

Cabinet Member
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Councillor C J Saint

Chief Executive

.....

Legal

K Scales - agreed

Finance

.....

Other Chief Officers

.....

District Councils

.....

Health Authority

.....

Police

.....

Other Bodies/Individuals

.....

FINAL DECISION

YES/NO (If 'No' complete Suggested Next Steps)

SUGGESTED NEXT STEPS :

Details to be specified

Further consideration by this Committee

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To Council

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To Cabinet

.....

To an O & S Committee

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To an Area Committee

.....

Further Consultation

.....

Cabinet - 8 September 2005

**Government National Planning Policy Consultations:
Planning for Housing and Draft Green Belt Direction 2005**

**Report of the Director of Planning, Transport and
Economic Strategy**

Recommendation

That the County Council:-

1. Objects to the preferred approaches set out in the consultation documents published for comment in July 2005 by the Office of the Deputy Prime Minister (ODPM): Planning for Housing and Draft of the Town and Country Planning (Green Belt) Direction 2005, based on the assessment and conclusions set out in sections 4 and 5 of the Director's report, and that this view be conveyed to the ODPM, the national Local Government Association (LGA), the West Midlands Regional Planning Body (WMRPB) and the Coventry, Solihull, Warwickshire Forum (CSWF).
2. Engages with the national LGA to press ODPM for an approach to national planning for housing policy that takes much greater account of regional and local variations in conditions and policy. This would be a preferable alternative to the 'one size fits all' approach currently being canvassed by Government, and urge like-minded Regional and Sub-Regional bodies to do the same.

1. Introduction

- 1.1 Planning for Housing is perhaps the most significant Government consultation on national planning policy in recent years. ODPM is canvassing views on a radical shift in policy that is likely to move the balance of considerations in planning for housing proposals towards market factors and away from sustainable community factors. The proposed shift in Government policy has the potential to undermine regeneration of inner urban areas and town centres because it will encourage market housing development in the more popular housing locations where, especially in rural areas, the current policy is to reduce development down to the level of local needs. This, in turn, would have serious implications for planning at all levels - Regional, Sub-regional and local – in terms of policy direction and the validity of plans and policies, both 'in force' and 'in preparation'.

- 1.2 The parallel consultation on a new draft Green Belt Direction might curtail planning authorities' discretion in the reference of applications for development in the Green Belt to Government. Viewed in isolation, the practical effect is not expected to be great. However, in the context of the approach advocated in 'Planning for Housing', the Draft Direction has the potential to generate significantly greater Government intervention in the planning process, rather than less.

2. Planning for Housing Consultation

- 2.1 In its Planning for Housing consultation paper, Government is blaming the planning system for three main blockages to the improvement in housing supply i.e. worsening affordability, land supply constraints and poor response to the housing market demand. The paper proffers options but prefers a new approach, the main features of which are summarised as follows:-

- (i) Taking account of the market – Regional Planning Bodies continue to distribute housing targets - but to housing market areas as a basis for decisions as well as other factors, extending planning horizons from 10 to 15 years.
- (ii) Identifying land for housing – The first 5 years is allocated and developable with less reliance on windfall in areas where it is possible to allocate land.
- (iii) Plan, monitor and manage – 5-year supply rolled forward as land is developed. Local Authorities required to bring forward land from their 10 year supply to ensure available supply is maintained.

- 2.2 In this way, the new approach would take greater account of market forces and housing market areas, stretch local planning horizons and pressure councils to make firm housing allocations rather than rely on estimates of future 'windfalls' (unanticipated small scale housing schemes) coming forward. The requirement to have a 5-year rolling land supply is intended to mean that, if developers build quicker than expected and/or development of brownfield sites is not fast enough to meet the demand, then authorities would be forced to release other sites earlier than planned to meet the demand. This, the consultation paper claims, will address the housing land supply problems it identifies. However, the ODPM's own impact assessment admits that it also risks more out-of-town development and increased development on greenfield sites. None the less, Government insists that it will not negate its current national policy focus of development on brownfield land and protection of the Green Belt. (The deadline for comments is 9th September 2005).

3. Draft Green Belt Direction 2005 Consultation

- 3.1 The consultation on the Draft Green Belt Direction 2005 seeks to address an apparent inconsistency between local planning authorities in referring Green Belt applications to Government for a decision. No evidence of the 'inconsistency' in referral practice is provided and the Draft Direction has come somewhat out-of-the-blue. Currently, local planning authorities judge for themselves whether or

not a planning application that they propose to approve for development in the Green Belt would be inappropriate in terms of national policy and so should be notified to the Secretary of State (who would then decide whether or not to call-in the application for him to decide – usually after a Public Inquiry).

- 3.2 The Draft Direction proposes introducing a threshold obliging Councils to refer to Government every application for ‘inappropriate development’ in the Green Belt that they wish to permit when it is over 1,000 sqm of building floorspace (e.g. the equivalent of 10 modest houses or 5 small business units). Even developments of less than 1,000 sqm would have to be referred if they impact on the ‘openness’ of the Green Belt. However, Government wants to keep referrals at current levels – for its own administrative and efficiency reasons. (NB. The definition of ‘inappropriate development’ in the Green Belt would remain unchanged). (The deadline for comments is 14th October 2005).

4. Assessment

The National Dimension

- 4.1 The Government’s preferred national policy approach to planning for housing responds to the Barker Report’s (2004) analysis for Government of the reasons for poor delivery of housing. Kate Barker and her Treasury team were commissioned by ODPM and HM Treasury in 2003 to carry out a national study into housing supply constraints. They reported last year and a series of Government initiatives, based on Kate Barker’s recommendations, have followed. However, this is by far the most radical Government response to Barker to date. Whilst it does not reproduce the narrow range of market indicators Barker recommended to trigger new housing land releases, it does represent a big lurch towards the planning system being largely market led. Such a radical change - from the more balanced approach currently taken - might be justified if there was clear evidence to lay the blame for housing shortages at the door of the planning system. However, despite Kate Barker’s voluminous analysis of the multitude of causes for housing shortages, Government has never satisfactorily addressed the twin facts (acknowledged in her report) that:-
- (i) The fall in total housing supply over the past 50 years can be wholly accounted for by the fall in construction of publicly subsidised housing; and that
 - (ii) The private market house-building rate has remained at a fairly constant level over the same period.
- 4.2 In this context, the new approach advocated in Planning for Housing:
- (i) Assumes that the release of land for housing will result in an increase in house building rates to meet demand, ignoring the industry’s other interests in rationing supply of new houses to (at the very least) maintain price levels and avoid over-extending its productive capacity; and, in doing so,

- (ii) Moves away from the fundamental and common understanding (held across the mainstream UK political spectrum) that the whole point of the planning system is to intervene in the market when and where the market fails to reflect community objectives (e.g. for sustainable development, affordable housing, regeneration).

Regional Implications

- 4.3 The impact of the Government's preferred policy approach advocated in Planning for Housing consultation needs to be read in the context of the West Midlands Regional Spatial Strategy (RSS) that Government itself has approved in the last 12 months - with the support of every local authority in the Region. Until recently, planning policies have largely gone along with the trend of market housing development favouring the more popular suburban and rural housing locations. The consequence has been a steady drain of balanced communities within cities as working families move out to smaller towns and villages remote from where they work, putting stress on rural environments and infrastructure. A largely unsustainable development pattern has emerged, fuelled by globalisation with more footloose business able to locate outside the major urban centres, consolidating the sub-urbanisation process and the further decline of the cities. In order to redress this long term trend, the RSS boldly promotes its Step Change - the regeneration of the major urban areas (MUAs) of the Region, explicitly by the provision of much higher (minimum) levels of house building in the MUAs to take growth over and above that generated locally and, much lower (maximum) housing provision elsewhere to relieve the development pressures on smaller towns and village communities. This is planned to roll out over the period to 2021, within the context of maintaining the current Green Belt around the MUAs and other significant towns.
- 4.4 Against this background, the Government's preferred approach presents a serious challenge to the West Midlands Region in two important respects:-
- (i) Specifically, applied to this Region, the new approach threatens to undermine Government's own approved strategy embedded in the Regional Spatial Strategy (RSS) i.e. the Step Change. This Strategy seeks to stem the out-flow of households from the major urban areas (MUAs) in the Region and, by 2021, have the MUAs absorbing their own growth plus any additional migration from outside the Region and the shire areas accommodating just their own local needs i.e. about two-thirds of current levels. The new approach being canvassed by Government would be essentially market driven and focus on the more popular suburban and rural areas in the shires – an opposite thrust to that of the RSS's Step Change (approved in September 2004).
 - (ii) By placing housing market areas at the forefront of planning and housing delivery, the proposed new policy will have the effect of marginalising established sub-regional voluntary arrangements – like CSW Forum and CSW Partnership – as well as making it even more difficult for Counties like Warwickshire to assist district partners on housing matters. This concern was raised in response to the recent consultation on the Regional Housing Strategy by the County Council, the CSW Forum, as well as the Regional Planning Officers Group and the Regional Advisory Group of officers for the Regional

Assembly. However, the Government is persisting in its drive to divorce long established voluntary arrangements for delivery on planning, transport and economic development from those it is promoting for the local delivery of housing policy and investment. (NB. As previously advised, the proposed "housing market areas" are no such thing – they are just areas with similar market characteristics within this Region. The implication that they embrace functioning housing markets - and are therefore superior to strategic authority administrative areas - is illusory).

Sub-regional and Local perspective

4.5 The impacts of a market driven system for the release of housing land on the basis of housing market areas on Warwickshire and the wider CWS Sub-region are expected to be mainly negative i.e:-

- (i) Recent successes in directing the housing building industry's attention towards regeneration of our cities such as Coventry, and other urban areas such as Nuneaton, are likely to be short-lived. The Government's new preferred policy is likely to encourage house builders once again to expect increased housing land releases in high demand/return locations e.g. in particular, the suburbs and villages of Solihull and the 'southern housing market area' – including central and south Warwickshire along with half of Worcestershire. This would be likely to undermine the growth of Coventry in particular – both the minimum level set out in the RSS and the City Council's recently signaled aspirations to substantially increase the size of the City within its current boundaries.
- (ii) Whilst an increase in market housing provision in high demand areas might improve delivery of new affordable houses on the back of planning permissions, it is only likely to do so at the expense of other important transport, social and economic objectives, in both in urban and rural areas. Current Government policy appears to be based on analysis of conditions in London and the adjoining southern and eastern parts of the UK where affordable housing needs are broadly in the same places as market housing needs are to be met. However, in Warwickshire, the areas of highest affordable housing needs are in those areas (largely Warwick and Stratford on Avon districts) where the strategy is to progressively reduce market housing provision. The consultation paper does not offer corresponding solutions for funding infrastructure and therefore risks encouraging people to live in unsustainable locations where they will find it difficult to afford transport to work and basic community facilities.
- (iii) The resurrection of market forces as a prime determining factor in the planning process can be expected to shift the balance of certainty in favour of the house building industry and away from local communities. Councils across Warwickshire and the wider CSW Sub-region are likely to struggle to produce plans that keep up with housing market demand and to be faced with impossible choices e.g. between the competing claims of house builders and local residents in support of the release of either

brownfield sites in the wrong locations – including the Green Belt - or greenfield sites in the right locations.

- (iv) The County Council has already raised concerns (i.e. in its comments on earlier amendments to PPS3 last year) about Government's current brownfield land imperative' that has had the effect of encouraging new residential projects to displace existing and still viable businesses. Moreover, it is also aware that the current policy set out in PPS3 on housing densities and car parking standards is threatening the intrinsic townscape character of some places, making it difficult for District Councils in Warwickshire to balance requirements to produce mixed developments that reflect local needs and make progress towards creating more sustainable communities.

Therefore, taking a sub-regional and local perspective, these factors indicate that the proposed new approach to planning for housing is likely to exacerbate already difficult situations and result in more Government intervention, not less, and in fewer locally sustainable decisions, not more.

5. Conclusions

- 5.1 The new approach to planning for housing advocated in the consultation runs counter to the strategy so recently approved by Government in the RSS for the West Midlands. Therefore, whilst this approach may be applicable to some other parts of England, it should not be applied to the West Midlands Region. If Government persist with this approach in the West Midlands then it will trigger a clear and immediate need for wholesale replacement of the RSS, overriding all other policy review work currently in preparation by the WM Assembly (as Regional Planning Body) and local planning authorities.
- 5.2 The impacts of a primarily market driven system for the release of housing land on the basis of housing market areas on Warwickshire and the wider CWS Sub-region are expected to be mainly negative – for the regeneration of the cities and other urban areas, for sustainable development in high demand rural areas, and lead to increased uncertainty for local communities in both types of location. In practice, more Government interventions in the planning process are likely to result from the combination of the increased development pressures on planning authorities to release brownfield sites in the more attractive locations and the introduction of the low referral thresholds proposed in the Draft Green Belt Direction.
- 5.3 These perverse outcomes of the Government's preferred approach to planning for housing are expected in the West Midlands, Warwickshire and its wider CSW Sub-region because it is based on circumstances prevailing mainly in the South East of England. As a result, the approach does not reflect the diversity of conditions, and the different policy responses appropriate, across the other English regions. Moreover, it undermines the diversity of circumstances within Regions and sub-regions where, here in the West Midlands at least, planning authorities & bodies have worked hard to take this diversity into account in producing their strategic and local planning policies (i.e. in the RSS and the current round of local development planning documents in preparation).

- 5.4 It is time that ODPM recognised the diversity between and within different regions by abandoning the 'one size fits all' approach and explicitly tailoring its national planning for housing policy guidance to each region in a manner consistent with its own RSSs. We would expect this view to be shared in large measure, not only by authorities in the CSW sub-region, but also by the WM RPB and also for it to be received sympathetically by the national Local Government Association (LGA).

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19th August 2005