

PROPOSED CHANGES TO PPG3 - HOUSING
(Report by Heads of Planning and Housing Services)

1. INTRODUCTION

- 1.1 This report informs Cabinet of changes which the Government intends to make to national planning guidance for housing, and recommends a response on behalf of the Council.

2. BACKGROUND

- 2.1 The Government's planning policies are set out in a series of Planning Policy Guidance Notes (PPGs), which are revised from time to time. PPG3 (Housing) is one of the most influential, as it plays a significant role in determining the locations and types of housing that may be built. PPGs are strong 'material considerations' that local planning authorities and others are expected to take into account when preparing plan policies and considering individual planning applications.
- 2.2 The Government is proposing two sets of changes to the current version of PPG3 (which was issued in March 2000). The first set of changes updates national guidance on securing an appropriate mix of housing through the planning system (including affordable properties). The second concerns the use of allocated employment land for housing. Comments on the proposed changes have been invited, to be received by 31 October.
- 2.3 The proposed changes are set out in two consultation papers, each of which includes a questionnaire. Copies of both questionnaires, indicating the proposed responses of the Council, are attached at Appendix B (housing mix/affordability) and Appendix C (use of employment land for housing).
- 2.4 Because the questionnaires address a number of detailed points, Appendix A summarises the key implications of the proposed changes for this Council, and explains the rationale behind the recommended responses. It is proposed that this summary be submitted to the Office of the Deputy Prime Minister alongside the questionnaires, as a means of highlighting the Council's key concerns.

3. RECOMMENDATION

- 3.1 Cabinet is recommended to approve the comments set out in Appendices A, B and C of this report as the Council's response to the Government's proposed changes to PPG3.

Background Papers:

DETR (2000) PPG3: Housing.

ODPM (2003) Influencing the Size, Type and Affordability of Housing
(consultation paper)

ODPM (2003) Supporting the Delivery of New Housing (consultation paper)

HDC (2003) 2002 Housing Needs Survey

HDC (2003) SPG: Market Housing Mix (consultation draft)

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APPENDIX A SUMMARY OF KEY ISSUES AND RESPONSES

Influencing the Size, Type and Affordability of Housing

This is the first of the two consultation papers. The key issues that it raises can be summarised as follows:

A *Role of the planning system*

A1 This set of changes to PPG3 is advanced on the basis that “The planning system has an important role in creating communities with a better mix of housing – in terms of size, type and affordability – than is currently available”. Whilst planning undoubtedly has a role to play in addressing these matters, it should be emphasised to the Government that the quantity of affordable housing that can be secured through the planning process cannot meet the level of identified need in high-demand areas such as Huntingdonshire. This is because of the scale of need relative to the overall level of house building, the difficulty of securing affordable units on small sites, the time required to negotiate planning agreements, and the limited public funds available to build affordable units.

B *Greater role for regional/sub-regional analysis*

B1 The consultation paper suggests that assessments of housing need should be co-ordinated regionally (to ensure consistency of approach) and, in many areas, be carried out at the sub-regional level (recognising that housing market areas cross local authority boundaries). This general principle can be supported, and indeed sub-regional analysis is already being conducted within the Cambridge sub-region.

C *Reduction in site size thresholds for affordable housing*

C1 It is Government policy that affordable housing should not be sought on sites below a certain minimum size, unless justified by local circumstances. The proposed changes reduce this minimum size from 1ha / 25 dwellings to 0.5ha / 15 dwellings, and drop a previous expectation that thresholds lower than this would have to reflect “exceptional local constraints”. These changes are welcome moves that should help to increase supply.

D *Definition of affordable housing*

D1 The Government proposes that ‘affordable housing’ should be defined in terms of the relationship between local income levels and house prices (and take into account the needs of particular groups such as ‘key workers’). This is logical in principle, but will require detailed information which is updated frequently. The proposed practice guide (see below) should include model formulae for this approach.

D2 The consultation reiterates the Government’s view that affordable housing should not be defined in terms of tenure (such as social rented), although it includes the caveat that this might be allowed where it would “address an identified housing need that otherwise

would not be met by other types of affordable housing". In Huntingdonshire, as in many other areas, the type of property required by the vast majority of those in need of affordable housing is social rented. In this respect the guidance should be worded more positively so that tenure is recognised as a valid aspect of affordability; some tenures are more 'affordable' than others, so tenure must be relevant to the definition of affordable housing.

- D3 Making reference to particular groups (particularly key workers) when defining affordable housing will help in targeting particular needs, and is an approach that is now being pursued in the Cambridge sub-region; a survey of key worker housing needs has just been completed, and will assist in drawing up appropriate policies and mechanisms.

E *Allocation of rural sites specifically for affordable housing*

- E1 A key change proposed is that authorities be allowed to allocate sites specifically for affordable housing, in rural areas where land would not otherwise be released. In effect this expands the current 'rural exceptions' policy (whereby *ad hoc* planning applications of this nature may be entertained) by enabling such land to be identified in local plans.

- E2 This idea is welcome in principle, but may be difficult to put into practice; once land has been identified in this way, landowners may hold on to the 'hope value' that their land might in future secure permission for market rather than affordable properties. This aspiration could inhibit the delivery of affordable homes on these sites. In principle such 'exceptions sites' should also be open to allocation on the edge of towns, although in such locations the hope value that land could eventually be developed for market properties is likely to be much greater (due to the way in which planning policies focus development on urban areas).

F *Market housing mix*

- F1 The consultation paper reiterates previous guidance that authorities should plan to meet the housing needs of the whole community, including an appropriate mix of dwelling sizes. It makes clear that "authorities should reject developments that conflict with the objective of widening housing choice". This is to be welcomed; Members will be aware that securing an improved mix of market properties is a key issue in Huntingdonshire, as reflected in the draft supplementary planning guidance on Market Housing Mix.

G *Proposed practice guide*

- G1 The Government proposes to issue a 'practice guide' in due course to accompany the revised PPG. This guide will contain practical advice on policies and mechanisms for securing affordable housing and an appropriate housing mix. Again, this idea is welcome in principle, although the consultation paper contains no more than a suggested contents list. The Government should be urged to consult extensively on the contents of the guide since this is an opportunity to introduce fundamental changes to the effectiveness of delivery mechanisms.

H ***Other issues***

- H1 The proposed changes to PPG3 and the intended practice guide provide an opportunity for various other issues surrounding the delivery of affordable housing to be addressed. The opportunity has been taken at the end of the questionnaire to flag these matters. They include: the need for improved guidance on section 106 procedures and the way in which targets for affordable housing are arrived at; the need for specialist ‘accreditation’ of housing needs surveys; the need for local authorities to be able to work with a select list of Registered Social Landlords (RSLs); and the need to give RSLs greater freedom to undertake commercial development in support of their core affordable housing work.

Supporting the delivery of new housing

This, the second of the two consultation papers, is concerned with a single issue:

I **Use of allocated employment land for housing**

- I 1 The Government proposes to change PPG3 so that housing development may be permitted on land allocated for employment purposes unless a convincing case for its retention can be made. Retaining the land for employment use may be justified where the site would not accord with national or strategic policies for locating housing, or where there is a realistic prospect that the allocation will be taken up for employment.
- I 2 This proposal appears to be driven by a concern that some authorities are holding on to outdated allocations that have no prospect of being developed for employment, and which would be better used for housing. Whilst this may be true in some parts of the country, there is concern that in areas of high demand for housing, such as Huntingdonshire, the change will make it difficult to bring allocated employment sites forward (due to the increased ‘hope value’ for housing that will now be attached to such sites). In other words, this policy change could worsen the very problem that it seeks to address – the non-implementation of employment allocations. It also threatens to weaken the ‘plan-led’ approach to development that is now supposed to prevail.
- I 3 Whilst it is right that the appropriate use of unimplemented employment sites is reviewed from time to time, this should be in the context of local plan reviews when the needs of the area, and the comparative merits of different sites for particular uses, can be assessed fully.