

Report of	Meeting	Date
Director of Development & Regeneration (Introduced by the Executive Member for Economic Development & Regeneration)	Executive Cabinet	9 November 2006

MANAGING HOUSING LAND SUPPLY

PURPOSE OF REPORT

- To set out how the approach to managing housing land in the Borough could be changed.

CORPORATE PRIORITIES

- Housing can be a key driver and supporter of economic growth and a properly functioning housing market is necessary to 'Put Chorley at the heart of regional economic development in the Central Lancashire sub-region'. The approach taken to housing land supply will also impact significantly upon the Strategic Objective to 'Develop the character and feel of Chorley as a good place to live'.

RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy	4	Information	4
Reputation	4	Regulatory/Legal	4
Financial		Operational	4
People		Other	

- The risks identified may arise if a new approach is taken to managing housing land supply. The risks are associated with basing any approach on the level of housing provision for the Borough that is set out in the Submitted Draft Regional Spatial Strategy (RSS) for the North West, which is only a draft document. The reputation of the Council is also at risk in terms of how any change is introduced. Operationally there could be a capacity issue in dealing with a surge of planning applications.

BACKGROUND

- In February 2004 after an extensive period of consultation and associated legal challenges the Council adopted interim Supplementary Planning Guidance on Windfall Housing Developments that sought to manage the release of unallocated (ie not identified in the local plan) housing development land to ensure close accordance with regional and strategic planning policy. The Guidance does have some exceptions to allow residential development and there was a pledge to continue to monitor its effect and review its application – hence its interim status.

6. Since the adoption of the Joint Lancashire Structure Plan in March 2005 the County Council has also been requiring the control of housing development sites including those allocated (identified in local plans) for housing development. This has resulted in some major schemes being refused planning permission following strategic planning comments made by the County planners. All schemes for 10 or more dwellings are referred to the County Council whether they be on allocated or windfall sites.
7. The Structure Plan approach also has some exceptions. The justification text for the relevant policy refers to relaxing its application in circumstances where:
 - an 'essential contribution' to the supply of affordable/special housing would be provided as part of the development;
 - housing would be a 'key element' within a mixed use regeneration project .
8. The Borough and County approaches to managing housing land are restrictive because the currently in force Regional Spatial Strategy has sought to limit new housing in high demand areas such as Chorley and redirect growth pressures to housing market renewal programme areas in such places as parts of Liverpool, Manchester and East Lancashire. The Lancashire Structure Plan sought to phase-in the restrictions recognising that in many areas, Chorley included, a lot of land already had housing planning permission. In the Borough the target annual housing completions for each year from 2001 to 2006 was 485 dwellings. This is to fall to 230 per annum between 2006 and 2016.

HOUSING LAND AVAILABILITY POSITION

9. For the first five years of the Structure Plan period the actual numbers of (net) dwellings built in Chorley Borough were:

2001/02	527
2002/03	528
2003/04	648
2004/05	481
2005/06	383

The average annual rate has been 513 however there has been a clear decline in house building in the two years the restrictions have been in force. The overall total over the five years has been 2567 dwellings meaning an excess of 142 over the accumulated Structure Plan annual provision figures.

10. Although the amount of house building in Chorley over the past 5 years has been the second highest in Lancashire, the excess over the Structure Plan requirement level to date is quite low, representing an over provision of just 6%. This is less than many other Districts in Lancashire although two to date have under-provided against their housing targets. However the most significant consideration is how the current remaining stock of permissions translate into future years supply when divided by the post-2006 expected annual provision. In Chorley's case there is land for at least 2416 dwellings with planning permission and therefore 10.5 years supply when calculated using the future Structure Plan annual provision level. In practice this is an under estimate. Most of the land available with planning permission for housing is at Buckshaw Village. The estimated capacity here is likely to be exceeded as actual building densities being achieved to date here are higher than was assumed when permission was first granted.

CHANGING CIRCUMSTANCES

11. Managing housing land supply is a key feature of the current national planning guidance for housing. It allows Councils to restrict supply in the way introduced across much of north west England, especially where this is in accordance with regional planning. However there are signs that the government wishes to promote more housing as nationally house building rates are relatively low, house price inflation has been high (indicative of housing being in short supply) and household growth has been rising. New national guidance on housing is imminent. A draft of this produced in December 2005 set out an overall objective 'to deliver a better balance between housing demand and supply in every housing market and to improve affordability where necessary'. In most areas of the country this would mean more house building. Recent government announcements seem to support this move but how this will be presented in finalised guidance is not yet known.
12. In the north west of England the revised approach in the new draft Regional Spatial Strategy is far less restrictive overall in terms of housing than the previous strategy although to date this has not been fully reflected in the proposed annual provision figures for Chorley. However the suggested 361 dwellings per year for the Borough is significantly above the post-2006 annual figure of 230 set out in the Structure Plan. At this higher level the stock of existing planning permissions represents 6.7 years supply. Members will recall that the Executive Cabinet considered what representations to make to the draft Strategy at your 25 May 2006 meeting. The report to that meeting noted that the proposed Chorley housing provision figure was oddly lower than those suggested for Preston and South Ribble. This is an apparent discrepancy that the Government Regional Office is also now querying. However the solution approved by Members in May was a request to pool the draft Regional Spatial Strategy housing provision proposed for Chorley, Preston and South Ribble; this would in effect allow for more residential development in the Borough.
13. The final outcome of the Regional Spatial Strategy will not be known until the end of 2007. However it will be progressively firmed up during the next year and will come to replace the Lancashire Structure Plan. In terms of affordable housing it is pertinent to note that both the existing and newly emerging Regional Spatial Strategies recognise that Chorley is in an area of high need for affordable housing.

THE CASE FOR RELAXING RESTRICTIONS

14. The restrictions in place in Chorley on granting planning permissions for residential development are quite severe and equate to a degree of control over housing land that is almost unprecedented in the Borough.
15. There would be a number of disadvantages in continuing to severely control the release of new housing sites as this:
 - could run counter to the Council's commitment to securing economic growth;
 - may leave well located sustainable potential development sites unused;
 - means opportunities to enable affordable housing cross-subsidised by market housing are missed;
 - frustrates better land-use planning; for example, the relocation of non-conforming uses from residential areas where the Council would otherwise be encouraging residential redevelopment to enable relocation to happen;

- means that local builders would continue to be deprived of constructing on small plots in the Borough, which has a disproportionate impact on smaller firms in the area.

OPTIONS AND OPPORTUNITIES AVAILABLE

16. Due to the change in legislation that introduced Local Development Frameworks (LDFs), it is not possible to formally amend the existing Windfall Housing Developments Supplementary Planning Guidance (SPG). Any changes to the SPG would therefore only have limited informal status although these would carry greater weight if they were subject to consultation. Such consultation would delay implementation of any changes by several months and then these may be in place for a only few more months before full reliance could be placed on the new RSS which is likely to mean fewer still managing housing land controls. The Council could instead resolve to stop using the SPG. Such an event was foreseen. The SPG states “if there is found to be less than a six year supply of housing land available (measured in relation to regional and sub-regional/Structure Plan policies pertaining at the time) then the SPG will cease to have effect. However there may still be a need to control what may otherwise be a surge of housing proposals coming forward. Further supplementary guidance may be needed at this time to assist assessment of what would be the most appropriate residential developments to allow”. What was not foreseen was the procedural difficulties in producing new or revised supplementary guidance.
17. The SPG could be replaced by a new LDF style Supplementary Planning Document (SPD) but this would be dependent on there being an up to date “parent” policy. The Local Plan Policy HS6 (the main parent of the SPG) is based on the existing Regional Spatial Strategy (RSS) and the Structure Plan so it would not be particularly suitable and will in any event be replaced by a new RSS policy by the time a SPD could be produced and adopted. A new LDF policy based on the final form of the new RSS would take several years to bring in.
18. If the Council stop using the SPG County Council planners have stated they will continue to apply the Structure Plan approach until the Secretary of State’s proposed (final) changes to the RSS are published (expected August 2007) as by this time the RSS would have significant weight. An approach of relying on the Structure Plan policy until then would in practice affect all developments of 10 dwellings or more as it is only housing applications of this size that are referred to the County Council for strategic planning comments – smaller schemes being adjudged to be less significant. However for these larger schemes it would give scope to require greater proportions of affordable/special needs housing (than required by the Chorley Local Plan) and support mixed use regeneration schemes as mentioned in paragraph 7.
19. Members will appreciate that there is not at present less than 6 years supply of housing land in the Borough and it will not be possible to calculate what the length is until at least the new RSS has been finalised. Notwithstanding this, ceasing to use the SPG is relatively straight forward; justifiable in view of the likely changes to national and regional policy; and could be done without consultation. However there may be some criticism of this especially if there was no explanation of the reasoning behind it and what in practice it would mean.
20. What would change is the ability to negotiate on larger sites both in terms of affordable/special needs housing and mixed use regeneration projects.
21. Buckshaw Village is a particular case in relation to mixed use regeneration but it could also apply on a smaller scale such as in Chorley Town Centre. In terms of seeking a proportion of affordable housing on market housing developments of 25 dwellings (1 or more hectares) the Local Plan has a target of 20% of the units in schemes. This is based on a Housing Needs and Demand study completed in 2004 but based on the 2003 situation in terms of house prices and incomes.

22. The Study estimated the need for an additional 350 affordable units in the Borough over five years from 2004 equivalent to an annual rate of 70 per annum. In the two years so far, only 88 affordable dwellings have been provided. Adactus, the parent company of Chorley Community Housing, is committed to using its own resources to providing 40 affordable units per year over the next 5 years but this will only address part of a worsening problem. The 350 figure was derived at a time when the average selling price of residential properties was £120,000 in the Borough, the current comparable figure is £156,000 a 30% increase. The average household income in the Borough has only increased by about 3% in the last two years.
23. All the indications are therefore that the affordability of housing has become a more serious problem in the Borough since the 2004 study was done and that insufficient provision is being made to address the problem. This is some justification for seeking a higher proportion of affordable housing than the 20% figure in the Local Plan. It is suggested that the target is raised to at least 30% for sites of 25 dwellings or more/1 hectare or larger. Affordable provision above 30% could be achieved through private developers working in partnership with housing associations such as Adactus who able to use their own resources.
24. In relation to sites of less than 10 dwellings there would need to be controls over deliberately low densities proposed by applicants to get under the 10 dwelling threshold. A density of less than 30 per hectare (the minimum normally expected by national guidance) would only be acceptable if this was appropriate to the particular site and in keeping with the character of the surrounding area. Sub-divisions of larger sites into less than 10 dwelling parcels applied for separately would also need to be prevented. On large sites involving mixed uses safeguards would need to be imposed where there was a possibility of only the housing element being built.

RISKS OF RELAXING RESTRICTIONS NOW

25. The Lancashire Structure Plan and the Chorley Borough Local Plan are still in force and together make up the development plan. So planning applications should still be decided in accordance with these unless material considerations indicate otherwise. However the policies in the development plan are subject to interpretation and dependent on the circumstances relevant at the time. The Windfall Housing Developments SPG provides such interpretation in respect to non-identified sites. The explanatory text under Policy 12 of the Structure Plan provides interpretation that applies to both windfall and allocated sites and also allows for local guidance be taken into account.
26. Changing the way in which policies are to be applied does give rise to a potential risk of challenge although the risk of successful challenge is considered to be small even without prior consultation.
27. Although all the indications are that forthcoming national and regional policies will support fewer restrictions on housing development and ascribe a higher provision level for Chorley Borough these policies have not been issued in their final form and in terms of the RSS will not finalised for over a year. The Council could be criticised for acting prematurely.
28. Relaxing the approach to new housing could result in a flood of planning applications as many landowners are thought to have put off proposing schemes until just such an opportunity arose. This could give rise to capacity problems in dealing with applications and performance targets being missed.

CONCLUSION

29. The indications from emerging national and regional policies are that housing growth will in the near future be appropriate in places such as Chorley Borough. However the scale of this expansion is not yet defined. Ceasing to impose the Council's own restrictions would have the effect of allowing some increase in housing provision as it would allow small sites to be approved but large sites would still be caught by Structure Plan provisions. This limited and in practice phased approach to relaxing the controls over new housing development could have a number of local benefits including the scope to increase the provision of affordable/special needs housing and enable mixed use regeneration projects.
30. Ideally a revised approach to policy interpretation should be subject to consultation although the SPG includes a provision to cease its operation if circumstances have changed. If the opportunity is not given to make comments then at the very least extensive publicity, notification and explanation should be given to ensure the decision and the reasoning behind it become widely known. A full consultation process would delay implementation of a new approach to such an extent that a further revised approach is likely to be required as the new RSS comes to be used. Reliance on solely the Structure Plan can however be justified on the basis that this is a statutory document that is part of the development plan and was prepared in full accordance with consultation requirements.

COMMENTS OF THE DIRECTOR OF HUMAN RESOURCES

31. There are no HR implications arising from this report.

COMMENTS OF THE DIRECTOR OF FINANCE

32. The report has no direct financial implications.

RECOMMENDATION(S)

33. That the Executive Cabinet recommend the Council that use of the Borough Council's Windfall Housing Developments Supplementary Planning Guidance ceases forthwith in favour of relying solely upon the application of Structure Plan restrictions in respect of schemes of 10 and more dwellings and subject to closing the potential loopholes in this approach as set out in paragraph 24 of the report and to seeking at least a 30% proportion of affordable or special needs housing on market housing schemes of 25 or more dwellings or on sites of 1 hectare or more in size.

REASON FOR RECOMMENDATION

34. To respond to emerging national and regional policy changes and to mitigate undesirable impacts of the current SPG whilst ensuring that the Borough's housing land supply continues to be appropriately controlled.

ALTERNATIVES CONSIDERED

35. As set out in paragraphs 16 to 18 of the report.

JANE E MEEK
DIRECTOR OF DEVELOPMENT AND REGENERATION

Background Papers			
Document	Date	File	Place of Inspection
Chorley Housing Needs and Demand Study	2004	-	Gillibrand Street Offices
Interim Supplementary Planning Guidance – Windfall Housing Developments	Feb 2004	-	Gillibrand Street Offices
Joint Lancashire Structure Plan	March 2005	-	Gillibrand Street Offices
Draft Regional Spatial Strategy	March 2006	-	Gillibrand Street Offices

Report Author	Ext	Date	Doc ID
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