# Officer Comments from Sheffield City Council

# The Barker Review – Review of Housing Supply

## 1. General

1.1 We welcome the opportunity to contribute to the Barker Review. However, it strikes us that the remit of the review has been strongly affected by the situation in the South East of England. It should be recognised that the low build rates seen in those areas are not always mirrored in districts in the north of the country. Yet even where house building rates have been high when compared to the housing requirement in Regional Planning Guidance, house prices (especially prices for new houses) have continued to rise steeply.

1.2 The reasons behind house price growth are far more complex than a simple supply and demand equation. House prices are affected by a whole range of factors including the quality of existing housing, market trends, quality of local schools and facilities, crime rates, etc. The key issue for northern cities such as Sheffield is to create a more balanced housing market across the City as a whole. For these authorities, it is not so much a matter of increasing the total housing stock, but providing a housing stock that meets the needs, demands and aspirations of the local population.

## 2. The Role of Regional Planning Guidance/ Regional Spatial Strategies

2.1 Currently, the housing requirement for strategic planning authorities is set out in Regional Planning Guidance/ Regional Spatial Strategies. Local authorities are required to adopt these figures when preparing their development plans. However, the Review ought to consider what impact these figures have on housing supply. Should they be treated as both a minimum target and a ceiling that should not be significantly exceeded? Is it necessary to have a figure at all? Do they have any real bearing on what is actually built? The figures themselves often originate from calculations and assumptions that are not very robust. All this suggests that this review should, at the very least, consider the role and value of such housing figures in the planning system.

2.2 As mentioned above, many local authorities in the north of England are exceeding the housing requirement in RPG/ RSS and some have already imposed, or are considering imposing, a moratorium on further building because of the generous supply of sites with planning permission. It appears that, in most cases, this is being done to delay or prevent the release of greenfield sites.

2.3 In Sheffield, although we have exceeded the RPG housing requirement by 50% (for the period 1998-2002), we have considered it unnecessary to impose a moratorium. This is because planning applications (since

2000 at least) have been almost exclusively on brownfield sites and the future supply of brownfield land within the City (as evidenced by our Urban Housing Capacity Study) appears generous.

## 3. Building Rates as a Percentage of Total Housing Stock

3.1 We are not convinced that building more houses, on its own, will necessarily have a significant effect on house prices, as new houses make up only a small percentage of the houses that are bought and sold each year. In our view, the levels of new building that would be required to have a significant impact on prices may prove both environmentally and politically unacceptable.

3.2 New house building is a very small percentage of the total housing stock. To use Sheffield as an example, the annual housing requirement in Regional Planning Guidance is 770 dwellings per year for the period 1998 - 2016. This equates to just 0.35% of the total housing stock in the City. However, even though building rates have exceeded the housing requirement by 50% over the period 1998-2002, house prices have continued to rise steeply, particularly in the most desirable areas in the south west of the city. There may, of course, be an issue as to whether Sheffield's requirement is high enough (given current and likely future levels of housing demolition) but even if the requirement were doubled, the overall numbers of new dwellings relative to the total housing stock would be small.

## 4. Creating a Balanced Housing Market

4.1 We note that the Review will not cover issues of low demand. But in our view, the low demand issue is not one that can be ignored when considering matters relating to housing shortages or house prices. The issues are all inextricably linked. In particular, these areas are likely to provide a ready supply of brownfield sites in relatively sustainable locations.

4.2 Raising demand for existing housing in low demand areas should, in itself, help to stabilise housing markets as a whole. Of course, substantial amounts of new housing will be required to replace obsolete housing in the low demand areas but improvement of existing housing, etc will also make a contribution by making those areas more attractive to buyers or people wanting rented housing. It should be noted that, although new house building on cleared sites reduces the need for development on greenfield sites, such sites are in areas where demand is currently low. Hence the need to tackle the wider issues (e.g. crime, school quality, local environment) if markets are to be stabilised.

4.3 Part of Sheffield lies within the South Yorkshire Housing Market Renewal Pathfinder but this contrasts starkly with other parts of the City that are characterised by rapidly rising house prices. Demand for **new** houses and flats in most parts of Sheffield is high and, as such, they tend to attract premium prices. Indeed, over the last 3-4 years, the south west of the city has probably experienced some of the steepest price rises in the country and prices are now comparable with some areas in the south of England. The challenge in Sheffield therefore is to produce a more balanced housing market in the City as a whole.

4.4 A significant number of greenfield allocations in the adopted Sheffield UDP remain undeveloped, largely due to the change in emphasis brought about by PPG3. Private house builders have responded positively to PPG3 and numerous brownfield ‘windfall’ sites have been granted permission, meaning it has proved unnecessary to release all the allocated sites. This has been partly helped by the trend for city centre living and several hundred new flats have been built or are in the pipeline within the City Centre.

4.5 The current high level of house completions in the ‘high demand’ areas is an important issue for us. We are concerned that a continued high level of completions on brownfield sites within the ‘high demand’ areas could act as a deterrent to development within the Pathfinder area. We are therefore considering whether it would be appropriate for the new City Plan (part of the Local Development Framework) to limit major brownfield releases outside the Pathfinder area. Such an approach would undoubtedly prove controversial as it would constitute a significant intervention in the local housing market and would lead to a delay in redevelopment of some brownfield sites. It will be important for the RPG Review to address this issue, as there are knock on effects for adjoining local authorities. It will be essential for the RPG Review to provide guidance on relative priorities between the Pathfinder area and other areas within the housing market area.

## 5. Competition for the Best Previously Developed Sites

5.1 We have already referred above to relatively generous supply of brownfield sites in Sheffield. Some of this land comes from the demolition of existing housing but a substantial amount arises from former industrial land or the redevelopment/ conversion of non-residential buildings.

5.2 We note that the Government is proposing to introduce changes to planning policy which will require local authorities to treat development proposals favourably where they involve the redevelopment of redundant industrial or commercial for housing. Whilst this is a sensible step where land is genuinely redundant for commercial uses, our experience is that sites which are most attractive to house builders tend also to be those which are most attractive to developers of new commercial uses. So, for authorities such as Sheffield who are seeking to transform their local economies and attract new investment, there is a danger that the best commercial sites could all be lost to new housing development. It should be recognised that a large proportion of land that is allocated for business or industrial uses is simply unsuitable for new housing. But equally, much of it is also unattractive to developers of employment uses. It is therefore essential for development plans to safeguard sufficient high quality business and industry sites to meet identified needs.

## 6. PPG3: the Impact on House Types

6.1 PPG3 promotes more efficient use of land and discourages developments of less than 30 dwellings per hectare. This has been strongly driven by the desire to minimise development of greenfield sites and the expansion of urban areas. But the implication of this is that the average size of new housing will decrease as developers are forced to build more flats and terraced houses. Whilst this might seem to be consistent with demographic trends towards smaller households, it needs to be recognised that many smaller households still aspire to own larger houses. PPG3 will mean that new larger houses will become a rarer commodity and it is therefore likely that such houses will attract a premium price and add to house price inflation.

28th July 2003