

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 2nd February 2006

Report Title **Government Consultation on a New Draft National Planning Policy Statement 3 (PPS3): HOUSING**

Summary The proposed new PPS3 - Housing sets out draft Government policy aimed at using the planning system to its maximum to deliver Government's aspirations for the scale, quality and affordability of new homes. These latest national policy proposals on the issue modify the Government's radical market-led approach, outlined in its September 2005 consultation 'Planning for Housing'. However, the draft PPS3 still includes serious threats to the plan-led approach on which there is local, sub-regional and regional consensus across local authorities in the West Midlands. The Director's recommendation is to respond to the consultation accordingly.

For further information please contact Andy Cowan
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Would the recommended decision be contrary to the Budget and Policy Framework? andycowan@warwickshire.gov.uk
Yes/No

Background Papers None

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor P Barnes) previously consulted
Councillor M Jones) at a special briefing
Councillor P Morris-Jones) and contributed to endorsement

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

Councillor C Saint – cleared for consideration

Chief Executive

.....

Legal

I Marriott - 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 – 2nd February 2006

Government Consultation on a new Draft National Planning Policy Statement 3 (PPS3): HOUSING

Report of the Strategic Director of Environment and Economy

Recommendation

That the assessment and conclusions, set out in the Director's report at sections 3 and 4, be conveyed to the Office of the Deputy Prime Minister as the County Council's response to the Government's consultation on the Draft Planning Policy Statement (PPS3): Housing and copied to the West Midlands Regional Housing Board and West Midlands Regional Planning Body.

1. Background

1.1 The Chancellor and the Deputy Prime Minister published their joint response to the Barker Review on 6th December – at the same time as the Pre-Budget Statement was published. This is the Government's latest and most substantial response to the Barker Review of Housing Supply (March 2004) and highlights four key areas:-

- (i) Further reforms to the planning system to ensure that local and regional plans prepare and release more land, in the appropriate places and at the appropriate time, to meet future housing requirements. Draft PPS3 is the principal vehicle for those reforms. (See Report below, from paragraph 1.2 onwards):-
- (ii) A consultation on the Planning-gain Supplement (PGS) to help local communities fund and deliver the infrastructure necessary to support housing growth and share in the benefits it will bring (NB. This will be the subject of a separate report joint with the Strategic Director of Performance and Development at the meeting on the 23rd February).
- (iii) An invitation to local partnerships to express interest in taking part in an initial round of pilot projects for potential new growth areas, allocating £40m (2007/8) to overcome local infrastructure problems, unlock new sites for new housing and improve the environment. (NB. This initiative is restricted to specific locations planned to grow by at least 500 dwellings p.a. and so precludes anywhere in Warwickshire):-

- (iv) The establishment of a cross-cutting review, in the run-up to the 2007 Comprehensive Spending Review, to coordinate the strategic delivery of infrastructure investment across Government departments that is necessary to enable the additional housing required.
- 1.2 The joint response re-emphasises the Government's objective to assist directly at least 100,000 more households into home ownership by 2010, but it also acknowledges that there is a long-term shortfall in social housing provision, and that there needs to be a substantial increase in its supply.
- 1.3 The Government is consulting on its latest draft of PPS3 as part of the reforms indicated in (i) of paragraph 1.1 above. The proposed new PPS3 will set out the national planning policies for housing, which regional planning bodies and local authorities should take into account in developing regional spatial strategies and local development frameworks. Its objective will be to deliver new homes at the right time in the right place. The national policy framework will reflect the need for flexibility in planning between urban and rural areas, and in areas experiencing high or low demand. The aim is that the planning system is used to its maximum effect to ensure the delivery of decent homes that are well designed, make the best use of land, are energy efficient, make the most of new building technologies and help to deliver sustainable development. The consultation period is from 5th December 2005 to 27th February 2006.

2. Key Proposals

- 2.1 **The Regional Spatial Strategy (RSS)** contribution to housing supply is confirmed by the Draft PSS3. RSSs should set out the region's level and distribution of housing provision, reflecting national priorities and taking into account the region's circumstances, and only finalised once a sustainability appraisal has been undertaken. The distribution of housing should be decided with consideration for demand and affordability issues and on the basis of a consistent evidence database that is maintained by the Regional Planning Body (RPB). The RPB should explore and identify growth areas, growth points and major urban extensions as necessary and appropriate.
- 2.2 **Local Development Frameworks (LDFs)** should set out the strategy for housing provision at the local level and be in general conformity with the RSS and within the context of the sub-regional housing market. Like the RSSs, LDFs should take account of other strategies and policies at the local level as well as a consistent evidence database. In particular, they should set out the housing trajectory, allocate sufficient land and buildings to meet this trajectory over the first 5 years of the LDF and for another 10 years beyond that.
- 2.3 **Allocating and Releasing Land for Housing:-** The development plan document that allocates sites for housing development should always include at least five years supply of developable land. Only where it is not possible to allocate sufficient land at the local level should local planning authorities rely on windfall sites to meet the need and demand. Those sites that are said to be developable must be available within 5 years, suitable (offering a sustainable option) and economically viable for housing development.

- 2.4 **Efficient Use of Land:-** Local planning authorities should develop a brownfield strategy to identify and remove constraints to the development of brownfield land - in line with the Government's national target to provide at least 60% of additional housing on brownfield land by 2008. To ensure the efficient use of land, Draft PPS3 proposes to introduce the presumption that the minimum housing density should be no less than 30 dwellings per hectare.
- 2.5 **Affordable Housing:-** Sub-regional housing market assessments should help determine whether affordable housing is needed, with different targets for social-rented and intermediate housing - since the latter can help to meet the needs of key workers and those wishing to get a first step on the housing ladder. Local planning authorities will be required to set a minimum site-size threshold, above which affordable housing will have to be included in the development that reflects the levels of finance available for affordable housing, its contribution to achieving more mixed communities and the need to avoid reinforcing concentrations of deprivation.
- 2.6 **Rural Housing:-** Local planning authorities will be required to set a sufficient amount of rural land aside for housing to sustain rural communities. This land should be focused at existing local service centres and market towns with a priority given to developable brownfield land.
- 2.7 **Designing for Quality:-** Local planning authorities are encouraged to promote designs and layouts that are inclusive, safe and take account of public health, crime prevention and make space for water where there is flood risk.
- 2.8 **Managing Delivery and Development:-** Local planning authorities are advised to engage in pre-application discussions and, when deciding planning applications in advance of the local development document being adopted, the most recent draft should constitute a material planning consideration. Planning applications for housing, in advance of the LDD being adopted or on sites not already allocated for development, should be considered favourably. In particular, this should be the case where there is evidence of an imbalance between housing demand and supply and where the site is suitable for housing development, or where the development makes an efficient use of land. Where policies are not delivering, the local planning authority's annual monitoring report should set out the actions required to ensure the delivery of housing.

3. Assessment

- 3.1 When Government consulted on its new approach to "Planning for Housing" in September 2005, 57 per cent of respondees generally opposed the approach and, of the 32 per cent in favour, the majority were developers. The main concern was around the role of the market in the planning process and the leading role to be given to market factors. The County Council's response (agreed at its 8th September 2005 Cabinet meeting), reflected this concern in common with the other local authorities in the Sub-regional and Region. In particular, Cabinet endorsed the conclusions that:-
- (i) The proposed approach would run counter to the strategy so recently approved by Government in the Regional Spatial Strategy for the West

Midlands – requiring the whole regional and local plan making processes to be started again.

- (ii) 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 Sub-region are expected to be mainly negative - for the regeneration of the cities and sustainable development in high demand rural areas.
- (iii) The approach is a 'one-size fits all' and does not reflect the diversity of conditions, and the different policy responses appropriate, across the other English regions outside London and the south-east.

3.2 The 'good news' is that the Government's primarily market driven approach of "Planning for Housing" appears to have been moderated, albeit to a limited extent, in the Draft PPS3:-

- (i) ODPM's website, stresses that Draft PPS3 does not propose to introduce a "crude price trigger approach to planning for housing" and that it aims to ensure that "market considerations are taken into account alongside economic, social and environmental factors to ensure sustainable housing development".
- (ii) Draft PSS3 states (at paragraph 5[c]) that the RSS should set out the level of housing provision each local planning authority area (as well as for each sub-regional housing market area). NB. Producing housing figures for local authority areas will be essential for the rapid completion of Local Development Documents.
- (iii) A more positive approach to the development of brownfield land is included in the Draft PPS3. The concept of a 'brownfield land strategy' and the expectation of funding to follow from national and regional sources, helps to restore the previous implied shift in preference towards greenfield land in popular locations.
- (iv) On affordable housing, the Draft PPS3 expresses the view that targets for affordable housing should be realistic and that there may be separate targets for social rented and intermediate housing. It also recognises the use of financial contributions in lieu of on-site provision of affordable housing, enabling a wider range of developments to contribute to the provision of affordable housing.
- (v) Draft PPS3 recognises that although residential gardens constitute 'brownfield land' they are not necessarily suitable for development. Nevertheless, it continues to encourage local authorities to take a positive approach to the intensification of existing housing areas where it would minimise the pressure for the housing development of greenfield land.
- (vi) Draft PPS3 proposes that local authorities with small rural communities will be allowed to include a rural exception site policy within their local development document. This would give local authorities the chance to

use land, which may be subject to policies of restraint, for affordable housing in perpetuity.

3.3 However, Draft PPS3 has serious shortcomings from the perspective of Warwickshire, its Sub-regional and Regional contexts:-

- (i) No evidence has been provided that increasing housing development overall by one third will ease current affordability problems in many parts of the country. The downturn in new housing development over the last 30 years has been almost entirely due to the collapse in provision of publicly funded housing which has not been offset by increases in the private market sector.
- (ii) There is no clear evidence to support the underlying assumption in Draft PPS3 that making more land available for development will actually generate more lower-cost housing. There is nothing in the Draft PPS3 to address the strong incentive for builders not to bring down prices by flooding the market with new houses. So, unless increases in housing planning permissions resulting from Government's new market led approach are combined with far stronger penalties for 'sitting on' undeveloped permitted sites, the result is likely to be larger land banks rather than more affordable housing.
- (iii) Draft PPS3 still largely relies on affordable housing being delivered on the back of market housing permissions. This is inconsistent with the West Midlands RSS 'step change' which prescribes a reducing profile for total housing growth outside the major urban areas. This would mean that areas with the highest affordable housing needs, such as central and south Warwickshire, will have to rely less and less on affordable housing being delivered by the planning system.
- (iv) Draft PPS3 still represents a significant shift to a more market-led approach to determining the level and location of new housing. Using the market as a critical issue for triggering permission threatens to undermine the role of local authorities and the status of the local plan. The undertaking at 3.2 (i) above does not form part of the Draft PPS3 and paragraphs 41 and 42 in effect bring the Draft PPS3 immediately into force (i.e. before it is finally approved).
- (v) So, even in its 'draft form', Government intends Draft PPS3 to apply particularly to applications for housing development received in advance of a development plan review. This conjures up the unenviable prospect of local planning authority resources being skewed towards fighting off planning appeals – either for development of unsustainable greenfield housing sites or the over-intensification of development in existing housing areas - rather than creating a sustainable balance through a plan-led system.
- (vi) Draft PPS3 does not reflect the diversity of conditions between and within the regions in England and the different policy responses appropriate to these conditions. Housing supply in the South East regions may not have

kept pace with their significant increases in economic development but this is not the same in all regions. The ODPM should therefore abandon the one-size-fits-all approach and introduce into PPS3 regionally specific sections recognising, amongst other things, that the RSS for the West Midlands sets minimum housing targets for the major urban areas and maximum figures for the surrounding shire areas.

- 3.4 The continued significance attached to housing market areas (HMAs) in the Draft PPS3 is likely to cause problems in the West Midlands for the ongoing RSS revision and the role of the strategic authorities (inc. WCC) in putting together the first draft of sub regional housing proposals with their shire district partners. The County Council and its partners in the CSW Sub-regional Forum have accepted HMAs as one source for analytical purposes but not as a basis for policy formation. The reasoning for this is based on the fact that the West Midlands Regional Housing Strategy defines HMAs largely on the basis of common price characteristics. This means that, for example, Stratford-upon-Avon shares the same HMA as Malvern but Warwick District and Coventry City are in different HMAs. However, the definition of HMAs set out in the draft PPS3 (at Appendix A, paragraph 14 of the draft PPS3) is as "Geographical areas within which there are clear links between where people live and work..". This effectively renders the WM Regional Housing Board's HMAs at best, redundant and, at worst, a hindrance to the RSS Review.

4. Conclusions

- 4.1 Draft PPS3 represents a moderation of Government's initial radical market-led approach as outlined in its September 2005 consultation 'Planning for Housing'. However, paragraph 3.3 (i)-(vi) above identifies serious shortcomings that remain outstanding, threatening to undermine the plan-led approach to which West Midlands local authorities are committed. Accordingly, they should be brought to the attention of ODPM.
- 4.2 The continued significance attached to 'housing market areas' (HMAs) and the inconsistency between the different West Midlands Housing Board and Draft PPS3 definitions (outlined in 3.4 above), poses difficulties for the production of detailed sub-regional housing proposals by the strategic authorities in the on-coming Phase 2 of the Review of the RSS. This should be brought to the attention of ODPM, the Regional Housing Board and the West Midlands Regional Planning Body.

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