

SOUTH EAST ENGLAND REGIONAL ASSEMBLY
Submission to the Barker Review of Housing Supply
30 July 2003

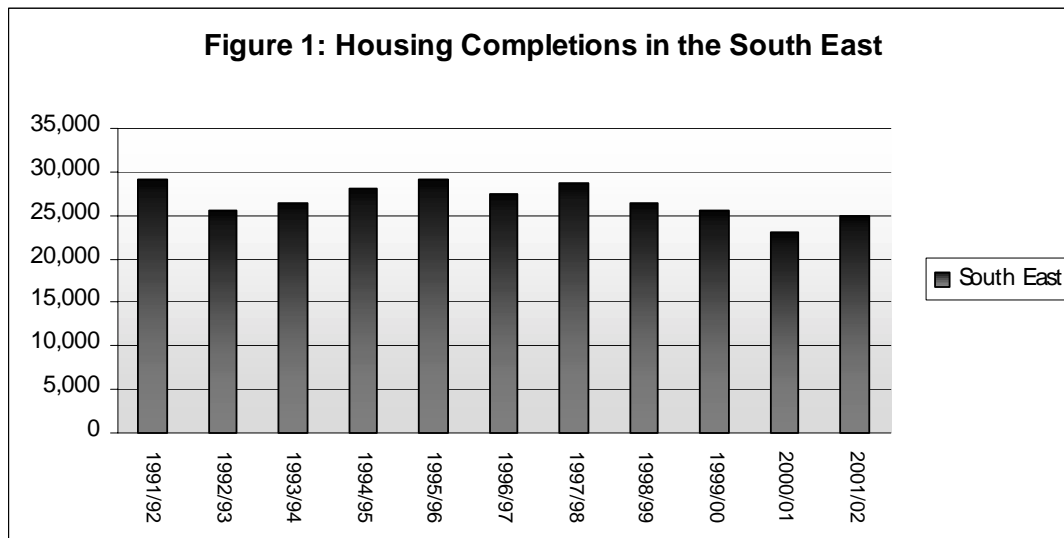
1. Introduction

- 1.1 This submission from the South East England Regional Assembly focuses on two of the issues identified for the Review: Issue 1 relating to the supply of land for housing, and Issue 3 relating to the application of policy.

2. The Supply of Land for Housing

- 2.1 The following diagram shows housing completion trends in the South East since 1981 based on regional monitoring data¹. During the 1980s an average 39,500 net additional dwellings were completed each year. During the 1990s the average rate was much lower at 26,600 dwellings per annum, but with a downwards trend from 1997/98 such that by 2000/01 housing completions totalled just 22,900. That was 5,000 short of the new annual average RPG rate of 28,000 per annum. Data for 2001/02 (the most recent available) shows that completions remain below the RPG 9 rate but that they increased to 24,500 – 1,400 or 6 per cent more than in the previous year.

¹ This data is currently the only reliable and comprehensive measure of net additions to the dwelling stock. While the official P2 data is a useful indication of trends (particularly over the short-term) it does not comprehensively measure RPG 9 housing provision. Our data records 3,000 more homes than are shown in the P2 data for 2001/02 alone. For the ten years 1991-2001 the difference is over 19,000.



- 2.2 Such information on housing completions is important, but it reveals very little about the prospects for future housing supply. In fact, there is no formal measure of the sufficiency of future land availability or the pace at which it is expected to come forward. Nor is there any formal process for dialogue between planning authorities and providers of housing outside the development plan making process. The Regional Assembly's Housing Advisory Group is to consider how the dialogue can be improved.
- 2.3 The South East has monitored the supply of land for housing for many years. The total formally identified supply currently stands at 176,000 dwellings, comprising 78,900 dwellings with planning permission and 97,100 dwellings allocated in local plans (at first deposit stage or later). This is over 10,000 more dwellings than just two years previously. In total, this formally identified supply is equivalent to almost 6½ years' supply at RPG rates. There is also a substantial supply projected from unidentified sites (137,000 dwellings to 2016), along with other commitments which are not yet locationally specific.
- 2.4 Taking all sources into account the total housing supply in the South East is around 367,000 dwellings². This being the case, the issue is not housing land supply per se but implementation. The Regional Assembly has identified a number of barriers:
- infrastructure;

² All figure are 2001-based.

- landownership and other market factors;
- delays;
- public and political attitudes;
- affordability; and,
- Government policies

Each of these is considered in turn.

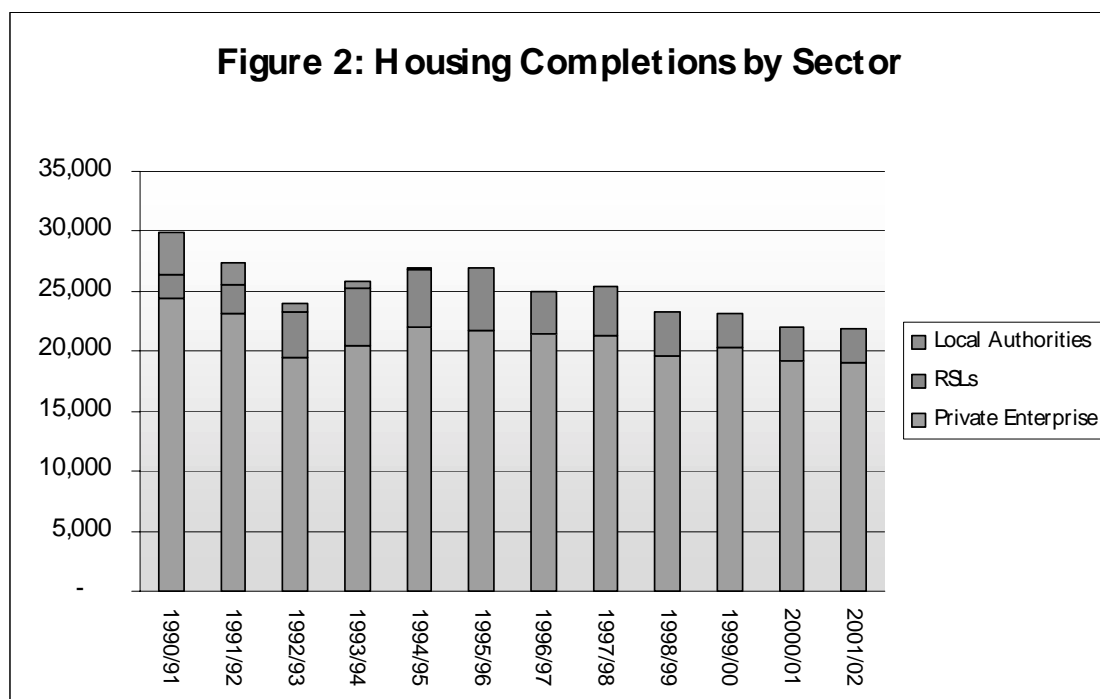
- 2.5 **Infrastructure:** Much new housing development, whether greenfield or on previously developed land and whether in the Growth Areas or elsewhere, requires co-ordinated infrastructure. It is clear that securing the necessary infrastructure is often difficult. Some of the largest and most complex problems are in the Thames Gateway where a number of major sites make a regionally significant contribution to the supply of land for housing. There are long lead-in times before development can commence and a number of the sites have development lives of many years. There are also significant 'up-front' costs associated with ground improvements, transport and community infrastructure and flood defences. This is creating a cash flow problem – the required development value may be realised in the medium to long-term, but is not available in the early years when the infrastructure is required.
- 2.6 There are too many cases around the region where transport infrastructure constraints are hindering the delivery of housing potential. We do not have an exhaustive list but the numbers of dwellings involved undoubtedly run in to many thousands, with particular problems in East Sussex, Kent and West Sussex. To take just one example, in Kent there is potential for around 4,500 dwellings on previously developed land around Junction 4 of the M20. Some of the sites could commence pre-2006 with development lives of up to 10 years. However, the Highways Agency has raised concerns about these sites following increases in capacity in line with the density guidelines in PPG 3, issuing holding objections.
- 2.7 Lack of transport infrastructure not only acts as a constraint on specific sites, but also over wider areas. This coupled with other constraints can make it very difficult for some districts to substitute other sustainable sites in order to provide for levels of housing provision identified in structure plans.
- 2.8 Infrastructure requirements are placing increasing and competing demands on the pool of Section 106 contributions. There is particular evidence that affordable housing suffers badly. In fact, it has been suggested to us that local authority requirements are threatening the viability of developments in some areas, particularly

those sites subject to Section 106 requirements and with high development costs.

- 2.9 It is also important not to lose sight of the infrastructure requirements associated with the cumulative impact of small-scale development in urban areas. Such requirements are difficult to plan for in advance, and the problems are compounded by the current rules governing planning obligations which generally do not apply to small sites. This is an issue of growing concern, particularly given the emphasis on urban renaissance and improved quality of life.
- 2.10 **Landownership:** There are cases around the region where land ownership is acting as a major obstacle to development. In some of these the land is in private ownership or multiple ownerships, but there are also examples of inertia on the part of health authorities and Government Departments, particularly the Ministry of Defence. There is also a particular landownership issue within the former Designated Area of Milton Keynes. Here English Partnerships is the major landowner and planning authority, and as such it plays a critical role in determining the pace at which land comes forward for development. Although the land has the equivalent of outline planning permission and is served by primary and secondary infrastructure, completions on EP land have fallen.
- 2.11 There has been little use of Compulsory Purchase Powers by local authorities, partly because there is political reluctance to do so and fear of compensation, but also because of a skills deficit. Private landowners also bring potentially unrealistic expectations of value to CPO negotiations.
- 2.12 **Market Factors:** Based on our discussions with planning authorities around the region, it does seem that there are problems in some local areas related to the rate at which the market can absorb large-scale development, and that skills shortages may be limiting house building capacity in some areas. It is also true that the social housing sector is finding it increasingly difficult to compete for land.
- 2.13 **Delays:** Whilst a number of adopted local plans in the region are now out of date, these are now being reviewed, typically to 2011. However, progress has been and continues to be slow. The reasons for this seem to include lack of resources and political commitment, and a tendency for local plan reviews to wait until the structure plan is well advanced. Uncertainty about implementation of the Government's current proposals to reform the planning system has also created inertia.

- 2.14 There are some complaints by local authorities of delays on the part of Government where planning applications are called-in: examples of as long as 70 weeks between Committee date and the Secretary of State's decision have been reported for what are relatively small schemes. The Deputy Prime Minister's power to intervene in planning applications that involve a density of less than 30 dwellings per hectare has the potential to further slow the process of bringing forward housing development.
- 2.15 Further delays arise from the completion of Section 106 agreements.
- 2.16 **Public and political attitudes:** Continued resistance to house building in general and to affordable housing in particular are serious problems for the South East. The increasingly active, well-organised and resourced resistance to the building of new homes has in the past generally been associated with greenfield development. However, development in urban areas is increasingly also facing strong and vocal opposition based on perceived impacts on physical, social and economic infrastructure. It is argued that further development will overload existing transport networks, sewerage and drainage systems, schools and doctors' surgeries, and require development on urban open space or the loss of valuable industrial and commercial land.
- 2.17 It is clear that some local authorities are working much harder than others to increase residential densities. In the main urban areas, the approach is generally very positive but in suburban and rural areas there is a widespread reluctance to increase densities to PPG 3 levels, with 30 dwellings per hectare being regarded as a target rather than a minimum. Some districts have policies which establish residential character zones, the aim of which is to ensure that new schemes reflect the existing character of the area. Even where policies designed to secure higher densities are included in local plans this does not necessarily ensure that they are implemented – the views elected members take on individual planning applications may be quite different. The Regional Assembly will be running a series of workshops this Autumn to explore elected members' attitudes to higher density development.
- 2.18 Affordable housing, whilst welcome in principle, is often resisted by its prospective neighbours. Much of this is based on perceptions that affordable housing comprises large single tenancy estates, poor quality design, environments which are out of keeping with surrounding areas, high densities, high levels of unemployment, crime, and anti-social behaviour, and problem families. There is also a stigma attached to rented accommodation.

2.19 **Affordability:** Figure 2 shows completions since 1990/91 by sector. The important point to note is not the overall numbers (which are derived from Government data and are not compatible with our own), but the reduction in the number of completions by the social sector. In the South East there is widespread recognition of the problem and broad strategic agreement on the actions that are required to increase the provision of affordable housing. However, the recent abolition of Local Authority Social Housing Grant is likely to have a significant impact on future provision, particularly in those districts where LASHG has been the main source of funding for affordable housing.



3. The Application of Policy

3.1 The challenge is not simply to increase the number of houses that are built. In March 2000 the Deputy Prime Minister announced the publication of Planning Policy Guidance Note 3 'Housing'. Described to the House of Commons as 'the most radical changes since the 1947 Town and Country Planning Act', the guidance was designed to 'radically alter the way in which we build new homes in this country' based on a 'new, more flexible approach'. The aim was to provide a greater choice of housing, more sustainable patterns of development, better use of previously developed land, and well-designed housing that contributes to urban renaissance.

- 3.2 PPG 3 also introduced a new set of tools for administering this approach to planning for housing: Plan, Monitor and Manage, a 60 per cent target for previously developed land, urban capacity studies, the sequential approach and minimum densities. These policies were taken forward in RPG 9. Crucially, the Government's advice to local authorities was that the new approach should be implemented immediately. Progress is already evident.
- 3.3 Housing completions in urban areas now account for well over 60 per cent of the total, with recent housing development proving particularly buoyant in the region's largest towns and cities such as Brighton, Oxford, Portsmouth, Reading and Southampton. There are also signs of increased house building activity in areas such as the Thames Gateway in Kent. It is expected that housing provision in urban areas will further increase as a result of the comprehensive and detailed programme of urban capacity studies that is underway throughout the region.
- 3.4 There has been a sharp increase in the proportion of dwellings completed on previously developed land, from just over 50 per cent in 1998/99 to 63 per cent in 2000/2001. In terms of the target set in RPG 9 (60 per cent of housing development on previously developed land by 2008) the region can therefore already claim considerable success. However, this is in the context of a reduction in the overall number of dwelling completions: to achieve the target in terms of the RPG housing provision figures for the period post-2001 will require an annual average of 16,800 dwelling completions on previously developed land – 2,300 more than we achieved in 2000/2001. This also underlines that a larger part of the shortfall at the start of the RPG 9 period is made up of greenfield sites.
- 3.5 There are, however, some inherent tensions between the policy aims established in PPG 3. The essence of the sequential approach – previously developed sites to be developed in preference to greenfield sites – has been operating in the South East for many years. However, since PPG 3 was published the decision making process has quickly become characterised by additional uncertainty and delays. Local authorities believe that the problems stem from an over rigid interpretation of the sequential approach.
- 3.6 At the time PPG 3 was published there were many local plan reviews underway in the region. These reflected the policy environment set out in structure plans based on the 1994 version of RPG 9. There are many examples around the region of greenfield sites where the principle of development was established pre-PPG 3

through the local plan process but where proposals were deleted following local plan inspectors' recommendations based on the new national guidance. In some districts these sites would have formed a significant part of the supply of land for housing.

- 3.7 Even having achieved the status of inclusion in an adopted local plan does not necessarily ensure implementation of greenfield proposals. Some local planning authorities have greenfield developments on hold either pending the completion of an urban capacity study or based on the findings of a completed but untested study.
- 3.8 One of the objectives of PPG 3 was to 'conserve greenfield land'. In a region where RPG envisages that 40 per cent of housing development is likely to take place on such sites, and with no period to adjust to the new policy, housing supply was bound to be affected, at least in the short-term. Hopefully, this will prove to be a period of transition. However, in the meantime, greenfield sites are unlikely to come forward at planned rates and affordable housing potential is being held back. In other words, striving to maximise the contribution from previously developed land has become the primary concern rather than provision of sufficient housing. These inherent tensions within PPG 3 are causing serious problems in those parts of the South East heavily reliant on greenfield sites.