

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY  
REGIONAL PLANNING COMMITTEE**

Date: 23 July 2008

Subject: Housing Provision: LDF Matters

Report of: Director of Planning

**Recommendations:**

It is recommended that the Committee agree the letter from the Chairman set out in Annex I, detailing the Assembly's concerns that the Government's position on Regional Spatial Strategy (RSS) housing targets could undermine local authorities' ability to manage housing land supply and deliver sustainable development in their areas and offering to discuss these issues.

**Purpose of Report:**

To provide members with an update on the Government's position as regards how it views RSS district housing allocations and the potential implications following recent experience of LDF Core Strategy Examination hearings.

**Key Issues:**

The Government has confirmed that RSS housing allocations to districts should be treated as minimum targets to be achieved rather than ceilings that should not be exceeded. However, there is a danger that this might be interpreted in a way that could have significant implications for local authorities, particularly in relation to infrastructure to support new development and the unnecessary use of greenfield land for housing.

With the proposed changes to the South East Plan about to be published and adoption expected towards the end of the year, it is important that these concerns are drawn to the attention of ministers. Local authorities need appropriate mechanisms to manage their land supply if they are to deliver development in a sustainable way in line with infrastructure provision.

## **1. Background**

- 1.1 Early last year, the Assembly voiced serious concerns that new rules in Planning Policy Statement 3 on Housing (PPS3) prevented local authorities from relying on windfall sites as part of their projected supply of housing land, even though they are an important source of land throughout the South East. It is now clear that the Planning Inspectorate (PINS) are prepared to accept windfalls as part of housing land supply trajectories, but only where it can be clearly demonstrated through a Strategic Housing Land Availability Assessment (SHLAA) that alternative sites, including greenfield sites, have been properly tested in accordance with the requirements of PPS3. This is particularly challenging for authorities in large parts of the region that in the past have relied heavily on small windfall sites to meet housing targets and have few identifiable sites or areas of reserve land.
- 1.2 Since then, the Government has confirmed that RSS housing allocations to districts should be treated as minimum targets to be achieved rather than ceilings that should not be exceeded. This policy approach, which is expected to be set out in the proposed changes to the South East Plan, represents a further challenge to local authorities' ability to manage housing land supply and could potentially undermine their ability to deliver sustainable development in their areas and lead to greenfield land being used for housing unnecessarily.

## **2. RSS Housing Allocations as Minimum Targets**

- 2.1 The main objectives of the new planning system include contributing to the achievement of sustainable development, a plan-led approach to provide certainty for communities, developers and service providers and deliverability. The South East Plan sets out the housing requirement that each district should provide for in their LDF, which will have been tested through the RSS process as being able to be provided for in a sustainable way.
- 2.2 PPS3 is especially concerned that a local authority should manage its land supply so that there will be no significant shortfall in provision against these targets and this is supported. However, it is also important that where there is over-provision, local planning authorities should be able to manage their housing delivery and land supply if sustainable development is to be delivered.
- 2.3 At a recent core strategy examination hearing, the question was raised whether, because the targets should be seen as minima, surplus completions in the first two years of the South East Plan period – that is since 2006 – should be allowed to be set against the requirement for the whole plan period and produce a lower residual annual requirement. The 2007 Regional Monitoring Report shows that in the year 2006-07, net housing completions (much of it from windfalls) exceeded the South East Plan Panel recommendation for the annual average requirement and, although the current 'credit crunch' is starting to impact on housing delivery in the region, many districts are likely to have delivered a surplus in 2007-08.

- 2.4 This questioning of the residual requirement approach, which has been the usual approach up until now to calculating land supply requirements and is consistent with early 2007 advice from CLG on calculating a five year land supply, is of some concern. If over-provision for whatever reason in part of a plan period cannot be carried over/set against the overall housing requirement 2006-26 this means that additional homes above the South East Plan figure will still have to be delivered and this surplus would not have been tested through the plan-making process. It is difficult to see the purpose of undertaking a sustainability appraisal of a housing provision target if what is actually going to be delivered could be significantly more and its location somewhat different.
- 2.5 Such over provision could have significant implications, particularly as regards infrastructure to support new development and the unnecessary use of greenfield land that might have to be allocated. Across a wider area or sub-region there could be a cumulative impact on infrastructure that would make it even more difficult for providers to adapt their investment programmes to meet generated needs. In Green Belt areas, Green Belt land might need to be released. Green Belt should only be released in very special circumstances and only if it is required to deliver the South East Plan target, not to contribute to any surplus.
- 2.6 Furthermore, it would be perverse if those districts that exceeded their targets in 2006-08 and were in the position of having to allocate extra land, were then to be penalised in terms of the amount of Housing and Planning Delivery Grant they receive if the credit crunch means that they fail to meet their housing targets in the next few years (see letter from Cllr Keith Mitchell to Caroline Flint MP at Annex 2).
- 2.7 As the South East Plan moves towards adoption, it is important that the Assembly should raise these concerns with ministers and seek reassurance for local authorities that the Government's position will not undermine a plan-led approach to development. Local authorities should have appropriate mechanisms to manage their land supply and deliver development in a sustainable way in line with infrastructure provision.

### **3. Recommendation**

- 3.1 It is recommended that the Committee agree the letter from the Chairman set out in Annex 1, detailing the Assembly's concerns that the Government's position on Regional Spatial Strategy (RSS) housing targets could undermine local authorities' ability to manage housing land supply and deliver sustainable development in their areas and offering to discuss these issues.

**Catriona Riddell**  
**Director of Planning**  
8 July 2008

Contact: Sue Janota, Regional Planner  
Tel: 01483 555200  
Email: [suejanota@southeast-ra.gov.uk](mailto:suejanota@southeast-ra.gov.uk)

Rt Hon Caroline Flint MP  
Minister for Housing & Planning  
Communities & Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU

23 July 2008

Dear Minister,

### **RSS 'MINIMUM' HOUSING TARGETS UNDERMINE SUSTAINABILITY**

I must draw your attention to serious concerns about sustainable development raised by members of the South East England Regional Assembly.

Members believe that local authorities' ability to manage housing land supply and deliver sustainable development could be undermined by Government statements confirming that RSS housing allocations should be treated as minimum targets. This position is problematic, as the RSS process has not tested the sustainability implications of higher housing allocations.

Although the current 'credit crunch' is starting to impact on housing delivery, monitoring shows that many districts are likely to have exceeded housing targets since the start of the South East Plan period in 2006. However, in reviewing a local authority core strategy recently, the inspector questioned whether a short term surplus could contribute to the long term South East Plan target.

The Plan sets annual average housing allocations, in the expectation that strong delivery in some years will offset weaker delivery in other years. If extra homes in one year don't count towards the overall long term target, we may significantly exceed South East Plan housing allocations, without the surplus having been tested through the plan-making process.

This approach will clearly undermine sustainability appraisal work if we ultimately end up with a different number of homes in different locations. For example, we will not have considered the need for infrastructure to support extra development and the impact on greenfield sites.

We believe it is important that local authorities have the flexibility to manage housing delivery and land supply over more than a one year period to ensure that sustainable development is not damaged by short term, ad hoc decisions.

Contd/.....

-2-

We are seeking Government reassurance that treating RSS housing targets as a minimum will not undermine the plan-led approach to development and that local authorities will be able to manage their land supply and deliver development in a sustainable way in line with infrastructure provision. We would be happy to discuss our concerns with you further.

Yours sincerely,

**Moira Gibson**  
**Chairman, Regional Planning Committee**

Cc: Rt Hon Jonathan Shaw MP, Regional Minister

*From: The Chairman of the South East England Regional Assembly*

**Cllr Keith R Mitchell CBE**

County Hall, Oxford OX1 1ND

T: 01865 815283 F: 01865 815399

E: [leader@oxfordshire.gov.uk](mailto:leader@oxfordshire.gov.uk)



**COUNCILS AND  
COMMUNITIES  
IN PARTNERSHIP**

Rt Hon Caroline Flint MP  
Minister for Housing & Planning  
Communities & Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU

18 June 2008

*Dear Minister*

**Impact of the credit crunch on housing delivery in the South East**

The current 'credit crunch' is already bringing with it a downturn in South East housing delivery and I need to draw your attention to grave concerns raised by members of the South East England Regional Assembly.

The Assembly and Local Authorities in the South East take housing delivery very seriously and have been working closely with developers and others to ensure that we meet our housing targets set out in the draft South East Plan. However, as local planning authorities, housing completions are out of our control. Although we grant planning permission, we have no ultimate control over whether developers choose to build approved projects – and current indications are that, in many cases, developers are choosing not to build.

In the short term, the credit crunch will impact on our ability to provide affordable housing in the South East but, if it continues, we will be also unlikely to be able to meet our overall housing targets.

This will have a knock-on effect on the amount of grant funding local planning authorities receive (Housing and Planning Delivery Grant) because this is set up to reward local authorities who exceed targets. Many local authorities rely on this income to employ staff to support planning services which are already stretched beyond a reasonable level in many areas. I am sure you will agree that neither the Government nor local authorities can afford any loss or reduction in planning capacity if housing delivery is to remain a top priority.

Continued over /...

We are monitoring this situation closely and continuing to do what we can to support housing delivery through this difficult period. I would be grateful for your urgent attention to this matter and urge you to reconsider the basis on which you award grants to planning authorities. I would be happy to discuss this with you further.

*As ever*

*Keith R Mitchell*

**Chairman**

cc: Paul Bevan, Chief Executive, South East England Regional Assembly  
Catriona Riddell, Director of Planning, South East England Regional Assembly