- Lower quartile - £370 per week (£19,240pa)
- Median - £630 per week (£32,760pa)
- Upper quartile - £990 per week (£51,480pa)

31. The data suggests rapid house price growth from 2016 to 2022 (although this may in part reflect the entry of large numbers of new builds or nearly new builds to the market), then a stagnation from 2022 to 2024. As inflation has been high in this recent period from 2022, and benefits are linked to inflation, and wage claims have sought to keep pace, there may have been a slight improvement in affordability in the last 3 years for which price data is available. It would be unwise however to give strong weight to this recent data in the absence of new local level household income estimates. The Scottish Government is working on these, to inform the next round of HNDAs.

32. On the cross-border demand matter raised by the Reporter, the MATHLR was influenced by figures on household projections that reflect past planning decisions for Midlothian to take on more than its own needs and play a wider role in the city region; in the Council's view this cross-border demand is already embedded in the figures.

Population and Household Projections

33. New 2022-based population and household projections were released by NRS in September and December 2025 respectively. The Council assessed the potential implications of these figures for Midlothian in relation to MLDP2. Table 6 shows a comparison of the NRS 2018-based and 2022-based projections to 2037 (principal projections shown for both).

Table 7: Comparison of 2018-based and 2022-based Population and Household Projections

	Population			Households			Av. Household Size	
Year	2018 based	2022 based	Difference	2018 based	2022 based	Difference	2018 based	2022 based
2022	96,473	97,040	+567	41,685	41,217	-468	2.31	2.35
2023	97,726	98,436	+710	42,318	41,958	-360	2.31	2.35
2024	99,002	99,890	+888	42,979	42,739	-240	2.30	2.34
2025	100,252	101,358	+1,106	43,594	43,449	-145	2.30	2.33
2026	101,494	102,888	+1,394	44,213	44,201	-12	2.30	2.33
2027	102,736	104,329	+1,593	44,796	44,890	+94	2.29	2.32
2028	103,945	105,709	+1,764	45,374	45,549	+175	2.29	2.32
2029	105,137	107,111	+1,974	45,968	46,259	+291	2.29	2.32
2030	106,294	108,514	+2,220	46,542	46,958	+416	2.28	2.31
2031	107,423	109,904	+2,481	47,115	47,672	+557	2.28	2.31
2032	108,525	111,292	+2,767	47,709	48,381	+672	2.27	2.30
2033	109,588	112,675	+3,087	48,280	49,089	+809	2.27	2.30
2034	110,625	114,035	+3,410	48,856	49,796	+940	2.26	2.29
2035	111,655	115,402	+3,747	49,432	50,512	+1,080	2.26	2.28
2036	112,679	116,743	+4,064	50,013	51,221	+1,208	2.25	2.28
2037	113,690	118,084	+4,394	50,591	51,928	+1,337	2.25	2.27

34. In the 2022-based projections the expected increase in households by 2037 is 1,337 higher than in the 2018-based projections. The projections are trend based and reflect past policy decisions on the allocation of housing land. NRS use records of new patients registering with GPs (the Community Health Index dataset) over the 5 years preceding the projection and use these as the basis for future migration trends. The records are used to measure moves to Scotland from elsewhere in the UK only. NRS (then General Register Office) projections as late as the 2008 based release indicated a declining population in Midlothian, demonstrating the effect that planning policy changes can have on this dataset.

35. The Methodology Guide for the projections published by NRS clearly sets out the limitations of the household projections. A projection is a calculation showing what happens if particular assumptions are made. The household projections are trend-based and are not, therefore, policy-based forecasts of what the Government expects to happen. The household projections rely on projecting trends in household formation from Scotland's Census 2011 and 2022. They show what is likely to happen if these trends continue into the future. The Methodology Guide highlights that there are "various reasons why patterns of household formation may be different in the future, such as economic changes or the impact of new government policies, as well as imbalances between housing supply and demand". It also

highlights that "assuming the continuation of past trends results in uncertainty in the projections, and this uncertainty increases the further into the future they are taken. Local planning policies are often intended to modify past trends, and Development Plans may demonstrate departures from the projections that seem better able to fit particular local circumstances". This last point is of particular relevance to Midlothian.

Implications of Additional Evidence for the Local Housing Land Requirement

36. Although the MATHLR is set in NPF4, the potential implications of the 2022-based principal household projections for the MLDP2 LHLR have been considered in the context of the use of the 2018-based projections in the MATHLR. This is just one way of considering potential implications and does not take into account the 'need' element of the MATHLR calculation (see Figure 1). If the 2022-based projections had been used in the MATHLR calculation, and all other elements remained the same, then the 10-year inflated MATHLR for Midlothian would be 10,250 units (see Table 7).

Table 8: Effect of 2022-based household projections on MATHLR calculation

Existing Midlothian housing need (from HNDA3)	1,114 units
New households to form over 10 years (derived from 2022-based NRS household growth projection)	7,140 units
Total Need over 10 years	**8,254 units**
Flexibility Allowance (25%)	2,064 units
Need plus flexibility allowance	10,318 units
Inflated MATHLR for Midlothian (rounded to nearest 50 value)	**10,350 units**
Difference between NPF4 MATHLR and Inflated MATHLR	**1,500 units**

37. The NPF4 MATHLR sets a land requirement for Midlothian which is 1,786 units higher than the projected 10-year demand based on the 2018 based projection (see Table 1). This is due to the addition of a 25% flexibility allowance. The Scottish Government explanation for the flexibility allowance states that it represents a contingency of land to allow for changes in sites coming forward, so was not envisaged as a buffer for additional demand. However, the flexibility allowance has no formal or statutory status, with legislation only requiring that the National Planning Framework contains targets for the use of land for housing. The difference between the NPF4 MATHLR and the Inflated MATHLR (1,500 units) is lower than this flexibility allowance (1,786 units). Midlothian Council's position is that the LHLR agreed by the Council in June 2024 (8,851 units) can reasonably absorb a potentially higher number of new households within the flexibility allowance included in the MATHLR. This is discussed further in the section below.

38. In considering whether or not to increase the LHLR in the light of the new projection, the Council has considered the considerable infrastructure constraints identified at the time of the Evidence Report. The Council has carried out significant work, including a Transport Assessment and school roll projections, to inform the Delivery Programme and establish the basis for developer contributions. The addition of further units would trigger new infrastructure requirements and potentially impede delivery due to the cost of providing these (which would fall upon new development).

39. Taking the factors of scale of excess housing already built into the system, infrastructure constraints, and lack of necessity in legislation or guidance to amend the LHLR, it is Midlothian Council's intention to retain the approved LHLR which has been the basis of plan preparation since the Evidence Report was found to be sufficient.

Meeting the Local Housing Land Requirement

40. The Scottish Government Local Development Plan Guidance explains that that the local development plan should demonstrate that the LHLR will be met in full over the 10-year plan period from the date of adoption. The LHLR can be met by:
    - Sites with planning permission;
    - Sites allocated in the plan for the development of 4 or more market, affordable or self-provided homes where the Delivery Programme indicates there is a firm commitment to delivering homes; and
    - Windfall development, where this is supported by evidence of past delivery and supported by sound assumptions about likely future trends.

Housing Land Audit 2025

41. The baseline data for considering how the LHLR is to be met is the Housing Land Audit 2025. It is likely that by the time of MLDP2 examination the 2026 HLA will be available and this may be referenced to give a more up to date position. HLA 2025 identifies a Total Established Supply of 10,211 units as of 31 March 2025. Of these, 8,486 units are categorised as Effective Deliverable Supply, 266 units are Deliverable with Constraints and 1,459 units are categorised as Constrained and Undeliverable. As of 31 March 2027, the HLA projects that the Effective Deliverable Supply based on current allocations and consents including small sites will be 6,938 units. As small sites cannot contribute towards meeting the LHLR, the Total Deliverable Supply that has been counted towards it is 6,798.

Table 9: Housing Land Audit 2025 Summary

Status	Total (Units)	Delivery Programmed 2025-2027	Delivery Programmed 2027-2037
Sites Under Construction	3,032	1,518	1,514
Consented or Minded to Consent	5,304	146	5,158
Small Sites	150	24	126
Effective Deliverable Supply	**8,486**	**1,688**	**6,798**
Deliverable with Constraints*	266	-	266
Total Deliverable Supply	**8,752**	**1,688**	**7,064**
Total Deliverable Supply excluding small sites and AHs3**	**8,557**	**1,644**	**6,913**
Constrained and Undeliverable***	1,459		
Total Established Supply	**10,211**		

*Includes AHs3 – 25 units
** AHs3 excluded because units included in new allocation of 130 units at Belwood Crescent (R24)
*** Includes sites which will be deallocated in MLDP2 and removed from land supply

42. The difference between the projected 2027 Total Deliverable Supply without small sites (6,913 units) and the LHLR set by Midlothian Council (8,851 units) is **1,938 units**. It is this gap that requires the allocation of new sites in MLDP2.

Windfall

43. Windfall development is land that become available for planning unexpectedly and is not specifically identified or allocated for development in the local development plan. The Scottish Government Local Development Plan Guidance expressly identifies windfall as one of the supply sources to meet the LHLR. NPF4 Policy 16(f) effectively constrains the quantity of windfall by only supporting development of new housing in limited circumstances set out in the policy. Unless delivery of sites happens more rapidly than anticipated in the housing land pipeline, NPF4 Policy 16f would only support proposals consistent with rural housing policy, smaller scale opportunities within an existing settlement boundary, and proposals for 50 or fewer affordable homes as part of the local authorities supported affordable housing plan. Windfall development is by its nature hard to predict. Midlothian Council has analysed windfall take-up over the last 10 years (as monitored by Housing Land Audits 2016 to 2025), applying criteria from NPF4, and using a 10-unit threshold to define smaller scale non-affordable home opportunities.

44. From 2016 to 2025, 285 affordable and 185 non-affordable units were built on windfall sites in Midlothian. This is 470 units in total, an average of 47 per year. This represents under 5% of total completions in the same period, so this a relatively modest contributor to Midlothian's land supply. In terms of the implications for additional supply to meet the LHLR, Scottish Government guidance states that the LHLR can be met by, amongst other sources, windfall

development, where supported by evidence of past delivery and supported by sound assumptions about likely future trends. Midlothian does not have a legacy of large scale vacant and derelict land, and the recorded windfall development has been supported by a steady stream of new opportunity sites. Midlothian Council considers it reasonable to assume that further completions at the low level identified in past audits will continue – although there is no certainty in this regard.

Sources of supply to meet the Local Housing Land Requirement

45. Table 10 indicates the contributions from existing sites identified in the Housing Land Audit and the proposed new allocations in MDLP2. Table 11 provides these figures in greater detail. The constrained sites at Redheugh (which may be delivered over the longer 10-year time frame of MLDP2, and which may benefit from the Scottish Government's new initiative to unlock sites) are also listed. Without the Redheugh sites there are still excess units provided compared to the LHLR. The 400 units provided on longer term sites could come forward more quickly if demand required it (although it should be recalled that the LHLR is boosted by a flexibility allowance (generosity) and exceeds actual demand). The figures in Table 10 do not allow for future windfall development (which could provide another 470 units, as described in paragraphs 43-45).

Table 10: LHLR and Housing Land Allocations

Supply of Residential Units	Number of Dwellings
Local Housing Land Requirement	8,851 units
Total Deliverable Supply 2027-2037 (from HLA 2025 excluding small sites and AHs3)	6,913 units
MLDP2 Proposed Plam land allocations (excluding small sites)	2,404 units
Total identified effective supply	**9,317 units**
Constrained sites at Redheugh (h50 & R10)	1,100 units
Additional Potential Sites beyond plan period	400 units
Total Units (Identified supply plus constrained sites and additional potential sites)	10,817 units
Difference (Total Units minus LHLR)	1,966 units

Table 11: MLDP2 Identified Supply

Elements of MLDP2 Identified Supply		Deliverable Units 2027-37
Deliverable Supply 2027-37 (from HLA 2025). Excluding small sites and AHs3 (which is included in R24)		6,913
New allocations proposed in MLDP2		
R1*	Bilston West	350
R2	Eskdaill Street	65
R3	Fairfield House	15
R4	Easter Langside Drive	20
R5	Eskbank Station East	20
R6	Eskbank Station West	50
R7	Gowkshill Farm	100
R8	Barleyknowe Road	150
R11	Engine Road	40
R12	David Herkes Way	30
R13	Pentland Road	400
R14	Bogwood Road	40
R15	Mayfield Place	40
R16	Old School Crescent	60
R17	Scott's Caravans	40
R18	Blackcot Drive	16
R19	Newton Farm East	70
R20	Main Street	20
R21	Morris Road	10
R22	Whippielaw Yard	25
R23	Beeslack	30
R24	Belwood Crescent	130
R25	Dykes Road	16
R26	Rullion Road	222
R27	Silurian Road	200
R28	Thornton Farm	13
R29	Whitehill Forge	3
R30**	Cauldcoats	220
R31	Cauldcoats Steading	12
R32	Silverburn East	3
Total of MLDP new allocations (excluding small sites)		2,404
Total identified supply (deliverable supply plus new allocations)		9,317
Other potential contributions to supply		
Constrained sites at Redheugh (h50 & R10)		1,100
Additional Potential Sites beyond plan period		400
Established supply after MLDP2 allocations (identified supply plus constrained sites and additional potential sites)		10,817

*350 delivered in plan period out of larger 500-unit allocation. Remaining 150 units counted as Additional Potential Site

** Hs0 allocated in MLDP2017 for 430 units bringing site total to 650 units (430+220)

Meeting Long Term Growth and addressing supply issues when MLDP2 is adopted

46. NPF4 states that local development plans are to identify areas that may be suitable for housing beyond 10 years. The approach to this in MLDP2 has a number of components. Part of one allocated site which is expected to still be delivering units beyond the plan period (R1 Bilston West) and the site 'Land south of Gowkshill' (R33) have been identified as "additional potential sites beyond plan period". The two constrained sites at Redheugh (h50 Redheugh and R10 Redheugh West) may also fall into this category, depending on when the site constraints are resolved. NPF4 contains provisions for circumstances where sites are not coming forward as programmed – in such cases measures should be taken to enable earlier delivery of longer-term deliverable sites or areas identified for new homes beyond 10 years.

47. Under NPF4 development proposals for new homes on land that is not allocated for housing is only permitted in limited circumstances – a larger scale new proposal would only be permissible where delivery of sites was happening at a faster pace than under the development pipeline on a consistent basis. In such cases the Council would seek to meet this demand through its longer-term direction of growth sites, through resolving constraints at undeliverable sites and by counting windfall development.

48. The NRS household projections used in the MATHLR calculation are trend based (as explained above) and therefore the target does not reflect infrastructure capacity, environmental constraints or local and regional policy priorities which were incorporated into previous strategic planning approaches to determining land requirements. It also does not take into account community or local political views. Long term, the aim is to have a period of housing growth which is focused on identified local need rather than assuming recent trends should be carried forward. This will allow a focus on climate change adaptation and mitigation, give communities a period of consolidation following decades of significant change and allow infrastructure capacity to catch up with demand. This will not mean no housing growth, simply more manageable levels than experienced in recent decades.

Addressing sites with constraints

49. The 2025 HLA identifies 266 units as deliverable with constraints and a further 1,459 as constrained. Table 12 sets out the "Deliverable with Constraints" sites and "Constrained and Undeliverable Sites" from the Housing Land Audit and the proposed or required action (including proposed deallocation for some sites). Site AHs3 is shown as a "Deliverable with Constraints" site in HLA 2025 for 25 units. These have not been included in calculations because the site R24 Belwood Crescent (130 units) covers the whole of AHs3. This will avoid double counting. It is possible for the Redheugh sites (h50 and R10) to begin delivery within the plan period if the significant access constraint is overcome. More information on the constraints and how they may be overcome is provided in the MLDP2 Delivery Programme.

Table 12: Constrained Sites

Site reference	Site name	Units	Proposed or Required Action
Deliverable with Constraints			
Hs5	Thornybank North	30	Pending active application
2018DK2	Wester Cowden Farm	25	Commence construction (Developer)
h40	Vogrie Road	16	Continue construction (Developer)
282	25 Newbattle Road	8	Commence construction (Developer)
h69	Whitehill House	18	Continue construction (Developer)
h70	The Grounds of Whitehill House	84	Continue construction (Developer)
2018VR1	Fordel	60	Pending active applications
Constrained and Undeliverable Sites			
AHs2	Burghlee	175	Deallocate
AHs4	Pomathorn Mill	50	Deallocate
Hs17	Pentland Plants	75	Deallocate
Hs7 (R10)	Redheugh West	400	Pending active application. Reallocate and address access constraint
h50	Redheugh	700	Pending active application. Reallocate and address access constraint
h51	Robertson's Bank	14	Deallocate
h55 (rem)	Seafield Moor Road	45	Deallocate

50. In January 2026 the Scottish Government announced the creation of a new executive agency - More Homes Scotland. The agency's focus includes large scale affordable projects; acquiring, preparing and releasing land; enabling infrastructure work to unlock stalled sites; and closer working with the Scottish National Investment Bank to make best use of private finance. The agency's remit appears to be of particular relevance to Redheugh, where one infrastructure intervention (provision of new rail bridge across Borders Railway) could unlock two linked sites totalling 1,100 units. At the time of plan preparation discussions between the Council and the site promoter were continuing, so that the bridge may be secured with no detriment to the Council's finances.

Affordable and Specialist Housing

51. The Evidence Report summarised evidence on affordable housing. The primary data source is Housing Needs and Demand Assessment 3 (HNDA3). HNDA3 sets out future scenarios: The City Deal Directors Group favoured Scenario 4 Steady Growth, and this provided the basis for the Evidence Report submission. The HNDA considers demand over a 20-year period (pre and postdating the MLDP2 period) and breaks demand into tenure categories and 5-year blocks. Table 13 shows the breakdown and HNDA periods, and aggregates these to align with MLDP2.

Table 13: Demand in the lifetime of MLDP2 (period 2027 to 2037)

Tenure	Total 2027-37	Per year average	Working
Social rent	2624	262	(4x322) + (5x223) + (1x221) = **2624**
Below market	1300	130	(4x131) + (5x131) + (1x121) = **1300**
Private rent	419	42	(4x46) + (5x 40) + (1x35) = **419**
Owner occupied	1837	184	(4x181) + (5x186) + (1x183) = **1837**
Total	6186	619	(4x 681) + (5x580) + (1x562) = **6186**
Affordable	3929	393	(4x 454) + (5x 354) + (1x343) = **3929**
Market	2257	226	(4x227) + (5x226) + (1x219) = **2257**

Source: Table 4.14 HNDA3

52. The majority of demand was found to be in the social rent or below market sectors. The proportion of households considered suitable for social rent, below market rent and private housing are defined quantitatively, based on estimated household earnings relative to the bottom quintile of the housing market. The Council has taken a cautious view on the possibility of immediately raising the affordable housing requirement. A significant constraint in delivering affordable housing is the availability of funding to the Council and Registered Social Landlords to develop sites, rather than the availability of sites themselves. Accordingly, the affordable housing policy seeks to maintain the 25% requirement for affordable housing set in NPF Policy 16 and broaden the range of affordable housing types compared to MLDP2017 in compliance with the Council's Mixed Tenure Strategy and to promote a wider range of options.

53. Midlothian Council agreed a new Local Housing Strategy (LHS) for the period 2026/27 to 2030/31 at its meeting of 31 March 2026. The updated LHS reflects the Council's new Mixed Tenure Strategy, which seeks to broaden the supply of affordable housing beyond traditional council housing for rent. The strategy seeks to stretch resources and increase the overall supply of affordable housing. The outcomes of the proposed new LHS of particular relevance to MLDP2 include:

- Increasing supply across all tenures
- Improve place-making in Midlothian
- Increase options for homeless households and those threatened by homelessness.
- The needs of groups with particular needs will be addressed (including specialist provision, independent living, armed forces, key workers and gypsies and travellers.
- Integration of housing, health and social care is improved.

54. The LHS has identified that there is public interest from households who are already owner occupiers and wish to procure a solution to their changing needs, without recourse to social housing, the LHS seeks the provision of 10 wheelchair accessible houses per year by the private sector. A policy has been included in the MLDP2 Proposed Plan to support this goal.

55. Armed forces veteran housing and the responsibilities of the Armed Forces covenant is picked up in a special requirement at the Belwood Crescent site (R24). The LHS does not seek to mandate the provision of a new traveller site, so instead a supportive policy framework is provided in MLDP2.

Housing Site Assessment

Site Assessment Methodology

56. Midlothian Council has collected evidence on the sites submitted in the Call for Ideas exercise to assess sites and inform decisions on site selection. The housing site selection methodology has evolved during and after the Evidence Report process. Shortly before submission for Gate Check the Key Agencies produced a site assessment methodology, and this was integrated into the version submitted as evidence for the Gate Check process. In practice the Key Agency approach proved difficult to use as some of the criteria were more appropriate for later stages in the development process and required information not available at the site selection stage. A simplified site assessment process has been evolved following Gate Check, although the basic approach and key criteria remain the same.

57. The completed site assessment sheets are set out below in Appendix 1. As was anticipated when the methodology was prepared, the avoidance of Prime Agricultural Land has not been possible in every case. Not all of the new housing allocations fall within existing 20-minute neighbourhoods. The Council considers that in terms of local shopping and other commercial services, the scale of development at Bilston West (R1) and Pentland Road (R13) sites will require a new local centre. This requirement is integrated into MLDP2.

58. The allocations have been informed by the Strategic Flood Risk Assessment (SFRA) prepared for the Evidence Report, for which the primary data source has been the Future Flood Maps prepared by SEPA. These take into account climate change to 2080. Other sources, such as the historic log of flood incidents maintained by the Council up to 2006 were imprecise geographically and reflected transient maintenance issues, so were not used. There are a number of planned flood risk studies under the Local Flood Risk Management Plan, but these were not available at the time of MLDP2 Proposed Plan publication. As identified in the SFRA, the principal flood risk in Midlothian is from surface water flooding, and to a lesser extent small watercourse flooding. Site allocations have aimed to avoid sites with a risk of river flooding, and the policy framework in NPF4 and MLDP2 seeks to ensure that the sites are developed in such a way as to avoid flood risk. Through the appropriate use of SUDS in new allocations, the Council does not consider that the new allocations should result any increase in the potential population at risk of surface flooding. The site assessment sheets in Appendix 1 show the status of each site with regard to flood risk.

59. The sites submitted in the Call for Ideas and Opportunities could potentially provide housing land for approximately 16,500 dwellings. This significantly exceeds the amount of additional site allocations required to meet the LHLR. Elected member workshops were held in 2025, from which a shortlist of sites was derived. Elected members have indicated a strong emphasis on utilising brownfield and town centre opportunities. This preference has informed the spatial strategy of the plan and aligns with NPF4. However, the supply of such deliverable sites is limited in Midlothian, and new greenfield sites represent the majority of the new supply.

60. There has been a strong emphasis on delivery, and Midlothian anticipates that the 30 sites that form the deliverable housing pipeline, will supply 2,187 new units of housing over the 10 years from 2027 to 2037. The Council has sought to reduce the level of education interventions, but the scale of the additional allocations will require some new capacity. The Transport Assessment has also identified locations where the cumulative impact of new development requires an intervention. The Delivery Programme provides a detailed listing of the necessary infrastructure interventions for these sites to come forward.

Local Living Assessment Methodology

61. As part of the site assessment process, an assessment of the "Local Living" facilities was undertaken for the proposed sites. This used a methodology developed during the evidence gathering stage which mapped where a series of 26 different existing facility types are located. The facilities were grouped into five overall categories (listed below). The distances shown were then mapped as a walking isochrone.

Category 1 – Employment and shopping
- Supermarkets (800 metres)
- Convenience stores and other smaller stores (800 metres)
- Post offices (800 metres)
- Town centres and retail parks (400 metres)
- Employment sites (400 metres)

Category 2 – Healthcare
- Hospitals (800 metres)
- GP surgeries (800 metres)
- Pharmacies (800 metres)
- Dentists (800 metres)
- Opticians (800 metres)

Category 3 – Education and Childcare
- Further/high education (800 metres)
- Secondary schools (800 metres)
- Primary Schools (800 metres)
- Nurseries (800 metres)
- After school clubs (800 metres)
- Libraries (800 metres)

Category 4 – Exercise and Leisure
- Leisure centres and Hillend Snowsports Centre (800 metres)
- Sports clubs (800 metres)

- Equipped play spaces (800 metres)
- Parks and functional amenity greenspaces (400 metres)
- Country and regional parks (400 metres)

Category 5 – Sustainable Transport

- Borders rail station (800 metres)
- Electric vehicle charger (400 metres)
- Bus routes (200 metres)
- Core paths (200 metres)
- National cycle network (400 metres)

62. All the sites which were subject to the site assessment process were then mapped onto the isochrones. Where an isochrone covered at least part of the site, then a score of 1 was given for that facility. The total score for a site was then translated into a percentage. A site with access to all listed facilities would score 100%, a site with access to none would score 0%. This, of course, relates only to facilities known about when the mapping exercise was undertaken. It also does not take into account facilities which could be provided as part of a development.

Appendix 1

Appendix 1: Housing Site Assessment Summary

This appendix is available as a separate document at www.midlothian.gov.uk/mldp2

The tables in the appendix summarise the information that was gathered and used in the assessment of potential housing sites for MLDP2.