



Our DJ/ALU – Kate Barker 11.8.03

11 August 2003

Ms K Barker
Barker Review (Of Housing Supply)
1 House Guards Road
London
SW1A 2HQ

Dear Ms Barker

BARKER REVIEW OF HOUSING SUPPLY

Thank you the opportunity to comment on your review of the underlying causes for the lack of supply and responsiveness of housing in the UK.

In common with many regions, particularly in the north of England, the housing markets are diverse and complex with areas of low demand, some with Housing Market Renewal Pathfinder status, and areas of high demand with increasing affordable housing problems.

There is a need for the issue of housing supply and how housing needs are met, to be seen in the wider context of the national objectives of urban renaissance and meeting targets for housing development on brownfield sites. In accordance with national, regional and local government sustainable development objectives, in rural areas of the region such as North Yorkshire and East Riding, the Regional Planning Guidance, emerging Joint Structure Plans and existing Local Plans all seek to reduce the level of housing provision compared to the levels provided for in the past. This growth restraint planning policy seeks to protect the high quality environment of these high demand areas, reduce in-migration and assist the regeneration of nearby urban areas by encouraging the development of brownfield sites, particularly in the low demand areas of Leeds, Bradford and Hull. The supply of land for housing in North Yorkshire and parts of East Riding compared to demand is appropriately, if sometimes significantly, constrained.

Your letter talks about the supply of land provided for in RPGs being restricted by local authority planning processes. In this region, where there is the demand, build rates are at least equal to if not more than that provided for in the RPG. Housing land supply is not being restricted. For example in Harrogate, there is a forecasted oversupply of housing land of 29% up to 2006 compared to the planning policy requirement. Clearly sufficient land has been allocated in the existing adopted local plan to meet the planning policy requirement.

We think a review such as this should cover the issue of low demand, as it is inextricably linked to issues relating to housing shortages and house prices. In particular, these areas are likely to provide a ready supply of brownfield sites in relatively sustainable locations and new house building on cleared sites reduces the need for development on greenfield sites. However, the demand for housing in low demand areas needs to be increased to help to stabilise housing markets as a whole. Therefore, there is a need to tackle wider issues such as crime, education, health, and the quality of the general environment. It is about improving the desirability of places to live.

In accordance with sustainability and renaissance objectives, the sequential release of sites favouring inner town or city brownfield sites often equates to the most difficult, problematic and most expensive site requiring development first. Often, this is likely to require site assembly, decontamination and additional costs for infrastructure and access. These are all factors that are likely to deter some developers particularly in low value areas. Furthermore the limited availability of public funding for affordable housing, community facilities, greenspace and its maintenance and other forms of planning gain will add to the private sector costs.

The Communities Plan talks about the need for partnership working to increase housing development on brownfield sites to 60% by 2008. Although this target has not yet been met, improvements are being made year on year. However, there does need to be more incentives for the building industry to make it worth their while to build in lower demand areas, for example the costs of removing contamination and site clearance. The planning system itself is unable to provide significant incentives for brownfield development. A system of effective "gap funding" needs to be re-introduced as soon as possible.

To make matters even more complex, there are often areas of high demand and areas of low demand within the same towns and cities. To use Sheffield as an example, part of the city 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. The challenge in Sheffield therefore is to produce a more balanced housing market in the city as a whole. Yet even where house building rates have been high when compared to the housing requirement in the RPG (planning applications have been almost exclusively on brownfield sites and the future supply of brownfield land within the City appears generous), house prices (especially prices for new houses) have continued to rise steeply.

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. 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.

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. The levels of new building that would be required to have a significant impact on prices may prove both environmentally and politically unacceptable. 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 of the city.

Sheffield City Council is 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. They 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 need to provide guidance on relative priorities between the Pathfinder area and other areas within the housing market area.

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, the experience in this region is that where there is surplus employment sites, 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 areas requiring regeneration, 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.

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 the 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. In addition, in many lower demand areas, there is already a surplus of smaller units mostly in the form of small terraced housing. In this case, to widen the mix of housing available and to aid economic regeneration, there may be a need for lower density "executive" homes. Also, in exceptional cases, despite a good supply of brownfield sites, there may be a need to release a greenfield site in order to regenerate an area

The Communities Plan asks local authorities use planning powers to drive up the provision of affordable housing. The national and regional policy of restraining house-building in rural areas obviously means less sites are allocated for housing so this limits the success of affordable housing through planning agreements. There is a perception amongst many housing providers and others that if more house-

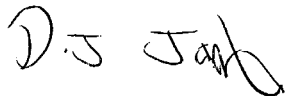
building was allowed in rural areas, then affordable housing would be less of a problem.

Again, affordable housing needs to be addressed in the context of the wider urban renaissance agenda and allocating more greenfield sites for housing in unsustainable locations is not the answer to the problem. Not only would this be out of line with main agenda of sustainable urban renaissance, but relaxing restrictions on house-building in rural areas would quite possibly result in more commuting into the urban areas, not having much positive impact on affordability but certainly having a negative impact on urban renaissance.

Unfortunately, Section 106 agreements tend to 'end load' the planning application process causing delay in decision making. As an 'end' process these agreements can also be criticised by developers as being an unreasonable 'last minute' hurdle and by the public as an unknown quantity. However, they are the most appropriate current means of addressing and mitigating off site impact of developments and detailed technical on site requirements and it is often only at the end of the process that the full impact of a development is known. The more information and certainty on impact and likely planning obligations on each particular site which is available at plan/document preparation stage and/or pre planning application submission, the better the requirements of Section 106's or equivalent would be able to form a transparent, integral and efficient part of the process. Perhaps some alternative form of legal commitment which addresses and mitigates impact and controls on site development such as affordable housing could be more 'front loaded' in the process and possibly a requirement of application registration.

I hope you find the above comments useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D.J. James'.

Diana James
Policy Manager
(Planning)