

Chapter 6: Housing

Matter 6; 6.1, 6.2

Policies H1, H2, Policy F (Master Planning)

Introduction

6.1 In this Chapter we consider the draft RSS policies on affordable housing and housing density.

Background

6.2 Current policy guidance is set out in *PPS3: Housing*¹. The relevant advice in PPS3 may be summarised as follows:

- In the context of creating sustainable communities, Regional Spatial Strategies should set out the regional approach to addressing affordable housing needs, including the affordable housing target for the region and each housing market area.
- “Affordable Housing” includes social rented and intermediate housing provided to eligible households whose needs are not met by the market. It thus excludes low cost market housing.
- Local and regional planning bodies are urged to take account of affordability when determining how many new homes are needed in their area.
- Detailed targets, thresholds and matters such as the size, type and the approach to developer contributions are to be established in LDDs.
- When providing for affordable housing in rural communities, the aim should be to deliver high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages, including by use of “rural exception site policy”.
- There is strong emphasis on improving the quality of design of housing and neighbourhoods and on the provision of family homes, with consideration being given to the housing needs of children, including gardens, play areas and green spaces.
- Local authorities may also set their own local standards for density (with a national indicative minimum of 30 dwellings per hectare), and for car parking.

6.3 Further background is included in the Government’s Affordable Housing Policy Statement *Delivering Affordable Housing*, published by DCLG in November 2006. Among other things this aims to support Local Authorities and others in delivering more high quality affordable housing within mixed sustainable communities. In particular, it explains the scope for securing affordable housing through developer contributions and outlines the Housing Corporation’s “Home Buy” scheme for first-time purchasers, key workers and current and prospective social rented tenants.

6.4 In order to provide a robust, shared evidence base to inform policy formulation on all of the foregoing matters, Local Planning Authorities are urged to undertake Strategic Housing Market Assessments of housing need and demand in their areas.

¹ *Planning Policy Statement 3: Housing (PPS3)*, DCLG, November 2006.

Issues

6.5 In our view, there are three groups of issues which arise in this Chapter and these are:

- affordable housing targets;
- arrangements for the provision of affordable housing, including tenure and rural affordable housing;
- dwelling mix and density.

Affordable Housing Targets

6.6 Paragraph 33 of PPS3 requires that, when setting the appropriate level of housing in a region, account should be taken of affordability levels, including advice from the National Housing and Planning Advice Unit (NHPAU) and the Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply. The Panel's consideration of these matters and suggestions that overall levels of housing provision should be increased in order to address affordability is included in Chapter 2 of this Report (there being no specific guidance for the region from the NHPAU when the EiP was in progress). Our overall conclusion there is that general housing provision should be significantly increased to accord with DCLG 2003 projections for a range of reasons but should not be further increased specifically to address affordability. We deal here only with the proportion of the total, including the overall increase, that should be provided as affordable housing.

6.7 Affordable housing is closely aligned in draft RSS with the development of sustainable communities. Policy SD4, in particular, urges adequate and affordable housing for all residents, including the provision of a range and mixture of different housing types to accommodate the requirements of local communities. Against that background, the Panel heard considerable evidence that the need for affordable housing throughout the South West Region is both pressing and acute. This need is manifested in growing waiting lists and backlogs, resulting in some 10,000 homeless, 25,000 in overcrowded accommodation and some 150,000 children living in unsatisfactory housing. SWRA advises that there is a current need for up to 150,000 affordable dwellings across the region, a figure that it estimates may grow by 112,000 households (5,800 dpa²) over the Plan period³. Taken together, these figures indicate that provision would need to be in the region of 13,300 dpa to address both backlog and future need, with over half of this figure needed urgently. In contrast, current rates of delivery amount to only about 2,000 dpa.

6.8 The numerical target of 7,500 dpa in draft RSS is based on the "technical case" for 25,000 dpa overall, the 30% minimum requirement being what the RPB regards as reasonable, realistic and deliverable. It compares with the RPG10 Policy HO3 figure of 6,000-10,000 dpa. While superficially draft RSS thus proposes a less demanding target, the RPG10 target was stated to be for monitoring purposes only and (unlike draft RSS) included low-cost market housing. To that extent, draft RSS may be said to have reacted pragmatically to

² Dwellings per annum (dpa).

³ SWRA statement on Matter 6/1, paragraphs A2 and A3.

promote increased provision for affordable housing relative to RPG10. Nonetheless, even allowing for the Panel's recommendation in Chapter 2 of this report, that overall levels of housing provision for the Region be increased to at least 28,000 dpa, the affordable element would need to be increased to an average of about 35% in order to broadly accord with submissions made by Shelter, supported by the National Housing Federation and others, that an appropriate target should be for about 10,000 affordable dpa.

- 6.9 Achievement of that figure would be reliant on full funding of some schemes by the Housing Corporation (which has budgeted for 4,000 dpa in the period 2006-2008) and on increased "capture" of developer contributions by Local Planning Authorities, mainly through variation in site size thresholds. It would also take the full span of the Plan period to deliver, and thus have much less immediate impact than desired on existing levels of housing need. Particularly in the urban extensions to SSCTs (where the highest numbers are likely to be most economically delivered), the lengthy lead-in time to delivery of completed dwellings would certainly count against any "quick fix". Nonetheless, given the demonstrable need, we consider that 10,000 affordable dpa should be aspired to and we recommend that the 30% figure in draft RSS Policy H1 be substituted with 35% accordingly.
- 6.10 In that context, and contrary to PPS3 advice, the Panel does not consider it expedient to recommend disaggregation into sub-regional targets at this stage. To do so simply on a pro-rata basis would not reflect the flexibility of draft RSS Policy H1, which provides for "up to" 60% affordable or "more" in areas of greatest need, and might thus undermine the broader objective of reasonable maximisation within individual Districts at policy formulation stage. In the interim, pending LDD formulation, it may also inhibit negotiations on individual sites through the normal development control process. Rather, it will be for Strategic Housing Market Assessments, compiled by the constituent Local Authorities (and incorporating assessment of affordable housing needs) to refine the evidence base on which to establish such targets that better reflect the actual position in each Housing Market Area. The draft RSS overall target is not intended to pre-empt the outcome of such work but rather to provide a flexible "top down" framework within which more detailed LDD policies and actions can be developed from the "bottom up" in the light of local circumstances. Results of that work should eventually feed back up into sub-regional targets in a future draft RSS review, but there is no complete evidential basis which the Panel could use to formulate such targets now. Nonetheless, the Panel considers that use of both "up to" and "higher" in the penultimate line of draft RSS Policy H1 is potentially contradictory. Given that the main point is to enable Local Authorities, within reason, to maximise provision within their individual areas, we recommend a small modification, effectively removing any absolute upper limit (see recommendation 6.1 below).
- 6.11 The Panel's attention was drawn to the findings of extant housing needs surveys and emerging Strategic Housing Market Assessments, that there are locations within the Region where affordable housing needs would exceed the whole of draft RSS dwelling provision for the area concerned. This affects mainly areas away from the SSCTs, and primarily those districts and Housing Market Areas that are predominantly rural in character, which we consider further in the specific context of rural affordable housing, below. Nonetheless, in the Panel's view it would be wrong to seek yet higher levels of provision in these areas. Such an approach would not enjoy support from either the house building industry or the specialist providers of affordable housing, not least because unrealistically high targets for affordable housing would inhibit the provision of needed market housing. Other planning-

led approaches may assist in some small measure, for example with regard to the conversion of large dwellings into smaller, more affordable units, encouragement of the adaptation for residential use of vacant space above shops and, as some advocated, fuller recognition of the contribution that may be made from sources as diverse as park homes and houseboats. These, however, are essentially only possible local policy solutions to local problems, and they are for LDDs to determine rather than for draft RSS to prescribe. Fundamentally, however, there is only a limited amount that the planning system can do. The main thrust of additional provision for social housing, in particular, will have to be delivered through other mechanisms.

- 6.12 On a point of detail, the Panel heard concerns that individual planning authorities may have difficulty in ensuring that affordability targets expressed for whole Housing Market Areas would be met, given that such areas generally span more than a single Council's administrative boundaries. The Panel does not, however, share that concern and views the second sentence of draft RSS Policy H1 as being directed (like the first sentence) at LPAs generically rather than individually and simply to indicate uniformity of apportionment and approach throughout the region.
- 6.13 For all of these reasons, the Panel regards the general approach to affordable housing targets set out in draft RSS Policy H1 to be acceptable, subject to the average percentage target being increased from 30% to 35% (requiring consequential modification of paragraph 6.1.8) and the ambiguity of expression in the last sentence being clarified.

Recommendation 6.1

- Modify Policy H1 in accordance with the wording as indicated in Appendix C.

Arrangements for the provision of affordable housing, including tenure and rural affordable housing

- 6.14 The Housing Corporation urges setting separate targets for social rented and intermediate housing. This is a point broadly supported by Shelter and the National Housing Federation, both of whom suggest a split of about 6,000 social rented dwellings and 4,000 intermediate. However, paragraph 29 of PPS3 makes clear that this level of detail is for LDDs rather than draft RSS to determine and the Panel sees no compelling reason to depart from that stance.
- 6.15 The Affordable Rural Housing Commission in its 2005 report to DEFRA and ODPM proposed that a separate target should be set for rural affordable housing (effectively mirrored in paragraph 30 of PPS3). It settled on a figure of 11,000 dpa for the whole of England's rural areas. Given that the SW region represents about 10% of that area, submissions by the RPB indicate that for the 2008-2011 period the Regional Housing Pot should be sufficient to deliver about 10% of the England figure (1,100 affordable rural homes) in settlements of less than 3,000 people if called upon to do so⁴. Notwithstanding the particular rurality of the South West region as a whole, however, and hearsay evidence of increasing numbers of rural workers having to "reverse commute" from cheaper and more readily available urban housing, the Panel is not persuaded to the view that such

⁴ SWRA Statement on Matter 6.1.

situations should be addressed by increased provision for affordable housing in the countryside at large, as many of those with rural interests have urged.

- 6.16 The reasons for this may be found in PPS7 *Sustainable Development in Rural Areas* and PPS3 *Housing* (PPG3). In combination, these establish four complementary approaches to dealing with rural housing needs:
- Firstly, there is an overarching requirement to guide most new rural housing development to “sustainable” locations, an approach that finds expression primarily in draft RSS Policies B and C and which, together, will accommodate the bulk of the some 34% of all new housing development (being that part not taking place in Policy A SSCTs).
 - Secondly, where there is a gap between local income levels and the cost of housing over an area as a whole, an element of “affordable housing” can be required as part of development at the above “sustainable” locations.
 - Thirdly, paragraph 6.1.5 of draft RSS refers to the ability to formulate policy specifically for “rural exception housing”, as outlined in paragraph 30 of PPS3. This is to enable small sites to be used (in perpetuity) for affordable housing in small rural communities which are otherwise subject to policies of restraint. Such housing can be delivered either via the development control process through the formulation of generic “rural exception” policy, or by earmarking sites solely for affordable housing in rural areas where there is evidence of need and it is practical and viable to do so. The guidance makes clear that, in either case, this requires planning at local and regional level and demands a positive and pro-active approach informed by evidence and clear targets. “Rural exception housing” in particular is aimed at accommodating households who are either current residents or have an existing family or employment connection to the community.
 - Fourthly, Annex A to PPS7 sets out the arrangements for provision of isolated new dwellings in the countryside, where this relates to the essential need for a worker to live permanently at or near their place of work. The effect of any associated occupancy condition is often to ensure both availability and affordability at all times while a demonstrable need for such accommodation continues.
- 6.17 There is unlikely therefore to be any instance in which affordable housing in or close to rural areas cannot be provided for in policy terms where there is a properly identified need. Importantly, each of the four approaches is formulated to recognise that inappropriate and poorly located housing will generally endure far longer than an individual’s personal circumstances or preferences and thus places greater emphasis on avoiding the former than meeting the latter. In all the circumstances, the Panel does not consider there to be any “added value” that draft RSS can contribute beyond that in National planning guidance, Policy H1 as we recommend it be modified, and more detailed work that falls to the LDF process and development control decision makers to undertake. There is also, in any event, no evidence on which to base a specific target or policy for rural exceptions housing (as suggested in paragraph 30 of PPS3), which must await the outcome of Regional and Strategic Housing Market Assessment.

Dwelling mix and density

- 6.18 Draft RSS was formulated before publication of PPS3 and density policy as expressed in policy H2 largely reflects the approach in the earlier PPG3 document. That focussed primarily on ensuring efficient use of land and advocated densities in the range of 30-50 dph. PPS3 takes a broader approach to the subject and, in paragraph 46, lists a total of 6 possible objectives of density control covering topics as diverse as design, open space provision and accessibility to public transport. The now current national indicative minimum density of 30 dph has displaced the former density range and is advanced to enable greater responsiveness to local circumstances, including the need to provide a mix of housing types suitable for the needs of all sections of communities.
- 6.19 Given this revised National policy guidance, and in the light of the submissions made to the examination, the Panel regards Policy H2, in its draft RSS form, as unduly prescriptive and too narrowly focussed. That said, detailed density policy is best left to LDD formulation, at which stage a greater wealth of analysis can be brought to bear via Strategic Housing Market Assessments, open space audits and standard setting exercises of the type envisioned by PPG17, and local parking and transport strategies. For these reasons, the Panel is of the view that Policy H2 should express densities as indicative targets rather than (as in draft RSS) firm requirements. That stance should be presaged in paragraph 6.1.10, which should now also be updated in accordance with PPS3 to include a broader range of advice on how density control might support the development of sustainable communities through interaction with draft RSS Policy SD4 (particularly bullet points 2,6,9,10 and 11 of that Policy). Our recommendation 6.2 below incorporates this point.
- 6.20 Turning to the density ranges themselves, there is concern (particularly among the South East Dorset Authorities) that application of those in PPG3 has led to undue focus on the provision of flats and loss of environmental quality. While there is evidence that the proportion of flats in new developments in the Region has grown from about 10% to 35% over the last 6 years, the variation is somewhat less over a 10 year period⁵. There is also no clear evidence that flats have failed to contribute in appropriate measure to meeting need (rather than aspiration) or that they have necessarily eroded the quality of the urban environment. Indeed, it was a fundamental tenet of PPG3 that higher densities and high quality design were twin objectives that should be pursued together. Even in Poundbury, which is characterised primarily by two and three storey houses, the Panel was informed that densities of about 50 dph are currently being achieved.
- 6.21 Nonetheless, there is a complexity of issues at play in addition to those mentioned in Policy SD4. The Panel heard, for example, that high densities were necessary to ensure maximum efficiency of urban public transport systems, but that there were also potentially downward pressures within these same (and other) areas arising from the need to move towards zero carbon homes. The Barker Review of Land Use Planning found that, taking into account car parking and open space needs, the benefits of higher densities appear to be most apparent within the range of 30-40 dph. It was also submitted that there should be flexibility between SCCTs given the wide variations in the scale and nature of such settlements (Bristol and Barnstaple for example). While the Panel acknowledges all of these views, they simply reinforce the need for flexibility in the formulation of policy applicable

⁵ Barton Willmore statement paragraph 1.3 and annexed table 252.

to the region as a whole and support the Panel's view that indicative targets are all that should be established at strategic planning level.

- 6.22 In that context, we see no reason to depart from the now current PPS3 national indicative minimum of 30dph for the region as a whole but find this to be undemanding and unsuitable for use as an overall density target in the light of the draft RSS policy objective. Given the rural nature of much of the region, we support the draft RSS 40dph averaging figure, on which there was no significant dissent. Equally, there should be scope for higher density development around public transport nodes and (particularly in the smaller SSCTs) in places with easy accessibility other than by car to a range of services and facilities. This would then not preclude lower densities in more suburban parts. The Panel further takes the view that the planned urban extensions and new communities should be at the forefront of innovative design and planned to make the most effective use of land in support of the sustainability agenda. The size and green field character of these developments should lend more readily to this than urban brown field. The average target density for these areas should, in the Panel's view, be in the range of 40-50 dph (to recognise variations in the SSCTs to which the urban extensions particularly relate) with higher densities close to public transport facilities and other services, leaving scope for lower densities, if desired, elsewhere. This requires a consequential modification of Policy F (Master Planning). All of the figures should be expressed as net densities to ensure conformity of approach in line with the PPS3 definition, as we have included in our recommendation 6.2 below.
- 6.23 The Panel also considers that the last bullet point of paragraph 6.1.9 is misplaced in explanatory text for Policy H1, since the remit of Strategic Housing Market Assessments and the need to ensure suitable dwelling "fit" extends beyond affordable housing alone. It should be incorporated into paragraph 6.1.10, where its effect in meeting the house building industry's concern that excessive proportions of affordable housing would militate against the establishment of mixed communities would be seen more suitably to apply also to the wider context of mix in housing provision in general. As expressed in our recommendation 6.2 below, however, none of these amendments need depart from the SWRA's continuing desire that ensuring efficient use of land remains the primary (albeit not the only) function of density control in the draft RSS.
- 6.24 Lastly, a number of participants suggested that density could be more suitably expressed in terms of habitable rooms per hectare or floorspace per hectare. The former would allow the mix of house types to be more easily judged, while the latter may be of assistance in the consideration of mixed-use schemes. However, PPS3 deals only with dwellings per hectare and in the Panel's view this is the most appropriate measure for ensuring efficiency in the use of land as well as compatibility with density figures collated for monitoring purposes both regionally and nationally. The other measures suggested would, if used, thus need to be parallel rather than replacement targets and, whatever their respective merits, the Panel has no evidence on which to base the insertion of the requisite numbers. However, draft RSS would not prevent the use of these additional means of density calculation if considered desirable by individual local planning authorities to reflect the findings of their own Strategic Housing Market Assessments and policy objectives. For these reasons, the Panel considers the subject best left to LDD formulation within the overall ambit of Policy H2 and proposes no amendment to draft RSS in this particular respect.

Recommendation 6.2

- Modify Policy H2 in accordance with the wording as indicated in Appendix C.
- Make consequential modifications to paragraph 6.1.10 to include:
 - transfer of the last bullet point of paragraph 6.1.9 to paragraph 6.1.10;
 - reference to the relationship to Policy SD4 objectives;
 - acknowledgment that a range of factors (drawn from paragraph 46 of PPS3) potentially influence density policy that may be expressed in LDDs within the overall strategic objective of avoiding the profligate use of land.
- Modify Policy F in accordance with the wording as indicated in Appendix C.