

STRATEGIC HOUSING SERVICES

Head of Strategic Housing -
Mushtaq Khan

Trafford Town Hall
Talbot Road, Stretford
Manchester M32 0YZ

Telephone 0161 912 4301

Fax 0161 912 4917

E-mail

Web site www.trafford.gov.uk

The Barker Review Team
1 Horse Guards Road
London
SW1A 2HQ

When calling or telephoning on this
matter please ask for: Mushtaq Khan

Our Ref:

Your Ref

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Dear Colleague

Trafford Council welcomes the opportunity to comment on the review of the underlying causes for the lack of supply and responsiveness of housing supply in the UK.

Large parts of this Borough are exceptionally high demand areas and consequently there is a shortage of affordable housing for local people. The Council takes a proactive approach to using S106 agreements to secure more affordable housing. The Council has recently completed an Inquiry into Affordable housing and as the results of this will be published soon, we are more than willing to come and discuss the results of our work on affordable housing with the Review Team. We would welcome the chance to take part in any further research or pilot work that the Review Team has planned.

Turning now to the questions that have been posed in the review. They are answered below in the order in which they appear in the review letter.

1) **Land constraints**

Demand for new housing is not uniformly spread across the country. Some areas are more attractive to households looking for a place to live. By and large Trafford is one of these attractive areas and builders are attracted to this area.

The land supply available at any one time in such areas is finite and competition for this land will 'bid up' costs. Furthermore, competition amongst households to locate in these areas results in high property prices.

In Trafford the planning system has delivered more housing than that required by Regional Planning Guidance and the adopted Trafford UDP during the period mid-1986 to mid-2001. The points below illustrate the issue in Trafford;

- The Regional Planning Guidance requirement is for a minimum of 4,200 dwellings, actual dwelling provision has been 6,144 dwellings.
- Currently within the Borough the committed supply of land for new housing development could accommodate some further 3,600 new dwellings.
- Within the context of the new Regional Planning Guidance requirement this scale of commitment will amount to 11.6 years supply.
- Assuming that dwelling construction continues at the rate experienced in 2002/3 this scale of commitment still amounts to a 6.7 year supply.

- Between 1991 and 2003 there has never been a committed supply of land for new housing development of less than 2, 400 dwellings.
- Despite all of the above, both land and house prices in Trafford remain the highest in Greater Manchester and some of the highest in the North of England.

Therefore land is available in the Borough for new housing, but many people remain priced out of the market with extremely high house prices. Homelessness has risen by over 50% in the past four years and the waiting list for Council accommodation numbers over 7,500. Furthermore, black and minority ethnic households live disproportionately in the worst accommodation in the Borough. It can be argued therefore that new private house building is only available for those who can afford to buy properties and it is failing to create mixed and sustainable communities.

Turning now to some specific points mentioned in the consultation.

There are other areas in the North West where shortages of available land do, and have, existed. There may, however, be a shortage of land that can be made suitable for development.

Regarding owners willingness to sell, many owners will hang onto land if they feel they will get more money in the future, or obtain a more favourable planning consent.

There are many problems associated with assembling brown field land; multiple ownership, unknown owners, land owned by former nationalized industries and so on. Local authorities often do not have the resources available to compulsory purchase land although the new circular regarding the use of CPO's is encouraging.

Finally it is not clear whether 'optioning' itself restricts the supply of land. It depends on who is asking for the option and the price at which the option is secured. This is part of the problem of speculation regarding sale and purchase of land, which is not in the interest of achieving acceptable levels of house building.

2) **Industry constraints**

- Lenders are risk averse, and therefore any project where the risks are likely to be higher such as development on land that may have been contaminated, or land used for non-standard building schemes and development in weak markets will be more difficult to fund.
- The lack of skilled workers in the building industry is a real constraint and it certainly accepted that this has got worse in the last twenty years. There have been fewer apprenticeships and a casualisation of the building industry.
- Alternative methods of production may be able to overcome industry constraints. However, the public sector has tended to be the leader in using non-traditional construction techniques and there is a concern that public housing is being used as a 'test bed' for new techniques. Problems with construction techniques usually take decades to emerge, and this is far longer than the life span of the demonstration projects that have taken place in the social housing sector. Private developers are generally not as advanced in the use of off-site construction techniques. Indeed, some developers claim that house buyers prefer traditional build types.

- There is an issue concerning the 'inflexibility' of non-traditional dwellings. They need to be added to once built so that they are truly sustainable and will meet the needs of occupiers in 40 or 50 years time.
- Development of brownfield or derelict land is a problem because the costs of development are often much higher than on a 'clean' site. In addition these sites are in areas where the market is weak and therefore land values are depressed. There is also a problem in that the owners of these sites often have extremely high expectations of the values of their sites, particularly if they think regeneration monies are coming into the area. Often the only realistic way of bringing such sites forward is to use compulsory purchase or the threat of compulsory purchase to acquire the land.

3) Policy

- Planning policy guidance is just that – guidance - and is open to interpretation depending on circumstances including public and political attitudes that prevail in local authority areas across the country. A 'one-size fits all' approach to interpretation should not, and cannot be expected. If anything it can be argued that the building industry operates a 'one size fits all' approach to development and local authorities find this difficult to mould to reflect local circumstances when interpreting this planning policy guidance.
- Planning policy has been and remains very much a numbers game. Policy refinement to address and match the types of accommodation provided at a local level within authorities is needed. The amount of affordable housing to be built in an area, for example, should be a target for authorities and indeed it may be that some sites should be built with a majority of affordable housing on them.
- The planning system can positively encourage the development of brownfield land by way of the land allocations it makes. Similarly, it can positively discourage the development of greenfield land by way of the application of 'greenbelt' and other open land protection tools it has at its disposal. A problem does, however, exist in some rural areas, such as in parts of Trafford where there are no brownfield sites to develop, coupled with a shortage of affordable housing for local people.
- Section 106 agreements can be an effective tool in mitigating the impact of development, however it is apparent that good agreements are required that secure the public benefit, but are fair to the developer. In addition, s106 agreements only come into play at a threshold of 25 units or 1 hectare, this will not provide an affordable housing solution in rural areas or on smaller sites.

4) Social housing and the rented sector (affordable housing)

An increase in the supply of new housing, especially affordable housing is a theme that Trafford is particularly keen to promote.

- It is clear that current planning policy guidance for determining the levels of housing, and affordable housing, to be built in each region and at local level are inadequate for meeting housing requirements because they do not respond to local factors. Trafford, for example, is a high demand area with more in common with the South East of England rather than with other areas of the North West. The labeling of Trafford, in terms of government policies and access to grant monies, as a generally 'low demand, low build cost Northern authority' has prevented more affordable housing being built in the area.

- The Chartered Institute of Housing and the Royal Town Planning Institute have produced a paper recently that promotes the idea of 'sites for social diversity.' This is an option for Local Authorities to allocate sites or give planning permission for sites solely for affordable housing. This could be a way forward.
- It has been apparent that social housing is not attractive for the private sector to build. This situation is even more pronounced in case of building for intended private rented housing. This is not a particularly attractive option for institutional investors who have tended to restrict their activities to higher value properties. There also appear to be issues regarding the lack of experience of the management of social rented housing and of image and perception.

Yours Sincerely,

M. Khan

Mushtaq Khan
Head of Strategic Housing