

LONDON BOROUGH OF BRENT

Meeting of the Planning Committee 16th NOVEMBER 2005

Report from the Director of Planning

For action

Wards affected: All

Report Title: PLANNING POLICY GUIDANCE NOTE 3; HOUSING

1.0 SUMMARY

- 1.1 This Report informs Members of the Government's further proposals to revise Planning Policy Guidance Note 3 (Housing Development), together with the proposed cancellation of Circular 6/98 (Affordable Housing), and considers their implications for the Borough's planning and housing strategies. The Report also provides the response submitted by Officers as the Council's submission to the Government's consultation.

2.0 RECOMMENDATION

- 2.1 That your Committee considers the Government's proposals and their implications for the Borough.
- 2.2 That your Committee approves the Response to the Government's consultation (attached as Appendix 1)

3.0 DETAIL

Introduction

- 3.1 Planning Policy Guidance Note 3 (PPG3) is the key Government statement on the detailed implementation of its land use planning strategy for new housing development. Circular 6/98 elaborates the relevant sections of PPG3 to provide detailed guidance as to the circumstances in which local planning authorities can reasonably require the provision of affordable housing. The proposed revision of PPG3, involving the proposed cancellation of Circular 6/98, is intended to provide a more appropriate range of housing types and sizes, including affordable housing.

Initial Consultation and Subsequent PPG3 Amendment



- 3.2 The Government proposals were initially detailed in two Consultation Papers published in July 2003. 'Supporting The Delivery of New Housing' considered how more land could be made available for housing development. 'Influencing The Size, Type and Affordability of Housing' explored the provision of housing suitable to meet a wide range of household needs. This consultation was reported to the Planning Committee on 29th October 2003, which agreed the Council's response.
- 3.3 The Government responded to the 'Supporting the Delivery of New Housing' consultation in January of this year by amending PPG3 so that it now advises the Council to favourably consider proposals for housing or mixed use developments on land allocated for industrial or commercial use, unless it can be demonstrated that there is a realistic prospect of its intended use.
- 3.4 The Government, however, with the exception of the very special issue of 'rural affordable housing', felt unable to similarly amend PPG3 to reflect any of the options considered in the 'Influencing The Size, Type and Affordability of Housing' consultation. The available information suggests that the 'housebuilders lobby' strongly argued that the proposals to allow local planning authorities to control the type of new housing, so as to better meet local needs, were so unacceptable they could result in a reduction of new private housing provision.

Further Consultation on Revised Proposals

- 3.6 The Government, therefore, considered it necessary to undertake a new consultation based upon the revised proposals of the 'Planning for Mixed Communities Consultation Paper', published in January 2005. These revised proposals emphasised "the need to take account of market considerations" by giving an enhanced role to house builders and developers in determining the type of housing that should be provided. They also substantially reduced the potential opportunities for local planning authorities to specify housing requirements that the previous consultation paper afforded. This consultation was reported to the Planning Committee on 6th July 2005, which agreed the Council's response.

Current Consultation

- 3.7 A further consultation was undertaken in July through the publication of the 'Planning for Housing Provision' Consultation Paper. This particular consultation is primarily focussed on elaborating the 'supply side' elements of housing development, as initially considered in 'Supporting the Delivery of New Housing', rather than the more 'demand' predicated earlier consultations, such as 'Influencing the Size, Type and Affordability of Housing'
- 3.8 Planning for Housing Provision' (PHP) is premised on the Government's, unsubstantiated, belief in a positive causal housing market relationship between increasing housing supply, through new build and conversion schemes, and thereby making housing more affordable. Whereas, in most areas the level of new housing provision is so proportionately low, in relation to demand, as to make little, if any, impact on local housing market prices; which are primarily determined by the overwhelming volume of 'second hand' properties for sale.
- 3.9 The key PHP proposals are focussed around:

- Housing markets



- Identifying land for housing
- Monitoring and managing land supply

3.10 The Government proposes that the planning system should enable increased new housing output by better identifying and responding to housing market needs at both the regional, sub regional and local levels. At the regional level, the Regional Spatial Strategy (RSS) would establish the overall housing requirement, in a manner similar to The London Plan (as detailed in another Report on this agenda). And would plan for and allocate the distribution of the regional housing provision to its component 'sub regional areas' according to whether they are designated for:

- High levels of new homes
- Managed growth
- Low levels of new homes
- Managed reductions in housing

3.11 In the London context, the Thames Gateway would be an example of a potential 'high housing level' sub region, whereas most other sub regions would fall into the 'managed growth' category, although some districts within these might only be suitable for 'low levels' of new housing, for example, certain suburban neighbourhoods. But it is very unlikely that any London sub region, or even local district, could be reasonably designated for a 'managed reduction' of its housing stock given the demand/supply imbalance.

3.12 Both the Greater London Authority (GLA) and the Association of London Government (ALG) have expressed significant concerns as to the impracticality of sub dividing the 'London Housing Market' into specific sub regions, even if these were reconfigured on different, than the existing boroughs, administrative boundaries. Officers share this concern and further note that the London's 'housing market' extends well outside London's administrative boundaries into other regions (with their own RSS) and is effectively limited only by the practicalities of commuter access.

3.13 A similar conceptual question mark applies to the PHP's category of the 'local housing market' as there is clearly not an autonomous 'Brent housing market'. Moreover, PHP is predicated on a simplistic, mono polar, perspective of a single housing market; overly fixated on the private housing market and specifically by the owner occupation market. Whereas, in reality there are separate and distinct housing for purchase, housing for private rental and affordable housing, particularly for social rental, markets, which may well have different geographical boundaries. And within these broad categories, there may well be individually distinct sub markets for family and non family housing, determined by particular locational preferences, predicated on differential amenity provision.

3.14 Furthermore, the PHP 'market' is primarily focused on only one element of housing demand and one indicator, housing for purchase and its price and, thereby, effectively ignores the equally pressing issue of 'housing need' and its indicators such as local authority housing waiting lists, which are the key drivers of the affordable housing market. However, the explicit PHP recognition of the role of Registered Social Landlords (RSL) is to be welcomed, as this was totally omitted from the precursor Planning For Mixed Communities consultation. PHP also fails to properly consider the demand for a wide range of dwelling sizes.

- 3.15 PHP proposes that local planning authorities should identify sufficient land to meet estimated housing needs for a 15 year period and specifically allocate sites in their development plan for the first 5 year phase. Another Report on this agenda considers how the London Housing Capacity Study has identified land for new housing and specifically notes the extent to which ‘windfall’ or unprogrammed sites contribute to housing development in London. An issue which PHP signally fails to appreciate.
- 3.16 PHP also fails to appreciate the crucial distinction between capacity and its actual implementation through the delivery of new homes; a conceptual failure also evident in the Draft London Plan Alterations (subject of another Report on this agenda). For example, a major constraint on implementing a considerable proportion of Brent’s identified Housing Opportunity Borough’s potential capacity is inadequate social infrastructure, particularly school places.
- 3.17 Having identified land for housing, PHP proposes that local planning authorities should comprehensively monitor housing development and identified land take up. Monitoring not just confined to traditional housing permissions/completions and site development monitoring, but also through regularly observing a much wider range of data, including house prices. Moreover, PHP radically proposes that such information should be proactively employed to both accelerate identified land release, or allocate additional land to meet increased housing demand, with a view to reducing housing prices. And conversely, restrict new land supply when house prices fall too rapidly.
- 3.18 This process could be detrimental to ensuring that all new housing is sustainably developed as it may be inferred the methodology could favour the priority release and development of land that does not merit a satisfactory sustainability index ranking. It also ignores the reality that local authorities have relatively little influence in the land market; certainly not in comparison to land owners and developers who all too often ‘land bank’ to the detriment of maximising housing development.

Response to Consultation

- 3.18 As the Government required responses to this consultation to be submitted by 9th September, there was not, unfortunately, an opportunity to seek Members views in advance of the submission of the Response submitted by Officers on behalf of the Council, which is attached as Appendix 1. Officers have explicitly expressed their concerns in this Response that the eight week long consultation period was unduly short, particularly as most of this occurred during the summer recess period.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this Report. However, the implementation of the processes recommended by the Government would have substantial resource implications for the Planning and Housing Services, although this may be offset by benefits ensuing from increased affordable housing provision.

5.0 STAFFING IMPLICATIONS

- 5.1 None specifically arising from this Report.

6.0 ENVIRONMENTAL IMPLICATIONS



6.1 The overall proposals for the revision of Planning Policy Guidance Note 3 should promote and better enable more sustainable housing development in Brent, but aspects of the current consultation may not promote sustainability.



7.0 LEGAL IMPLICATIONS

7.1 Planning Policy Guidance is issued by the Office of the Deputy Prime Minister (ODPM) to provide detailed guidance on the implementation of the Government's land use and planning strategy. Local Planning Authority policies and decisions in determining planning applications which do not, without justifiable reason, comply with the Guidance are unlikely to be supported by the Appeal Inspectorate and may even be 'called in' by the Secretary of State at the local plan making stage, or following a planning application.

8.0 DIVERSITY IMPLICATIONS

8.1 The proposed revision of PPG3 may better enable effective planning to meet the particular needs of the Borough's diverse communities as it may assist the identification of any ethnic, gender, or other culturally specific, positive or negative, development trends which have implications for new housing provision.

9.0 CONCLUSION

9.1 The proposed revision of PPG 3 and the proposed cancellation of Circular 6/98 are to be generally welcomed, despite the concerns raised above and detailed in Appendix 1. However, it is a matter of particular concern that the revision of PPG3 which commenced in July 2003 has still not been concluded over two years later. This regrettable delay has precluded further work on the Council's Draft Affordable Housing Supplementary Planning Guidance Note, which was published in October 2003 with the intent of finalisation upon the revision of PPG3 and the cancellation of Circular 6/98.

10.0 BACKGROUND INFORMATION

Details of Documents:

Planning For Housing Provision (ODPM, 2005)
Planning For Mixed Communities (ODPM, 2005)
Supporting The Delivery Of New Housing (ODPM, 2003)
Influencing The Size, Type And Affordability Of Housing (ODPM, 2003)
Planning Policy Guidance Note 3: Housing (ODPM, 2000)
Circular 6/98 : Affordable Housing (ODPM, 1998)

10.1 Any person wishing to inspect the above papers should contact Michael Maguire, The Planning Service, Brent House, 349 High Road, Wembley, Middlesex HA9 6BZ, Tel: 0208 937 5310

Chris Walker
Director of Planning



Appendix 1

PLANNING
POLICY AND RESEARCH

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9 September 2005

Alex Lessware
ODPM Planning Policies Division
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Dear Mr Lessware

RE: Planning For Housing Provision; Proposed Revision Of PPG3

The London Borough of Brent welcomes the opportunity to submit a response to the consultation on the proposed revision of Planning Policy Guidance Note 3 Housing (PPG3).

The Council considers that a consultation period of only eight weeks is insufficient for such an important topic; particularly as this period encompassed the Summer Recess, making it impossible to seek Members views before today's deadline. Hence, the following comments, of necessity, represents only Officers views at this stage .

The Council, has substantial concerns in respect of the following key areas :

1. Housing Markets

The Council strongly considers that Planning For Housing Provision (PHP) is predicated on a simplistic, mono polar, perspective of a single housing market, overly fixated on housing for sale to owner occupiers. Whereas, in reality, there are separate and distinct housing for purchase; housing for private rental; and affordable housing, particularly for social rental, markets, which may well have different geographical boundaries.

PHP also fails to appreciate that the 'mixed use' residential and commercial development market may experience specific development problems stemming from the separate and distinct commercial and residential market cycles.

PHP is primarily focused on only one element of housing demand and one indicator, housing for purchase and its price and, thereby, effectively ignores the equally pressing issue of 'housing need' and its indicators such as local authority housing waiting lists, which are the key drivers of the affordable housing market. PHP also fails to properly consider the demand for a wide range of dwelling sizes.



Although the explicit PHP recognition of the existence and role of Registered Social Landlords (RSL) is to be welcomed, as this was totally omitted from the precursor Planning For Mixed Communities consultation. The Council remains concerned that the extent of the role RSLs play in not just delivering very large levels of affordable housing in Brent, but also their important roles of leading major regeneration programmes, and community building, has not been sufficiently recognised in PHP.

PHP fails to appreciate the ‘confidentiality,’ and non- disclosure to land owners and prospective developers, necessary to undertake indicative housing capacity assessments, such as the recent London Housing Capacity Study, where site identification could lead to detrimental land speculation.

The PHP proposals generally need to be clarified by the proposed ‘practice guidance’ which should have informed this Consultation.

2. Identifying Land For Housing

PHP is ‘demand dominated’ and pays insufficient attention to the realisation of potential capacity as it fails to appreciate the crucial distinction between capacity and its actual implementation through the delivery of new homes. For example, a major constraint on implementing a considerable proportion of Brent’s identified Housing Opportunity Borough’s potential capacity is inadequate social infrastructure, particularly school places. Who will provide the requisite funding for the necessary infrastructure to enable the new housing ?.

PHP also fails to appreciate that simply increasing the supply of housing will not generate a commensurate affordable housing increase unless there is adequate public sector funding to enable this. Unfortunately, the Housing Corporation funding cycle is often not synchronised to the private sector’s development phasing on the large sites incurring substantial affordable housing obligations.

PHP should recognise that private sector housing developers ‘land banking’, particularly in periods of decreased housing purchase interest, represents both a ‘locked up capacity’ and ‘an asset value’ which should be subject to an appropriate ‘unlocking’ – ‘use it or loose it’ - taxation or compulsory purchase, at existing use value, regime.

PHP ‘s proposals are based on a falsely premised ‘one size fits all’ national model, which is totally inappropriate for the very distinct London housing market(s).

3. Sustainability

The Council is particularly concerned that PHP pays so little attention to the imperative of ensuring that new housing is sustainable. It notes with concern, the proposal to develop ‘greenfield land’ (para 27) and the advice to firstly allocate the ‘most sustainable’ sites (para 28) as this ignores the basic requirement that sustainable housing development should be predicated on the allocation of ‘brownfield’ sites selected because of their potential sustainability.

4 Monitoring and Managing Land Supply

PHP fails to recognise that monitoring housing costs and land prices often requires purchasing information from specialist agencies. Therefore, the Council considers that, at the very least, the Government should instruct its Land Registry to make available its land and housing price information to local authorities free of charge.



5.. Resource Implications.

Finally, but certainly not least, the Council is extremely concerned that PHP acknowledges that “it is difficult to quantify the cost and benefits of this policy” (Annex A, para 19). As the Council considers the additional costs will be very substantial and will represent a significant onerous additional burden for its Planning and Housing services in operating the recommended processes and systems, such as undertaking a local housing market assessment..

The Council notes with concern, in this context, that local housing authorities have been excluded from the key Public Sector groups likely to be affected by the proposed changes (Annex A, para 24). Yet local authority housing officers play a key role in both enabling new affordable housing and monitoring housing demand and need.

It is the Council’s experience that ensuring appropriate housing provision in the Borough is increasingly requiring additional professional resources expenditure. For example, the Council is increasingly compelled to engage external expertise, particularly quantity surveyor and valuation, to verify development and financial appraisals.

The Council notes, in this context, that the ODPM’s own ‘Delivering Planning Policy for Housing’ study, has commented on the “additional burden” (paragraph 6.4) that the current PPG3 has imposed on many authorities: which has been estimated as increasing the relevant local authority planning, housing and legal staff workloads “by around 25%” in another ODPM study ‘Improving the Delivery of Affordable Housing Provision in London and the South East’, 2003 (paragraph 11.45).

The Council therefore hopes that the additional costs of implementing the PHP proposals will be properly reflected in future Government financial subventions, including the Planning Delivery Grant.

As already noted, this response reflects only Officers views. I will be presenting a report on this consultation to the next Planning Policy Committee and will inform you if Members wish to make further representations.

Please keep us informed as to the progress of the revision of PPG3.

Yours

Michael Maguire
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