

WDLP 29
FOR DECISION
WARD(S): ALL

WINCHESTER DISTRICT LOCAL PLAN COMMITTEE

8 October 2003

CABINET

15 October 2003

CONSULTATION PAPERS ON PROPOSED CHANGES TO PLANNING POLICY
GUIDANCE NOTE 3: HOUSING

REPORT OF DIRECTOR OF DEVELOPMENT SERVICES

Contact Officers: Margaret Kirby / Susannah Dymock Tel No: 01962 848170/848442

RECENT REFERENCES:

PL 3301, Public Consultation Draft of Planning Policy Guidance Note 3: Housing, 17 June 1999

EXECUTIVE SUMMARY:

The report summarises the content of two ODPM consultation papers – “Influencing the size, type and affordability of housing” and “Supporting the delivery of new housing”. These propose changes to some paragraphs in PPG 3 on Housing, and would replace Circular 6/98, which will be cancelled. New practice guidance is to be published giving more detailed guidance, to accompany the changes when published in their final form. Comments are invited by 31 October 2003 and the Committee is requested to recommend that Cabinet approve the comments in Appendices 1 and 2 as the City Council’s formal comments.

RECOMMENDATION:

That the comments set out in Appendices 1 and 2 be approved and forwarded to the ODPM as the formal comments of the City Council on the proposed changes to PPG 3: Housing, set out in the Consultation Papers “Influencing the size, type and affordability of housing” and “Supporting the delivery of housing”.

WINCHESTER DISTRICT LOCAL PLAN COMMITTEE

8 October 2003

CABINET

15 October 2003

CONSULTATION PAPERS ON PROPOSED CHANGES TO PLANNING POLICY GUIDANCE NOTE 3: HOUSING

Report of Director of Development Services

DETAIL:

1 Introduction

- 1.1 Planning Policy Guidance Note 3 (PPG 3) was published in March 2000, heralding a change in approach to housing development, to be reflected in both Local Plans and in development control decisions. It emphasises the need for the more efficient use of land, with generally higher densities than those recently being achieved. Housing development is also to take place mainly on suitable sites within existing developed areas, using good design to create attractive living environments.
- 1.2 The PPG also continues the aim to provide a choice of housing within mixed communities, to meet the needs of all sections of the community, including those in need of affordable housing. In the case of affordable housing, the provisions are supplemented by those in Circular 6/98, on Planning and Affordable Housing, which defines the minimum size of site on which affordable housing may be sought in settlements over 3000 population, and also gives detailed advice on other planning aspects.
- 1.3 The Government has now published 2 consultation papers, proposing changes to parts of the text of the PPG, on which comments are invited by 31 October 2003:
 - Influencing the size, type and affordability of housing
 - Supporting the delivery of new housing

Copies of both consultation papers, PPG 3 and Circular 6/98 may be accessed on the Office of the Deputy Prime Minister's web-site at www.odpm.gov.uk

- 1.4 "Influencing the size, type and affordability of housing" proposes changes to the PPG's sections on planning for a community's housing needs and affordable housing. The proposed changes are set out in Annex A of the consultation paper, and they would replace paragraphs 9 – 20, 71 and Annex B of PPG 3, and DETR Circular 6/98 which will be cancelled. Good practice guidance will also be published to supplement the proposed revised advice, and a skeletal framework for this is included at Annex B of the consultation paper.
- 1.5 "Supporting the delivery of new housing" proposes the addition of a new paragraph to the section of PPG 3 on the re-allocation of employment and other land to housing. The proposed change (new paragraph 42a) would follow the existing paragraph 42 in PPG 3.

2 Influencing the size, type and affordability of housing (Paper 1)

- 2.1 The Government announced in “Sustainable Communities: Building for the Future” that the existing guidance on planning for affordable housing would be updated and supported with useful practical advice. In particular, the Communities Plan proposed a consultation on allowing local authorities to seek affordable housing on smaller sites where this is justified. It also highlighted the Government’s concern that the size and type of houses built do not always adequately reflect a community’s needs, particularly those of the increasing number of smaller households.
- 2.2 The aim of the proposed changes to PPG 3 is a policy framework that will secure more affordable housing and place more emphasis on producing a better match between the housing planned and the needs of the community.
- 2.3 A summary of the revised paragraphs, set out in Annex A of the consultation paper, is set out below:
- (i) There is a strengthened role for the regional planning bodies (RPBs), maintaining an up-to-date understanding of likely housing requirements in their areas, to inform regional planning guidance on housing. They will be expected to work closely with local authorities, housing providers and Regional Housing Boards;
 - (ii) Regional Housing Boards are to co-ordinate a programme of housing needs assessments to be undertaken by the local authorities in their areas, to ensure consistency of approach, but each individual authority will remain responsible for assessing their own housing needs. The assessments should address the needs of particular groups of people, such as key workers and the elderly, and consider ways in which the existing stock might be better utilised, as well as the need for new housing;
 - (iii) Regional Planning Guidance (RPG) is to set out how planning at local level is to contribute to meeting affordable housing needs, but local plans are to include policies to achieve its delivery, and continue to include a definition of affordable housing;
 - (iv) Local plans should set targets for affordable housing that are achievable and consistent with the delivery of planned levels of housing provision, including levels in RPG. Targets for affordable housing should identify sites in urban and rural areas where it will be expected as part of residential or mixed-use development, and indicate the proportion of affordable housing to be sought on development sites;
 - (v) The affordable housing provision sought should not make developments unviable, and local authorities are to work with developers to achieve satisfactory developments. This should have regard to the costs of marketing sites, realistic levels of public subsidy, the need for sites to be attractive to finance lenders, and the need to avoid prescribing tenure;
 - (vi) Affordable housing should not normally be sought on developments of less than 15 dwellings (or sites less than 0.5 ha.). Where it is to be

sought on smaller sites, this is to be justified in local plans, having regard to the size and type of sites likely to come forward for development, and the contribution to be made from smaller sites to meeting the target for provision. Plans should demonstrate that seeking affordable housing on smaller sites would result in an increased supply of affordable housing, and have no adverse effect on the overall supply and pace of housing development.

- (vii) Failure to comply with the policy on affordable housing may result in the refusal of planning applications, unless there are clear physical or environmental constraints or other plan requirements that make the site unviable;
- (viii) There is a presumption that affordable housing should normally form part of proposed developments, and the rare circumstances where off-site provision would be preferable should be set out in local plans. This could include circumstances where on-site management of the affordable housing would be difficult, where it would be more effectively secured by bringing existing housing back into use, or where off-site provision would result in a wider housing choice and better social mix;
- (ix) The use of planning conditions or agreements to secure affordable housing is to be set out in local plans;
- (x) Planning policies should widen housing choice and encourage better social mix, reflecting the need for housing types and sizes identified in up-to-date assessments;
- (xi) Local planning authorities should consider how “exception” sites of less than 15 dwellings (or less than 0.5 hectares) could meet the need for affordable housing, and may allocate sites solely for affordable housing to meet local needs in perpetuity;
- (xii) Local planning authorities are to revise their plans to take account of this PPG, and, in the interim, should have regard to this policy as a material planning consideration.

2.4 The revised PPG is to be accompanied by good practice guidance, which will include the more detailed information currently in the PPG, or in Circular 6/98 which will be cancelled. A draft framework for practice guidance to support the revised PPG is included at Annex B. The guidance is to be framed in terms of the new arrangements, but with transitional arrangements for plans under the current system.

2.5 A Partial Regulatory Impact Assessment (PRIA), in Annex C, provides a partial analysis of 3 options which the Government considered in terms of costs, benefits and risks. The options include:

- 1 to keep PPG 3 in its current form and retain Circular 6/98;
- 2 to make changes to PPG 3 (and cancel Circular 6/98), and prepare accompanying practice guidance (the Government’s preferred option); or

- 3 a centralised approach specifying the definition of affordable housing, thresholds, the proportion to be sought, and targets for individual local authorities.

The PRIA indicates that both Options 2 and 3 are likely to involve additional costs to the current situation, but that Option 2 is likely to achieve more significant benefits.

3 Supporting the delivery of new housing (Paper 2)

- 3.1 The aim of this consultation is to alter the guidance in PPG 3 concerned with allocating employment and other land to housing. The intention is that local authorities should allow land currently allocated for industry and commercial in local plans and redundant commercial buildings to be used for housing and/or mixed uses unless a convincing case for its retention can be made. The proposed change complements the current expectation that Local Authorities when revising their plans review the justification of all sites allocated for employment uses and where appropriate consider them for housing.
- 3.2 The proposed new paragraph 42a (Annex 1 – Proposed change to planning policy for reallocating employment and other land to housing) emphasises the need for planning authorities to consider applications expediently and sympathetically where housing proposals are located on land allocated for employment and commercial uses, particularly if a review recommended in existing Paragraph 42 has not been completed. Planning authorities should consider applications favourably unless:
- The Proposals do not reflect PPG 3 particularly in relation to a site's suitability for development and the presumption that previously developed land is developed before greenfield sites
 - The proposal will undermine the RPG in relation to the overprovision of housing
 - The allocation is likely to be developed for its intended use and to look at alternatives would undermine the economic development strategy on the Council.
- 3.3 A Partial Regulatory Impact Assessment (PRIA), in Annex 2, provides a partial analysis of the 3 options which were considered in terms of costs and benefits. The options that were looked at were:
1. To keep PPG 3 in its current form; or
 2. To release any site allocated for employment, or land or buildings formerly in employment use for housing and mixed-use unless a convincing case for retention is made; or
 3. To release any site allocated for employment, or land or buildings formerly in employment use for housing and mixed-use, if there is excess supply of employment sites over the Plan period.
- 3.4 The Government's preferred option is number 2, which was decided upon after completing the PRIA.

3. Officer Comment on “Influencing the size, type and affordability of housing”

- 3.1 A substantial part of the proposed change contains guidance already in PPG 3 or Circular 6/98, and represents restructuring of the advice. In line with the planning reform agenda, the main advice is retained in the PPG, with more detailed material to be transferred to practice guidance.
- 3.2 There are, however, some changes in the PPG advice. These include:
- Scope to set lower site thresholds where it does not make the development unviable;
 - A greater role for sub-regional and regional planning;
 - All LPAs to include policies in local plans to deliver affordable housing;
 - The ability to specify tenure, but only where this would address a need that otherwise would not be met by other types of affordable housing;
 - The ability to identify sites for 100% affordable housing in rural areas;
 - The changes are to supersede policies in existing plans where there is a conflict.
- 3.3 The ability to set lower thresholds is to be welcomed, but it is disappointing that the suggested threshold of 15 units (or 0.5 hectare) remains the minimum normal threshold. Members are reminded that this is the threshold currently used for developments in the larger settlements, for which Circular 6/98 requires that exceptional local constraints should be demonstrated. The City Council has always argued that these apply in Winchester, in view of the small number of qualifying sites coming forward, and because the Local Plan Inspector believed that an even lower threshold (of 5 units) should apply throughout the District. The use of a lower threshold would need to be justified through the local plan process, which the City Council is proposing to do in any case through the next Local Plan Inquiry. The retention of a recommended “normal” minimum threshold is, however, likely to generate a number of developments of 14 dwellings, as is already the case in Winchester, and make the process of justifying a lower threshold more onerous. In your officer’s view there should be no recommended “normal” minimum threshold. Each Authority will have to carry out regular local assessments of housing need, which will be used to determine affordable housing targets, thresholds and proportions. Provided the practice guidance is sufficiently helpful in giving advice on such matters as development economics, the thresholds would be best determined locally and there should be no need for a Government determined minimum “normal” threshold.
- 3.4 The proposed more significant role for sub-regional and regional bodies is to be welcomed if it is to be properly co-ordinated. Currently housing needs assessments are undertaken at different times and over different timescales, and some sub-regional co-ordination would be beneficial. Currently local authorities decide when assessments are necessary. The City Council’s most recent assessment was in fact co-ordinated on a sub-regional basis, but at the request of a number of adjoining local authorities. It would be preferable to have properly co-ordinated assessments

over a wider area, but only if this can be achieved in practice, and the necessary information is available at critical times in the local plan procedures.

- 3.5 Although most local authorities in the south east region probably include policies in their local plans for the provision of affordable housing, this is apparently not the case in all parts of the country. The changes would require all local authorities to address this issue.
- 3.6 Currently affordable housing is not to be defined by reference to tenure, and this is still the case, although the changes allow tenure to be specified, but only where this would address a need that otherwise would not be met by other types of affordable housing. This advice is not altogether clear, and most local authorities wish to specify tenure preferences, as there is a direct relationship between the type of tenure and the level of affordability. The ability to specify tenure would be welcomed, but the advice should provide local authorities with more flexibility.
- 3.7 The City Council has already supported the suggestion that sites could be allocated for affordable housing in the rural settlements, in the response to the Planning Obligations consultation paper, published with the Planning Green Paper. This was considered by the former Planning and Transportation Policy Review Committee in February 2002 (PTP 196). It is, however, clear that the allocation of sites in the rural settlements will involve a lengthy process of consultation with Parish Councils, and is not likely to be integrated quickly into the Local Plan process. It is recommended therefore, at the stage currently reached in the local plan process, that it would be preferable to continue with the exception site approach for the duration of the Local Plan Review. The allocation of specific sites, if contained in the final advice, could however be considered when the Local Development Framework is prepared for the District. The allocation of sites for affordable housing in the rural settlements could then perhaps be the subject of supplementary planning guidance supporting the main document.

4 Officer Comment on "Supporting the delivery of new housing"

- 4.1 The change proposed by the Government could result in a permissive approach to the development of employment sites for housing. Employment sites are a valuable resource, which are essential if the District is to remain buoyant and have the capacity to support the growing population. Despite the Economic Profile of the District completed by the Hampshire County Council, which indicates that Winchester has a substantial supply of employment land, the loss of sustainable employment sites should generally be resisted to retain a variety of employment and commercial opportunities.
- 4.2 The Local Plan Review has already taken heed of the current guidance in PPG 3 in order to avoid an oversupply of employment land, which may not be realistically taken up for development. Using Regional Planning Guidance criteria, all allocated employment sites were assessed to determine whether or not they were sustainable employment sites. As a result, a number of sites had their use changed giving rise to an increase in mixed-use housing/employment allocations.
- 4.3 The Local Plan is written in a manner which presumes that employment sites will be retained unless a case is put forward that satisfies the Local Authority that the proposed development/change of use outweighs the benefits of retaining the employment site. This is the opposite to how the proposed change to PPG 3

suggests Local Authorities deal with employment sites and whether or not they should go to housing or mixed use.

- 4.4 The adoption of the proposed change could result in the need to develop less sustainable greenfield sites for employment use in the future, when existing commercial sites have been developed for housing.
- 4.5 It is recommended that the City Council opposes the changes to PPG 3, in respect of the reallocation of employment and other land to housing, and emphasises the need to retain the PPG in its present form.

5 Conclusion

- 5.1 Members are requested to endorse the comments on the two consultation papers, set out in Appendices 1 and 2, as the formal comments of the City Council.

OTHER CONSIDERATIONS:

None.

CORPORATE STRATEGY (RELEVANCE TO):

Key aims are to encourage debate and discussion about the future through the review of the District Local Plan, and to encourage the development of social and affordable housing throughout the District,

RESOURCE IMPLICATIONS:

The Consultation Papers establish that costs are difficult to quantify, but confirm that there will be costs involved in Options 2 and 3.

BACKGROUND DOCUMENTS:

None.

APPENDICES:

1. Recommended comments to the ODPM on "Influencing the size, type and affordability of housing".
2. Recommended comments to the OPDM on "Supporting the delivery of new housing".

Appendix 1

Comments of Winchester City Council**on****“Influencing the size, type and affordability of housing”**

1. The City Council welcomes the opportunity to comment on the proposed change to Planning Policy Guidance note 3 on Housing, which is intended to replace paragraphs 9 – 20, 71 and Annex B of PPG 3, and DETR Circular 6/98 on Planning and Affordable Housing.
2. The more significant role for regional and sub-regional bodies is to be welcomed, provided that there is a close link with the local authorities in the area and the programme for updating housing needs assessments takes full account of the Local Plan and Local Development Framework programme in the area.
3. The ability to set lower thresholds, for sites on which affordable housing may be sought, is to be strongly supported, but the City Council strongly objects to the retention of a totally arbitrary and unjustified “normal” minimum threshold. Many authorities such as Winchester are already using the threshold of 15 units/0.5 hectares, as Circular 6/98 already allows this where exceptional local constraints can be demonstrated. The exceptional constraints in this District are the reliance on a large number of very small sites coming forward for housing development. The existence of a minimum Government threshold in Circular 6/98 has severely hampered the City Council’s ability to achieve the high level of affordable housing that is needed in the District. To retain the same “normal” minimum threshold in the proposed change to PPG 3 would continue the prevalence of 14 unit schemes, in our case often on our scarce larger sites, where developers seek to avoid the provision of affordable housing. In the Council’s view, if every authority carries out regular assessments, and the practice guidance to accompany the changes to the PPG gives satisfactory guidance on setting targets, thresholds and proportions, there should be no need for a Government determined minimum “normal” threshold. Targets, thresholds and proportions would always be best set locally to reflect local circumstances, and locally determined provision would be a much fairer approach, reducing the burden on “abnormal” local authorities in justifying a different approach.
4. The need to define affordable housing in local plans is supported. The City Council considers that the relationship between income and housing is the main issue, and not the nature of the person’s job. It would often be helpful to be able to specify tenure type according to the type of site being developed, and the needs in the locality, as there is often a direct relationship between the family income level and the type of tenure needed. The changes allow for tenure to be specified in certain circumstances, but, in the City Council’s view, local authorities should be given more freedom to specify tenure for all affordable housing.
5. The proposal that authorities should work with developers to ensure that affordable housing provision does not make the development unviable may be difficult to achieve, in view of the timescale for determining planning applications. In the Council’s view the practice guidance should contain sufficiently clear advice on this issues to allow local authorities to apply it generally.

6. The City Council would support the need for local plans to specify the circumstances where off-site provision may be appropriate, and to include policies for a mix of housing types and sizes, based on up-to-date assessments.
7. The ability to allocate sites solely for affordable housing is supported, although it needs to be recognised that this could not be integrated into the local plan process quickly, and should allow for the exception site policy to continue alongside it. There is a need for a definition of a rural settlement, and clarification of whether it should be related to a settlement's size. The increased provision of affordable housing in the rural settlements could help to achieve more balanced communities, but this will require a number of safeguards which could be the subject of further advice in the practice guidance.

Appendix 2

Comments of Winchester City Council
on
“Supporting the delivery of new housing”

1. The City Council welcomes the opportunity to comment on the proposed change to Planning Policy Guidance Note 3 on the reallocation of employment and other land to housing.
2. The Proposed Change may not safeguard adequate employment and commercial sites, as the intent of the change is to allow sites to be changed to housing or mixed-use unless a convincing case for their retention can be made. The Winchester Local Plan, which is at the Revised Deposit Stage, has re-categorised a number of employment sites to mixed use following the current guidance in PPG 3. Any further loss of employment sites should only occur if the Local Authority is satisfied that the need for the proposed housing outweighs the benefits of retaining the employment use of the site. It is the opinion of the City Council that this is the correct manner in which the reallocation of employment sites should be considered.
3. Winchester has a growing population which makes employment sites an increasingly valuable employment and economic resource. The loss of sustainable employment sites needs to be resisted in order to retain a variety of opportunities. Such sites are a ‘finite resource’, which would be lost very quickly if the Proposed change is introduced. This is likely to lead to a need to release less sustainable greenfield sites for business use to meet economic needs. The result will be a ‘migration’ of economic activity from sustainable locations within towns and cities, close to employees and public transport, to unsustainable and remote greenfield sites.
4. Winchester City Council objects to the Proposed Change to PPG 3 on the reallocation of employment and other land to housing. The City Council strongly believes that PPG 3 should not be changed with respect to the guidance on the reallocation of employment and other land to housing.