

**PORTFOLIOS: ECONOMY AND PLANNING  
HOUSING, HEALTH AND SOCIAL INCLUSION**

**CABINET – 5 NOVEMBER 2003**

**PROPOSED CHANGES TO PPG 3: HOUSING**

**1. INTRODUCTION**

- 1.1 The Government has published two Consultation Papers on Proposed Changes to parts of Planning Policy Guidance Note 3 (PPG3) Housing:
- “Influencing the size, type and affordability of housing”
  - “Supporting the delivery of new housing”.
- 1.2 This report summarises and comments on the main proposed changes, and recommends a response to the consultation.

**2. INFLUENCING THE SIZE, TYPE AND AFFORDABILITY OF HOUSING**

- 2.1 The ODPM’s covering letter includes the points that:
- “The Government considers 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.”
  - “The aim of the proposed change is a policy framework that will secure more affordable housing as part of the timely delivery of agreed housing numbers. The proposed change emphasises that the affordable housing provision sought should not make development unviable and that local planning authorities should work with developers to ensure planning objectives reflect the development potential of sites.”
- 2.2 Changes are proposed to various paragraphs in PPG3. The proposed new paragraphs are set out in Annex A to this report. The main proposed changes are summarized and commented on below.

**Affordable housing definitions and tenure (paras. 6 and 13)**

- 2.3 The document says that:
- Local Plans (Local Development Documents in the future) should define and include achievable targets and policies to deliver affordable housing, related to an assessment of the full range of affordable housing needs.
  - Affordable housing should not normally be defined by reference to tenure, but can be where this would address an identified housing need that otherwise would not be met by other types of affordable housing.
  - Affordable housing should normally be provided on-site, unless there would be overall benefits from using contributions elsewhere (e.g. bringing existing housing back into use; ensuring better social mix).

Officer Comment:

- 2.4 *The revised advice on “tenure” is to be welcomed as this recognises that certain needs can only be met by particular types of affordable housing. However, the revised guidance should allow for tenure considerations to be set out where appropriate in Supplementary Planning Guidance and*

*Development Briefs related to more general Local Plan (or LDD) policies, as this will provide for greater flexibility as circumstances change.*

**Local Plan policies (para. 8)**

- 2.5 Local planning authorities should set out in their local plans the steps to be taken to meet their targets for affordable housing by:
- identifying sites on which affordable housing will be expected as part of residential or mixed-use development, taking account of rural as well as urban needs;
  - in rural areas, allocating for affordable housing small sites (up to about 15 dwellings) “which would not otherwise be identified for housing”;
  - indicating the amount of affordable housing to be sought from residential or mixed-use developments as a proportion of the overall dwelling provision on a site.

Officer comment

- 2.6 *It is understood that the proposal to allocate sites in rural areas is instead of relying on “rural exceptions” policies. The proposal that this should only apply to sites “which would not otherwise be released for housing” would exclude sites within the larger villages, where existing policies do allow development. If affordable housing needs in rural areas are to be seriously addressed, there is a strong case for allowing site allocations for affordable housing within the larger villages. It would also make sense to allow for the “rural exceptions” policy to continue because not all opportunities for small rural housing schemes can be foreseen.*

*Members have previously expressed concerns that what are seen as urban solutions to meeting affordable housing needs do not necessarily work well in rural locations such as villages within the New Forest. Greater emphasis should be given to rural housing issues in the forthcoming revised PPG7 to become PPS7: Sustainable Development in Rural Areas, in addition to revised PPG3: Housing.*

*Similarly, Cabinet discussions have previously touched on housing density issues. High density housing will not always be in character with the rural environment. Particular attention may need to be given to the mix of housing where small numbers of affordable houses are being provided through developers' contributions within market housing developments.*

**Viability of development (para. 9)**

- 2.7 The affordable housing provision sought should not make development unviable. Local planning authorities should work with developers to ensure planning objectives reflect the development potential of sites.

Officer comment

- 2.8 *Clearly regard has to be had to viability in order to ensure that sites continue to come forward.*

**Site thresholds (paras.10 and 11)**

- 2.9 The revised proposals say that affordable housing should not normally be sought on sites of less than 0.5 hectares or developments of less than 15 dwellings. However, unlike the current advice, it allows for affordable housing

to be sought on sites smaller than 15 dwellings (no minimum threshold is set) where this is justified in the local plan having regard to:

- the size and type of sites likely to come forward for development derived from an urban housing capacity study, or other assessment;
- the contribution to be made from smaller sites to meeting the target for affordable housing provision;
- the overall effects on housing development and the supply of affordable housing.

Officer comment:

- 2.10 *The proposed PPG revisions open up the opportunity to further reduce the site thresholds established in Local Plans for affordable housing contributions. At present the 0.5ha/15 dwellings threshold is the lowest threshold that can be established in Local Plans for built-up areas. In New Forest District where we have an acute shortage of affordable housing and a high proportion of development on small sites, reducing the site threshold for affordable housing would increase the supply of affordable housing. This issue was considered by Cabinet on 3<sup>rd</sup> September and Council on 8<sup>th</sup> September. Council resolved:*
- “That at the Inquiry into the First Alteration to the New Forest District Local Plan, the Inspector be advised that the Council would wish to revise policy AH-1, replacing the current site thresholds of 15 or more dwellings, or 0.5 of a hectare or more, with a threshold of 5 or more dwellings, when this is permitted by revision to PPG3 : Housing.”*

**3. “SUPPORTING THE DELIVERY OF NEW HOUSING”**

- 3.1 This consultation document proposes a new paragraph (42a) dealing with housing on land allocated for employment. The covering letter states that:
- “The intention is that local authorities should allow land currently allocated for industrial or commercial use in their development plans, and redundant commercial buildings, to be used for housing or mixed-use development unless a convincing case for retention can be made. The proposed change complements the current expectation that local authorities should when revising their plans review the justification of all sites allocated for employment uses and where appropriate consider their release for housing.”
- 3.2 The full proposed new paragraph (and the existing paragraph) are attached as Annex B to this report.
- 3.3 The current advice recommends local authorities to review employment allocations to see if they are still needed or could better be used for housing or mixed use developments. The proposed new advice, however, takes this further and states that local planning authorities should favourably consider planning applications for housing on employment sites unless the criteria set out in the bullet points (see Annex B) are satisfied.

Officer comment

- 3.4 *PPGs are sometimes drafted as broad national advice and do not properly take account of differing local circumstances. In New Forest District, there has been, and continues to be, considerable pressure for housing development*

*on sites allocated for employment uses as residential land values are considerably higher than employment land values. In recent years, the Council has generally been successful in defending its policies to retain employment land and local employment opportunities. The proposed new paragraph in PPG3, para. 42a, could weaken the Council's position. The criteria set out in the bullet points to the proposed revise paragraph (see Annex B) are likely to lead to a rise in the number of planning appeals and extensive arguments at those appeals.*

- 3.5 *The existing para. 42 covers the issue adequately and the proposed new paragraph could result in harmful local consequences and should be opposed.*

#### **4. COMMENTS OF REVIEW PANELS**

##### **Economy & Planning Review Panel (17 Sep. 2003):**

- 4.1 Members noted that the Council, at their meeting on 8 September 2003 agreed changes to policy AH-1 relating to affordable housing and these changes were generally welcomed. In particular members commented on the issues relating to land allocated for employment. They noted that whilst employment sites in the District did sometimes remain empty for long periods there was concern that if such sites were re-allocated for use as housing it would be difficult to maintain the right economic balance in the District. New employment sites were very difficult to find and given the pressures in the South East generally this needed to be borne in mind. After discussion, members supported the proposed response to the consultation document.

##### **Housing, Health & Social Inclusion Review Panel (17 Sep. 2003):**

- 4.2 Members reiterated their view that smaller units of social housing were required across the District as a priority. The Panel supported the proposed response to the Consultation Document as contained in Report D and commended it to the Cabinet.

#### **5. CONCLUSIONS**

- 5.1 The proposed revised guidance relating to "Influencing the size, type and affordability of housing" is very welcome and clarifies many uncertainties and problems created by the current guidance – particularly Circular 6/98. The ability to establish lower site thresholds for affordable housing contributions, to specify 'tenure' in certain circumstances, and to make allocations for social housing in rural areas would all be helpful in better meeting affordable housing needs. There are some specific comments as set out above and referred to in the recommendation below. In addition officers have some very detailed points that will be forwarded to the ODPM.
- 5.2 The proposed revised guidance on "Supporting the delivery of new housing" would create problems in retaining local employment sites which are needed to keep local job opportunities in rural Districts such as New Forest and therefore should not be supported.

**6. RECOMMENDATION.**

**6.1 That the Office of the Deputy Prime Minister be informed, in response to the consultation on revisions to PPG3: Housing, that New Forest District Council:**

**(i) supports the proposed changes set out in “Influencing the size, type and affordability of housing” subject to the comments that:**

**(a) the revised guidance should allow for tenure considerations to be set out where appropriate in Supplementary Planning Guidance and Development Briefs related to more general Local Plan (or LDD) policies, as this will provide for greater flexibility as circumstances change (this comment relates to para. 6 of the proposed revisions);**

**(b) there is a strong case for allowing site allocations for affordable housing within the larger villages where there are severe constraints on expansion (as in this District). The “rural exceptions” policy should also be allowed to continue because not all suitable opportunities that might come forward for small rural affordable housing schemes can be foreseen during plan preparation (this comment relates to para. 16 of the proposed revisions).**

**(ii) objects to the proposed additional paragraph 42a suggested in “Supporting the delivery of new housing.”.**

**Background Papers:** None

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# **Annex A: Proposed change to planning policy for influencing the size, type and affordability of housing**

The update will be accompanied by practice guidance and will replace paragraphs 9-20, 71 and Annex B of PPG3 and Circular 6/98 (Planning and Affordable housing) which will be cancelled.

## **Creating mixed communities - influencing the size, type and affordability of housing**

1. The Government believes that it is important to help create mixed and inclusive communities, which offer a choice of housing and lifestyle. 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. Planning for housing policies in regional planning guidance (RPG)<sup>2</sup> and local planning authorities' plans<sup>3</sup> should be based on an up-to-date understanding of the housing required in communities and aim to widen the range of housing opportunity. The housing requirements of the whole community should be addressed, including those in need of affordable and special needs housing.

## **Assessing housing needs**

2. Regional planning bodies (RPB) should maintain an up-to-date understanding of the likely housing requirements of their areas, having regard to Government policy to reduce volatility in the housing market and promote macro-economic stability as part of delivering sustainable development. This understanding should inform the preparation and review of the strategic framework for housing, the planning for housing policies and annual rates of provision set out in regional planning guidance. Maintaining this understanding will require RPBs to work closely with their constituent local authorities and housing providers, and in concert with Regional Housing Boards in their development of Regional Housing Strategies (RHS). It is important that there is a common evidence base to inform both the RHS and RPG. The factors to be considered include those set out in paragraph 5<sup>4</sup>. Additionally, RPBs should consider the condition of, and market for, the existing housing stock and the need to provide wider housing opportunity and choice, taking account of local assessments of housing need.
3. Local planning authorities' plans should also be based on up-to-date assessments of housing need. Assessments should be drawn up jointly by planning and housing departments working closely with housing providers and assess the range of needs for different types and sizes of housing across all tenures in their area. Local authorities will be responsible for assessing the housing needs of their area but Regional Housing Boards should co-ordinate a programme of housing needs assessments to be undertaken by constituent local authorities and maintain consistency of approach. In order that housing markets are addressed effectively, these assessments may be best conducted at the sub-regional level.
4. As well as the affordability of housing, assessments should address the housing required by current and anticipated households, including those of specific groups such as key workers, disabled or elderly people, and for particular types and sizes of accommodation. They should consider not only requirements for new housing but ways in which the existing stock might be better utilised.

## **Planning for affordable housing**

5. RPG should identify where the successful delivery of affordable housing is likely to be a key component in implementing the regional planning strategy. RPG should set out how planning at the local level is expected to contribute to meeting identified affordable housing needs, particularly where housing markets function at the sub-regional level. RPG should avoid setting out the detail of policies for affordable housing for inclusion in local plans.
6. Local planning authorities should include in local plans<sup>5</sup>, policies to deliver affordable housing and in doing so define what is affordable housing. Affordable housing should be defined in terms of the relationship between local income levels and house prices or rents for different types and sizes of housing, and in terms of housing for identified groups such as key workers, and be based on an up-to-date assessment of housing needs. Affordable housing should not normally be defined by reference to tenure, but only where this would address an identified housing need that otherwise would not be met by other types of affordable housing.

7. Local planning authorities should include in local plans an assessment of the full range of affordable housing needed in their communities. They should set targets for affordable housing that are achievable and consistent with the delivery of planned future levels of housing provision. In developing these targets, local planning authorities should pay proper attention<sup>6</sup> to the planning for housing policies set out in RPG, including any sub-regional element.
8. Local planning authorities should set out in their local plans the steps to be taken to meet their targets for affordable housing by:
  - identifying sites on which affordable housing will be expected as part of residential or mixed-use development, taking account of rural as well as urban needs; and
  - indicating the amount of affordable housing to be sought from residential or mixed-use developments as a proportion of the overall dwelling provision on a site.
9. The affordable housing provision sought should not make development unviable. Local planning authorities should work with developers to ensure planning objectives reflect the development potential of sites. This means:
  - having regard to the costs of bringing sites to the market, including the implications of competing land uses;
  - making realistic assumptions on levels of public subsidy available for affordable housing;
  - taking into account the need for proposed development to be attractive to the lenders of private finance; and
  - in line with paragraph 6, avoiding prescription of tenure.
10. Affordable housing should not normally be sought on sites of less than 0.5 hectares or developments of less than 15 dwellings<sup>7</sup>. Where affordable housing is to be sought on smaller sites this should be justified by local planning authorities in their local plan having regard to:
  - the size and type of sites likely to come forward for development derived from an urban housing capacity study, or other assessment;
  - the contribution to be made from smaller sites to meeting the target for affordable housing provision.
11. In particular, plans should demonstrate that seeking affordable housing on smaller sites than set out in paragraph 10 would:
  - result in increased supply of affordable housing;
  - have no adverse effect on the overall supply and pace of housing development to meet a community's needs.

## **Delivering affordable housing**

12. Failure by applicants to comply with the policy on affordable housing set out in the development plan could justify the refusal of planning permission. Applicants for planning permission cannot expect local planning authorities to depart from adopted policies which take account of this PPG unless it is demonstrated that the particular physical and environmental constraints of a site, or other plan requirements, would make the provision of affordable housing unviable.
13. The Government does not accept that different types of housing and tenures make bad neighbours. Where affordable housing is to be provided in accordance with the policy set out in the local plan, there is a presumption that such housing should form part of the proposed development of the site. This presumption should be set aside only in a limited number of circumstances and only where the local planning authority and the developer both consider that, for particular sites where a requirement for an element of affordable housing would be appropriate, it is nonetheless preferable that a financial or other contribution should be made towards the provision of the element of affordable housing on another site. These circumstances should be set out in the local plan and could include where:
  - the affordable housing is more effectively secured by bringing existing housing back into active use;
  - management of the affordable housing on site cannot be secured effectively; and
  - providing the affordable housing elsewhere in the plan area is more likely to widen housing choice and encourage better social mix.
14. Where local planning authorities intend to use planning conditions or planning obligations to ensure that the affordable housing provided is occupied, initially or in perpetuity only by people falling within particular categories of need, this should be set out in the local plan.

## **Delivering a better mix of housing**

15. Local planning authorities should plan to meet the housing requirements of the whole community by planning for a mix of housing types and sizes that reflects up-to-date assessments. Local planning authorities should ensure their policies for residential development, including for affordable housing, widen housing choice and encourage better social mix. In determining planning applications, and where there are appropriate local plan policies in place, local authorities should reject developments that conflict with the objective of widening housing choice.

## **Planning for mixed communities in rural areas**

16. The Government is concerned that there should be adequate housing provision in rural areas to meet the needs of local people. Local planning authorities should therefore make sufficient land available either within or adjoining existing villages to enable these local requirements to be met. Particular consideration should be given, in the preparation of local plans, to the contribution to be made from small sites (sites of less than 0.5 hectares or developments of less than 15 dwellings) to meeting the need for affordable housing. Affordable housing provision in rural areas may also be supported by allocating sites solely for affordable housing, on land within or adjoining existing villages, which would not otherwise be released for housing and where this would contribute to the attainment of mixed communities. Where this is the case, the affordable housing provided should meet local needs in perpetuity.

## **Determining planning applications**

17. Local planning authorities should revise their plans to take account of this PPG. In considering planning applications for development in the interim, before plans can be reviewed, local authorities should have regard to this policy as a material consideration which may supersede the policies in their plan.



## **Annex B - Proposed change to planning policy for reallocating employment and other land to housing**

### *Existing paragraph 42*

Some local planning authorities have allocations of land for employment and other uses, which cannot realistically be taken up in the quantities envisaged over the lifetime of the development plan. Equally, since planning policies may have changed since some of this land was designated for particular land uses, it is possible that the designation is no longer compatible with policy set out in current PPGs. The Government regards this as a wasted resource, especially where such sites include previously-developed land. Local planning authorities should therefore review all their non-housing allocations when reviewing their development plan and consider whether some of this land might better be used for housing or mixed-use developments.

### *New paragraph 42a*

Applicants for planning permission for development that includes housing should be able to expect expeditious and sympathetic handling of planning proposals which concern land allocated for industrial or commercial use in development plans but which is no longer needed for such use, or redundant industrial or commercial buildings. This is particularly the case where local planning authorities have yet to complete the review referred to in paragraph 42 above. Local planning authorities should consider such planning applications favourably unless:

- the proposal fails to reflect the policies in this PPG, particularly those relating to a site's suitability for development and the presumption that previously-developed sites (or buildings for re-use or conversion) should be developed before greenfield sites;
- the housing development would undermine the planning for housing strategy set out in RPG or the development plan where this is up-to-date, in particular if it would lead to over-provision of new housing where this will exacerbate, or lead to, low demand;
- it can be demonstrated, preferably through an up-to-date review of employment land, that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.