



House of Commons
South East Regional Committee

Housing in the South East

First Report of Session 2009–10



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*Report, together with formal minutes, oral and
written evidence*

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The South East Regional Committee

The South East Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

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Summary

Housing is very important to the people and economy of the South East. The region needs to build new homes for several reasons: not least so families can move into bigger properties as they grow, so people can move to the region to take up work opportunities and remain, and so that employers will want to locate and remain in the region because their staff are happy and able to afford to live near where they work.

The South East Plan contains an annual target for new homes that provides a benchmark which can be reviewed. Sub-regions will have their own targets that allow local circumstances to be taken into account, but the regional overview is valuable to ensure consistency and to enable review of the regional target as a whole. Different bodies suggest different targets, prioritising various factors that affect housing need. It is important that any review of housing targets in the South East takes into account the range of numbers put forward, the underlying reasons why those numbers have been put forward, and the consequences of not meeting any decided targets. South East England Partnership Board and the Government Office for the South East will need to take into account the higher house building targets suggested by the National Housing Policy Advice Unit and be prepared to revise upwards.

The economic downturn has meant that we are building fewer homes in the region than we need to. There are concerns that the lack of infrastructure provision alongside housing developments is stopping schemes in many parts of the region from making progress. We recommend that the Government review the funding mechanisms currently available for providing the necessary infrastructure alongside housing developments.

It is important that the Homes and Communities Agency, which has done so much to maintain the current level of housing delivery in the region through the downturn, is given the resources it needs in future years so it can continue this valuable work. Not least to produce the homes that the region needs, but also to support the construction industry, to keep people in work and to help retain valuable skills.

Focusing development on brownfield land is important to stimulate regeneration and rejuvenate communities. However, we must be careful that concentrating development in brownfield areas does not have adverse effects such as using up employment land or valuable urban greenspace.

Parts of the region do not have large amounts of brownfield land available. We think it is appropriate for there to be selective reviews of the green belt in the South East. The green belt policy has advantages, but is also has disadvantages. In some areas it is contributing to unsustainable growth within the urban area and the immediate area beyond the belt boundary. It may also inadvertently lead to pressure on areas of the region that have genuine ecological or visual qualities that are important to protect.

We are concerned that the region is currently not achieving the 35% target for affordable housing set out in the South East Plan. We consider it essential that all involved in housing delivery continue to aim for the 35% target as a minimum. It is also important to recognise that as the number of new houses being built reduces, so will the provision of affordable

housing in the region, creating a backlog of demand. We urge the Government to consider alternative ways of delivering affordable housing and to monitor the delivery in the near future.

We also recommend that greater attention be paid to alternative models for providing housing land in rural areas, including community land trusts and nomination rights.

It is also important that the region provides the right mix of homes for rent and for schemes such as Homebuy. Local authorities need to assess the need for different types of housing and maintain a good mix of housing types available. This would enable the housing provision to respond to fluctuations in demand for sale or rent, and also for flats or family homes.

The future economy of the region will be built on a low carbon future and housing has an important part to play. The Government should stick to its timetable for the Code for Sustainable Homes and aim to meet the commitment to ensure all housing has a zero carbon rating by 2016.

Retro-fitting of the current housing stock is both urgent and necessary. Carrying out work to make the current housing stock more sustainable maintains jobs, invigorates skills that will be in demand in a future green economy, contributes to lowering fuel bills and improves the standard of living for residents.

There is some concern that the housing needs of the ageing population in the region are not understood. Local authorities must carry out research into the specific housing needs of the ageing population in their region now, and in the future, and build their findings into local housing strategies.

We welcome the positive working relations between regions and we support the engagement and consultation that has occurred between regional authorities to discuss how Regional Strategies may impact upon each other. Regions must make greater effort to ensure their housing strategies do not conflict. We recommend that the Regional Minister raise the issue of housing, and the co-ordination of delivery as the economy improves, with his neighbouring Regional Ministers for the South West and London.

1 Introduction

1. Across England the rate at which the population is growing is rising. In the period 2001 to 2008 the population of the South East increased by 4.4 % (357,000), faster than the UK as a whole at 3.7%. It is projected the region will have 9.5 million residents by 2026, a 16% increase on 2006.¹ It is the third highest region in terms of population density with an average of 440 residents per square kilometre.²

2. The South East economy contributed more than 14% of total UK Gross Value Added (GVA) in 2007,³ the second highest after London. Economic growth translates to additional jobs with more people attracted to or retained within the region. The Government Office for the South East recognised the role that housing plays in underpinning economic growth, stating that, “Housing is critical to attracting and retaining the workers with the skills which employers need.”⁴

3. On 16 December 2009, we announced the start of an inquiry into Housing in the South East. After requesting written evidence, we held two oral evidence sessions. The first, on 23 February 2010, was with witnesses representing councils in the South East, those in the house building industry, and selected interest groups. The second, on 9 March 2010, was with the South East England Partnership Board (SEEPB), and the Regional Minister for the South East. We are grateful to all those who gave evidence or otherwise assisted with the inquiry, especially our specialist advisers, Professor Graham Haughton and Dr David Counsell.

1 Office of National Statistics, *Population Trends*, Winter 2009

2 Office of National Statistics, *South East Regional Profile*, October 2009

3 Office of National Statistics, *South East Regional Profile*, October 2009. The ONS uses GVA to measure the contribution to the economy of each individual producer, industry or sector in the UK and it is an important measure in the estimation of GDP.

4 Ev 75

2 How many houses are needed in the South East?

4. The setting of average annual targets for future house building has been a contentious issue in successive regional plans for the South East Region. These targets were debated at length at the Public Examination of the most recent South East Plan,⁵ arriving at an ‘agreed’ target of 32,700 net additional dwelling per annum between 2006 and 2026. Since these debates took place alternative and higher estimates of housing need have emerged in advice from both the National Housing and Planning Advice Unit (NHPAU) and in Department of Communities and Local Government (DCLG) publications. Some local authorities and environmental bodies, on the other hand, have suggested that planned rates of house building might be already be set too high in view of environmental constraints in the region.

Future house building rates

5. NHPAU, told us that the number of households in the South East was expected to grow a quarter as fast again in the next 25 years as it grew in the last 25 years, due to a range of factors such as people living longer and more people living alone or in smaller households, higher birth rates and continued net in-migration. Its advice states that regional plans for the South East should consider a range of between 38,000 and 53,800 new dwellings a year on average between 2008 and 2031—a total of between 874,000 and 1.24 million additional homes.⁶ The lower figure of the range is the number of dwellings that would be needed to accommodate the projected increase in households—DCLG projections indicated that the number of households in the South East Region would increase by some 28% between 2006 and 2031, at an annual rate of change of 39,000.⁷ The higher rate, it suggests, would be needed in order to tackle the problem of unmet need, second homes and vacancies in new supply and to stabilise affordability at no worse than levels experienced in 2007.⁸

6. By contrast the South East Plan, published in May 2009, proposes a building rate of 32,700 net additional dwelling per annum between 2006 and 2026—a total of 654,000 over the twenty year period. That is, however, some 3,800 dwellings per annum higher than the house building rate proposed in the draft plan put forward by the South East England Regional Assembly. The official figure of 32,700 is the annual house building rate that local authorities in the region are currently working towards in preparing Local Development Frameworks—the figure is disaggregated into targets for individual sub-regions and local authorities in the region.

7. The Home Builders Federation told us in its evidence that it supported higher rates of house building than provided for in the South East Plan stating that “the figure in the

5 Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009

6 NHPAU, *More homes for more people: advice to Ministers on housing levels to be considered in regional plans*, July 2009. Available from: <http://www.communities.gov.uk/>

7 Department for Communities and Local Government, *Household Projections to 2031: England*. London, 2009

8 Ev 75

South East Plan should be higher than that finally decided upon by the Secretary of State in order to ensure that it properly reflects the demographic need of the region as set out by the Government's own National Housing and Planning Advisory Unit (NHPAU)".⁹

8. SEEPB and The Campaign to Protect Rural England (CPRE) both indicated to us that targets for housing target numbers as currently used were not always the most appropriate way of providing for future housing need. In its evidence SEEPB pointed out that:

Local Authority experience suggests that centrally driven targets for housing numbers will ultimately become an end in itself. They are not the most appropriate way of ensuring that the right house is provided in the right location ... [and] any review of the housing numbers set out in the South East Plan must be done through its work on the regional strategy.¹⁰

9. CPRE suggests that "housing demand in the South East is almost limitless and any attempt to satisfy demand could mean unacceptable damage to the environment and countryside".¹¹ It told us that housing targets in spatial strategies should be replaced by a range of possible figures which should be tested locally as well as at the regional scale.

10. Evidence from local authorities revealed some widely different attitudes to housing numbers. Oxford City Council, in its evidence, supports an annual target of 39,000, higher than the South East Plan target. Hampshire County Council however says that although it was currently exceeding the South East Plan delivery targets it could not be assumed that it was capable of accepting more housing on an indefinite basis.

11. The NHPAU has asked for an objective debate about the number of houses to be built in the region. It argued that there was a need to have an informed, objective debate, underpinned by evidence about the number of homes that needed to be planned for. The choice in the region was not between increasing housing supply or continuing at current build levels: "the real choice is whether we plan for the houses needed, so that people are decently housed, or we plan for the social and economic consequences of persistent and increasingly severe undersupply".¹²

12. SEEPB told us that the NHPAU targets would be one of many considerations to take into account in reviewing the South East Plan. However, they argued that other factors across the region also need to be taken into account: "not least the capacity of the infrastructure to accommodate growth and the capacity of the industry to deliver a certain level of housing." There were also "overriding factors" associated with the implications for the quality of the environment and the landscape such as the issues of flood risk and flood defence, "given that a significant part of our region consists of areas of coastal development."¹³

9 Ev 75

10 Ev 108

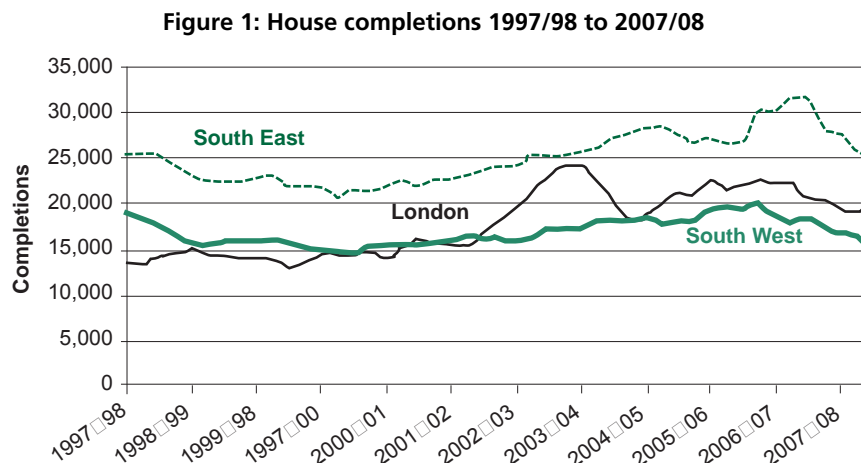
11 Ev 51

12 Ev 75

13 Q 73 [Mr Tugwell]

Recent rates of house building

13. Data on house building rates are published quarterly by DCLG, and statistics on completions are also compiled by SEEPB from local authority monitoring reports. A recently published DCLG report shows house building reaching a peak at about 32,000 per annum in 2007–08 with rates before and after somewhat less than the South East Plan target figure of 32,700.¹⁴



Source: DCLG, *House Building, September Quarter 2009: England*.

14. Evidence from the SEEPB and the Government Office for the South East (GOSE), based on local authority monitoring reports, pointed to higher rates of house building in the pre-recession period—34,560 in 2006–07 and 35,400 in 2007–08. In oral evidence, Mr Laxton, Head of Service for Housing and Planning, GOSE, explained that the monitoring report figures were higher because they are compiled differently and include conversions and changes of use.¹⁵ There is agreement amongst those giving evidence that housing *starts* have fallen significantly in recent years, by as much as a half of those achieved during peak years.¹⁶ This will result in many fewer houses being completed in coming years than are needed in the region. SEEPB in its oral evidence told us that:

The evidence available for starts on site shows that we are running about 50% down on what we were two or three years ago. In the last quarter, of autumn 2009, about 5,180 homes started on site; that is roughly 50% down on two years before that. We've seen that pattern consistently now for two, two and a half years. Taking that through to completion, one would expect to see a drop-off in housing completion figures for this current financial year and the next.¹⁷

14 Department for Communities and Local Government, *House Building, September Quarter 2009 England*

15 Q 91 [Mr Laxton]

16 Housing starts is the number of dwellings where construction has started. Housing completions is the figure when they are finished.

17 Q 69 [Mr Tugwell]

Unintended consequences

15. SEEPB warned of unintended consequences in pursuing targets set out in the South East Plan. It argued that to maintain momentum with delivery, local authorities could be forced to accept sub-optimal schemes in terms of location or quality because they were the ones that were financially viable.

In the current circumstances there is an increased risk that the desire to maintain housing outputs at all costs might over ride broader policy objectives. Whilst the importance of maintaining output is acknowledged there is a need to avoid creating a supply of permissions that is ultimately inconsistent with the agreed policy framework.¹⁸

16. Some organisations giving evidence to us questioned whether centrally imposed targets represented the best way forward to plan for future housing development. It was suggested that the focus should be shifted to building the right kind of houses rather than focusing on the numbers built, with particular concerns evident about affordable housing and family-sized homes. We also heard persuasive arguments that the amount of house building planned for should take more account of local circumstances and environmental limits in both rural and urban areas. Despite such arguments, we concluded that it was difficult to see how the supply of housing could be adequately planned and monitored without some benchmark against which progress could be measured. **We recommend that annual targets be retained as a key performance target, since they provide a useful benchmark, provided that they are reviewed on a regular basis and recognised as averages that will not necessarily be met every year. In disaggregating the regional target to local authority areas varying local circumstances must necessarily be taken into account, but some regional oversight is necessary still to ensure that local areas address such variability in consistent ways. We acknowledge that opportunities for future house building should continue to be limited in the more environmentally sensitive parts of the region and in coastal areas and that more work be put into identifying these areas at a regional level.**

17. Long-term average targets for house building are clearly going to be subject to review as new data become available. Current projections of population growth and household formation suggest that the target building rate in the South East Plan of 32,700 houses per annum will be insufficient to satisfy the region's need for houses. SEEPB acknowledges that recent projections by NHPAU will be a factor that is taken into account in reviewing the plan. **We recommend that SEEPB and GOSE take full account of the higher house building targets suggested by the NHPAU projections as a matter of urgency and be prepared to revise their target upwards.**

3 The impact of the recession on housing

Economic and social consequences of not meeting housing targets

18. Several organisations commented on the dire economic and social consequences of not meeting housing targets in the South East Region. These included constraints on economic development through shortages of skilled labour, increased traffic congestion caused by people travelling further to work and to access services, overcrowding, homelessness and impacts on physical and mental health. NHPAU summarised these consequences in its written evidence pointing out that should the South East fail to increase house building to the level required to meet demand, the region will need to plan to deal with:

- The likely rise in house price volatility—damaging the economy; causing negative equity; adding risk and cost to house building;
- More overcrowding;
- Growing social housing waiting lists and housing benefit bill;
- A polarised housing market, with growing gap between the housing ‘haves’ and ‘have-nots’;
- Employers finding it increasingly difficult to attract staff, particularly in lower paid roles;
- The detrimental effect on environmental sustainability in the region, as people travel further and further from their place of work to find homes that they can afford, and
- Children having to live longer with their parents, with the risk of growing resentment that the housing options that earlier generations enjoyed are not available to them¹⁹.

Local authorities added to or elaborated upon these problems:

- Overcrowding and concealed households leading to health and stress issues.
- Businesses discouraged from locating in the borough because of the lack of appropriate skills/available workforce.
- Increased congestion and unsustainable travel as people travel further to work from areas where homes are more affordable. This also results in extra long working days and potentially additional stress.
- Market weakness reducing possibilities for cross-subsidising and cost recovery in for infrastructure, including provision of affordable housing within major developments, and for shared ownership schemes to cross-subsidise rented social housing.²⁰

19 Ev 75

20 Ev 122

19. Whilst campaign groups go to great lengths to explain to the public the negative impact of home building, too little is done to explain the negative impact of failing to meet targets. We recommend that the Government and its agencies do more to ensure the public has a rounded view of the issues.

20. Jonathan Shaw MP, Minister for the South East, told us that 200,000 people were already in housing need in the region, as evidenced by local authority waiting lists.²¹ We were told that overall demand for housing was not expected to diminish during the recession: it would instead create pent-up demand from those looking to buy houses and increase demand for affordable housing, including social rented housing. The impacts of this were widely expected to be most severe for those already vulnerable, given the legacy of pent-up demand evident in housing waiting lists of the region, and the anticipated slow down in providing more affordable housing. The South East Housing Coalition told us that:

The recession has not made housing more accessible or affordable in the South East. There is a catch 22 scenario whereby developers will only return when the market recovers but market recovery will mean that house prices carry on getting further out of reach for families in the region. As the production of new homes reduces and the lack of mortgage availability continues for all but those with high levels of equity, the region will see the numbers on household waiting lists increase.²²

21. Whilst housing completions had held up early on in the recession, we were told a substantial decline was now becoming evident. As part of this trend other problems were emerging for the housing market model which had developed in the South East, where strong demand had encouraged a complex series of cross-subsidisation and cost recovery measures to emerge. Guildford BC provided us with a clear example of this:

The recession has already impacted on the provision of housing ... in terms of a 70% drop in housing completion rates in Guildford Borough between 2007–08 and 2008–09. As the amount of completions decreases, so do the amount of financial contributions through s.106 agreements, thus impacting on infrastructure provision.²³ The impact of the recession on lenders ability and willingness to lend at reasonable rates to higher risk borrowers has led to great uncertainty in respect of the development of shared ownership homes with the consequent loss of cross subsidy from sales to contribute to the viability of affordable housing schemes.²⁴

The knock-on effects for other aspects of government policy were also expected to be substantial, not least the provision of affordable housing.²⁵

21 Q 93 [Jonathan Shaw MP]

22 Chartered Institute of Housing, *Impact of the credit crunch for the South East Housing Market*, Ev 92

23 Section 106 (or s.106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission

24 Ev 122

25 Ev 130

Private house building

22. We heard that many private house building firms were experiencing financial difficulties and in consequence laying off workers and holding back developments. The House Builders Federation (HBF) told us that:

The economics of development have changed due to the fall of gross development value and an ever increasing requirement for funding of public services under Section 106 contributions being sought by public authorities. This leads to a disproportionate fall in land value which renders sites uneconomic to develop.²⁶

23. The skills issue was seen as particularly problematic in terms of holding on to and building from existing skills. The Government had introduced extra funding through Kickstart²⁷ to help keep development moving and is working proactively with developers to encourage them to take on apprentices.²⁸

24. Among the outcomes of the difficulties being experienced by private developers was that many permissions are not being implemented due to a lack of financial backing, uncertainty about profit returns and the decline in the market for flatted developments. This has been complicated by landowners having unrealistic ideas about profit returns and land values, particularly if they purchased land at high values which now do not look like giving the return originally anticipated.²⁹

Infrastructure: who will pay and how

25. Our witnesses frequently argued that arrangements for adequate infrastructure had to be in place from the start of the development, with some arguing that development permission should not be granted unless adequate infrastructure was in place:

In terms of infrastructure, the South East Implementation Plan already indicates that there is an infrastructure deficit of £3.7 billion to 4.7 billion which needs to be addressed before the new development proposed in the South East Plan can be delivered. [...]

Hampshire County Council is clear that development must not proceed without appropriate provision being made for the infrastructure necessary to serve it; meaning that any absence of funding for infrastructure delivery will impact adversely on housing delivery. And indeed the County Council would prefer that some funding should precede or accompany any house building. It is this mistake, many times repeated, that has resulted in the infrastructure deficit referred to above.³⁰

26. More than this, there was a belief that some developers were holding back on development rather than meet previously negotiated s.106 agreements:

26 Ev 75

27 Kickstart is an HCA programme, announced in the 2009 Budget, to support mixed tenure housing developments that may have stalled

28 Q 118 [Jonathan Shaw MP]

29 Ev 118

30 Ev 137

Recession means that developers are reluctant to honour their s.106 agreements and many sites with planning permission are not coming forward. The risk is that the Planning Inspectorate are giving permission on additional greenfield sites because they are easier to develop than brownfield sites and this could have a very adverse effect on the environment.³¹

27. Similar evidence came from other local authorities such as Basingstoke and Mid Sussex,³² while Oxfordshire County Council pointed to the multiple burdens on the planning system resulting from expectations around funding infrastructure, addressing climate change and dealing with contaminated land as part of the push to develop on brownfield sites.³³

28. This situation was also recognised by the SEEPB:

Funds arising from private sector contributions, such as Section 106 Agreements, are currently significantly reduced. Moreover the lack of availability of development finance and the downturn in the housing and commercial property markets has affected the financial viability of schemes and reduced the scope for realising developer contributions.[...] Some developments with planning conditions/obligations agreed before the recession are no longer viable leaving them undeliverable in their consented form. A particular concern remains the disproportionate impact that the recession has had on the viability of proposals for brownfield and regeneration sites; it is these that have arguably been most severely hit by the fall in development values.³⁴

29. The new Community Infrastructure Levy (CiL) is due to start in April 2010 and we were told that at local level negotiations are already underway in anticipation of this. Whilst supporting the CiL as a means of bringing clarity to the existing system, more generally the HBF argued that the current approach to infrastructure provision through developer obligations had become overly burdensome, contributing to some of the blockages currently being experienced in the system. Others also felt the current model was struggling to provide a solution to infrastructure provision in the context of the recession.

30. The Partnership for Urban South Hampshire (PUSH) explained that it was actively seeking new funding mechanisms as many developments appeared not to have any funding sources:

The Partnership for Urban South Hampshire is actively looking at new funding mechanisms because work that we've done, in conjunction with our district colleagues, looking at infrastructure requirements associated with the development proposed in Hampshire in the South East plan, indicates that a huge amount of infrastructure is needed, large amounts of which do not seem to have any funding

31 Ev 87 [South Downs Joint Committee]

32 Ev 115; Ev 45

33 Ev 86

34 Ev 108

source obviously attached to them at the moment. So there is a definite need for new funding sources, particularly, as I say, for sub-regional scale infrastructure.³⁵

31. The issue of who pays for infrastructure has become more problematic since the economic downturn, with many arguing that the Government needed to step in, at the very least to develop new funding models, and possibly to increase its own investments. It was interesting in this respect for us to hear from a major developer of affordable housing who felt that infrastructure investment by government would be key to unlocking some of the supply side problems facing new housing, and describing the provision of new infrastructure as effective as housing grant.³⁶ Chris Balch, from the Royal Institution of Chartered Surveyors (RICS), echoed this view, pointing out that when this country had produced large amounts of housing in the past, it did so led by the public sector providing infrastructure through development corporations, which was much simpler and more straightforward.³⁷

32. Jonathan Shaw argued that there had been investment in the regional transport infrastructure, giving the example of the Hindhead tunnel, and the high speed rail link to North Kent that was not operating at full capacity.³⁸

Price and availability of land

33. One of the barriers to future development reported to us was developers holding on to land, loathe to take a financial loss on land bought at the peak of the market. Canterbury City Council told us that a result of this was that land prices were not falling as much as expected.³⁹ Hampshire County Council says that in its area it could take until 2016 for land prices to recover the ground lost during the recession.⁴⁰ Chris Balch suggested that land prices have fallen sharply during the recession, arguing that “there has been a substantial correction in land prices, and they are certainly half of what they were at peak levels.”⁴¹

34. Guildford Borough Council, considered that falling land values had resulted in land owners being unwilling to release land for development:

Also many landowners have unrealistic ambitions about profit returns and land values, with many having purchased land at high values which now do not give the calculated potential return originally envisaged.⁴²

35. HBF laid the blame for failing to meet housing targets historically on the planning system, for not allocating enough land for development and for the focus on brownfield land. More recently it commented that:

35 Q 13 [Mr Roberts]

36 Ev 142

37 Q 41 [Mr Balch]

38 Q 103 [Jonathan Shaw MP]

39 Ev 118

40 Ev 137

41 Q 34 [Mr Balch]

42 Ev 122

Many sites have been rendered unviable by falling development values not being matched by lower expectations of planning authorities of the amount of land value able to be captured through Section 106 agreements.⁴³

36. Recovery of private house building is largely dependent on improvements in market conditions. However, recovery would be greatly facilitated if different funding mechanisms could be established for providing associated infrastructure. **We therefore recommend that as a matter of urgency the Government reviews its funding mechanisms for providing development related infrastructure, in view of the concerns it has heard about the ability of s.106 and Community Infrastructure Levy to respond to the current crisis.**

4 Where should they be built?

37. The South East Plan aims to focus new development on twenty-two regional hubs and seven Strategic Development Areas. These are in addition to the national Growth Areas identified for the region in the Sustainable Communities Plan⁴⁴—Ashford, Milton Keynes and Kent Thames Gateway and the eight growth points identified in the 2006 initiative⁴⁵. Rationalised by sustainability criteria, growth within these areas is focused on urban areas and urban extensions, with a target for 60% of new housing development to take place on previously used, or brownfield land.⁴⁶ Selective reviews of green belts are proposed to facilitate development, including North and East of Guildford and South of Oxford. These reviews are held up pending the outcome of legal challenges.

Balancing an urban focus with meeting rural needs

38. The South East Plan policy of stimulating growth in urban areas was broadly supported in evidence to the Committee. PUSH said the focus on brownfield sites helped urban regeneration and where brownfield could not accommodate development needs it ‘promotes urban extensions’.⁴⁷ RICS also supports this approach as being in-line with sustainability principles, and encourages housing to be located close to centres of employment, economic activity and co-located with transport. Thus minimising the need to travel.⁴⁸

39. The South East Housing Coalition though cautioned against too strong a focus on urban areas pointing out that 80% of the region is rural:

The region should not focus its housing development solely in urban areas. 80% of the South East is classified as rural, whilst 78% of the population lives in an urban area. Rural housing development is vital if the South East is to maximise its rural economy.⁴⁹

40. In oral evidence HBF pointed out the focusing development on urban areas had resulted in a shortage of homes in rural areas:

We should not be surprised that we face rural housing problems, because we have had many years of planning policy that focuses development on urban areas. That means that we do not build in rural areas. Therefore, as a result of a simple supply and demand equation, people who want to live in rural areas do not have enough

44 Office of the Deputy Prime Minister, *Sustainable Communities: building for the future*, 2003

45 Department for Communities and Local Government, *Growth Points: partnership for growth with Government*. October 2006

46 Brownfield is land that has been previously developed. Greenfield is land that has not been previously developed. Green Belt is land, usually adjacent to towns and cities, designated as such, with the intention of containing urban sprawl. There is a presumption against developing on Green Belt land.

47 Ev 126

48 Ev 87

49 Ev 92

homes to choose from. That pushes the price up and leads to the affordability problems.⁵⁰

41. The issue of rural housing, in particular affordable housing, was one that was addressed by many of our witnesses, concerned about wide-ranging but inter-related issues such as growing waiting lists for affordable housing, loss of young families to villages and the loss of local services such as schools and shops. Both RICS and New Forest argued that new incentives were required to encourage landowners to release land for new housing. RICS told us that some landowners were open to selling village land provided they could retain some nomination rights.

RICS carried out a survey among members that suggested that 40% of landowners would be willing to sell land at less than full market value if they retained some control over how it was used. This could include nominating employees or family members for the housing or retaining a financial stake. Innovative ways to increase available lands supply do have a role in avoiding some of the worst consequences of the lack of affordability.⁵¹

42. New Forest District Council told us that villages offered limited economies of scale for developers and as a result higher costs were incurred, leading them to ask for higher levels of housing grant support. This viewpoint was disputed by others during oral evidence, who felt that higher land costs and costs of remediation meant that urban areas deserved more subsidy.⁵² We heard nothing to convince us of the need to change the current subsidy regime.

Brownfield land

43. The urban focus in the South East Plan is to be achieved in large part by prioritising development on brownfield land, mostly found in existing urban areas, followed by urban extensions. SEEPB argued that the region was already achieving well in excess of the 60% target for development on brownfield land:

We have a very high level of achievement of brownfield development already in the region. The most recent monitoring report shows that we're achieving something in the order of 80% of development on brownfield sites in the region, well in excess of the target in the South East Plan, but that doesn't mean that we can be complacent about continuing to achieve that target. We need to be careful that we maintain the focus on brownfield development as a way of relieving pressure on greenfield and the green belt.⁵³

44. The South East Housing Coalition told us that there is sufficient capacity in the South East without developing greenbelt or greenfield sites:

50 Q 36 [Mr Whitaker]

51 Ev 97

52 Q 7 [Ms MacLean, Ms Lane]

53 Q 76 [Mr Tugwell]

According to CLG statistics the South East does, however, contain the highest quantity of unused previously developed land of any region apart from the North West. Even in rural areas there will be brownfield and ex industrial sites that may be developed. The picture in the South East is not therefore and simple as that painted by those that oppose development. There is sufficient development capacity in the South East without developing greenbelt, greenfield sites.⁵⁴

45. Other local authorities, such as the Isle of Wight District Council, also supported a continuing emphasis on developing brownfield land.⁵⁵ However, while the HBF acknowledged that some parts of the region did have sufficient brownfield land, it argued that it is necessary to build on greenfield land in some parts of the region:

PPG3, published in 2000, put all the emphasis on delivering brownfield first, greenfield last. Many local authorities assumed that that meant only brownfield development and no greenfield development. In some places [...] that is practically possible because there is a lot of brownfield land. In other places, it is not practically possible.⁵⁶

46. Kent Wildlife Trust also pointed out to us that brownfield land sometimes has significant value for wildlife and as urban green space, so should not automatically be considered as appropriate for development:

That having been said, from a wildlife point of view, and the point of view of people's access to natural places and the sustainability of cities, it is also undesirable to have too much pressure on development of every piece of open space. That includes brownfield sites. In north Kent, many of these brownfield sites are of significant value for wildlife, and also some of the only open spaces within urban areas.⁵⁷

47. South East Forum for Sustainability emphasised the importance of retaining green spaces in urban areas.⁵⁸ Councillor Tilbury, of Basingstoke and Deane Borough Council, referred to another problem in focusing too much on brownfield land, the loss of employment land to housing where they saw housing development as more profitable in the short term.⁵⁹

48. The urban focus in the South East Plan was broadly supported in evidence to the Committee, with the proviso that this should not rule out small scale developments in rural areas needed to improve their viability. **We recommend that further attention be given to rural housing in reviewing the South East Plan in view of the exacerbated problem of affordability in rural areas. The committee does recommend that greater attention be paid to alternative models for providing housing land in rural areas, including community land trusts and nomination rights.**

54 Ev 92

55 Ev 105

56 Q 33 [Mr Whitaker]

57 Q 66 [Mr Moyse]

58 Ev 83

59 Ev 78

49. Evidence to the Committee suggested that targets for development of brownfield land are currently being exceeded in the South East Region. **We recommend caution in considering any increase in the current target. Whilst we support the broad principle of prioritising development on brownfield sites, easy options for housing development on brownfield land have already been used-up in some parts of the region. We heard with some concern that the brownfield target may be having perverse impacts, including loss of local employment where existing employers are tempted to sell up their land to housing developers. We recommended that clearer policy guidelines be provided:**

- **to prevent perverse policy outcomes;**
- **to protect sites that sometimes have alternative value for nature conservation of urban greenspace; and**
- **that have the potential to add to green infrastructure of the urban areas themselves, particularly in those areas where substantial new development has been planned or already put in place. The committee recommends that serious consideration be given to rebalancing the need to protect rural open space with the need to provide, protect, and improve urban greenspaces.**

Green belt

50. Development of green belt is one of the more controversial issues in evidence to the Committee. Green belt has its strong supporters and also strong detractors. CPRE has long campaigned in support of green belt:

It is essential that the metropolitan green belt and the Oxford Green Belts are retained and their integrity protected. In many ways green belt has been the saviour of the region, because it has prevented the outward spread of the capital. It is integral to the future of the region. Green Belts are in fact *integral* to all relevant strategic and local plans.⁶⁰

51. It maintained this support in its oral evidence, highlighting that the policy tends to be misunderstood and green belt does not mean all green fields. Mr Dawson argued that he did not think the green belt prevented towns from developing but rather it helped them retain their identity, such as in the case of Oxford.⁶¹

52. The South East Forum for Sustainability (SEFS) said that the green belt should be incorporated into the wider green infrastructure of the region.⁶² Others, such as Hampshire County Council and Gravesham Borough Council, also supported green belt policy as a way of encouraging regeneration of brownfield land and allowing the preservation of strategic gaps between settlements.⁶³

60 Ev 51

61 Q 64 [Mr Dawson]

62 Ev 83

63 Ev 137

53. We received several submissions suggesting that the green belt was contributing to increased traffic problems in the region. The HBF pointed out that imposition of green belt results in new development leapfrogging the green belt, separating where people live from where they work or the services they might wish to use.⁶⁴ This created a need for extra public transport links between settlements beyond the green belt to reduce traffic congestion.⁶⁵ The HBF described the green belt as a ‘very blunt instrument’ that was ‘a little dated’. They thought it was more in line with current thinking on sustainability to allow development close to existing urban areas.⁶⁶

54. Much of the evidence supports the general protection of the green belt allied to a selective review that was adopted in the South East Plan. The Royal Institution of Chartered Surveyors supported a review as the “right approach”⁶⁷ and thought the increase in population in the region should provide the opportunity for a new debate on the purpose of the green belt with regard to producing sustainable communities.⁶⁸

55. One such review of the green belt south of Oxford was proposed in the South East Plan. Oxford City Council set out for us in some detail why it was felt that a review was justified emphasising that the present tight boundary encouraged commuting from beyond the green belt boundary:

In Oxford city, for a while we were the leading authority in the entire country in terms of reusing brownfield land. The problem is that there is only so much to go around. We were talking a moment ago about sustainability. What is less sustainable than declining to expand a city outwards and instead building new properties in areas where there are no jobs and where people are then forced to commute by motor car on congested roads into an area where there is a chronic shortage of housing? That does not seem sustainable at all. So no, that is not a strong argument in defence of the green belt, if you ask us.⁶⁹

56. The CPRE was concerned that releasing green belt land at Oxford and Guildford will be seen as a precedent for further releases:

The policy has served us well for a long time, but I think in that case it needs to be looked at in terms of the whole of the functioning of areas such as Oxfordshire. Certainly there is great public attachment to the green belt, and it wouldn’t be lightly given up, I think, for the reason that people feel the floodgates can be opened. There is the danger of feeling that once you do something here, in a sense the whole system collapses. Those dangers may be realistic, they may be simply perceptions.⁷⁰

57. However, support for this policy of selective review was reiterated by Pam Alexander, Chief Executive, South East England Development Agency, said:

64 Ev 44

65 Ev 97

66 Q 47 [Mr Whitaker]

67 Q 47 [Mr Balch]

68 Ev 97

69 Q 27 [Councillor Turner]

70 Q 66 [Mr Dawson]

[...] taking a local view is entirely appropriate, so we support strongly the protection of the green belt as a general proposition because we see it as a crucial part of the attractiveness of the region and the importance of maintaining balance. There is an opportunity for looking at the application of green belt policy on a case-by-case basis, and there have been some very high quality examples where permission has been granted.⁷¹

58. The Minister commented that additions had been made to the Metropolitan Green Belt and that the Government remains committed to protecting it:

We've added some 2% to the green belt. Local authorities need to look at their housing demand and land. You know that around 60% of houses now go on to brownfield, but we are committed to protecting the metropolitan green belt. We think that there is sufficient land to be able to do that.⁷²

When pressed whether he supported the selective review policy, he replied, "We have reviews from time to time on many aspects of Government policy."⁷³

59. We heard polarised evidence from CPRE and HBF on development of green belt—CPRE strongly promoting retention of current boundaries whilst HBF vigorously promotes relaxation of green belt policy. Most other evidence we received generally supported the approach adopted in the South East Plan—that the present boundaries should generally be retained, but with some limited reviews in areas of greatest pressure such as to the south of the City of Oxford. **There are advantages to the green belt policy and it is undeniable that it has helped to retain the rural character of large areas of the region which otherwise would have become overwhelmed by urban sprawl in the last 50 years. However, it was designed for a different time, and it is now working against the ideal of sustainable communities which hope to encourage people to work, rest and play in the same local area. As a result, there are areas of the region where the green belt is adding stress to the immediate transport network and inadvertently placing pressure for development on valuable areas of greenspace within urban areas. We recommend continuing support for this policy of selective review of green belt in the South East Plan.**

Environmental constraints

60. Environmental bodies giving evidence to the Committee indicated that development in should be contained within the environmental limits of the South East Region. Kent Wildlife Trust commented:

From my viewpoint, the problem is that the housing numbers have never been tested against the environmental limits of the South East—what the environment of the South East can hold.⁷⁴

71 Q 78 [Ms Alexander]

72 Q 124 [Jonathan Shaw MP]

73 Q 124

74 Q 51 [Mr Moyse]

61. The South East Forum on Sustainability suggest that development in South Hampshire is in danger of breaching environmental limits, in view of its designation as a Strategic Development Area.⁷⁵ Other concerns were raised with regard to the capacity for growth near the South Downs and New Forest National Parks, and other areas with environmental constraints such as areas of flood risk.⁷⁶

62. We heard evidence from various environmental bodies promoting the idea that development in the South East should be contained within the limits of the region's environment. Whilst supporting this in broad principle, the Committee did not receive any conclusive evidence about what these limits are or how they should be determined. However, **we are aware that the landscape and environmental assets are part of what makes the South East such an attractive place to live and work. We recommend that as part of their preparation of the Single Regional Strategy, the SEEPB fully engage at an early stage with regional agencies involved in environmental protection, such as the Environment Agency and Natural England, and the third sector.**

75 Ev 83

76 Ev 44; Ev 51; Ev 61; Ev 87; Ev 122

5 What types of homes are needed?

Affordable housing

63. Affordability is commonly expressed as a ratio between housing prices to earnings.⁷⁷ In 2008 the average house price in the south east was £267,573 compared to an average salary of £22,100.⁷⁸ That means someone earning an average salary would need to borrow over 12 times their income to be able to afford an averaged priced home. In the most affordable part of the region the average house price is 7.5 times the average salary. In areas like Chichester, Chiltern and South Buckinghamshire it is nearer 20 times the average salary.⁷⁹ This situation is steadily getting worse. The average house in Oxford in 1997 was near 5 times the average income; by 2006 it was over 10 times average income.⁸⁰

64. This gap between earnings and house prices, alongside the onset of the credit crunch and the associated problems in acquiring mortgage finance, has made it difficult for those who wish to move into their own home to do so. There are currently 205,000 households on local authority housing waiting lists in the region, an increase of 59% since 2002.⁸¹ The need for affordable housing is growing.

65. Affordable housing is defined as non-market housing and is provided to those whose needs are not met by the market, for example homeless persons and key workers. It includes social rented housing and intermediate housing.⁸² The South East Plan and the Regional Economic Strategy set out policies on housing including a target of 35% affordable housing.⁸³ Local authorities are able to set sub-regional targets that override the regional one.

77 Affordability is calculated as the ratio of lower quartile earnings to lower quartile house prices in the first quarter of 2007 and NHPAU advice on the level of housing provision that would be necessary to return the ratio to the 2007 level by 2031. South East England Partnership Board, Think Piece 4

78 National Housing Federation, *Annual Survey of Hours and Earning*, Home truths publication, 2009

79 Ev 92

80 Ev 101

81 Ev 75

82 The Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009, Chapter 7 Housing, p59. Social rented housing is rented housing owned and managed by local authorities or Registered Social Landlords. Intermediate affordable housing is that made available below market price or rents, including shared equity schemes such as Homebuy.

83 The 35% is the combination of the two targets of 25% of all new housing to be social rented and 10% to be provided as intermediate tenures.

Sub regional targets for affordable housing in the South East	
Sub-region	Target
South Hampshire	An average of 30–40%
Sussex Coast	40%
East Kent & Ashford	30%
Kent Thames Gateway	30%
London Fringe	40%
Central Oxfordshire	At least 40%
Milton Keynes & Aylesbury Vale	30%
Gatwick	40%

Source: South East England Partnership Board, *Think Piece 4*, para 3.4

66. Local authorities, and partners, are responsible for evaluating need for, and providing, affordable housing.⁸⁴ Many local authorities told us that their local assessment of affordable housing need commonly exceeded the *total* number of housing being provided.⁸⁵ At the same time some local authorities were still losing part of their housing stock through Right to Buy.⁸⁶

67. There was great concern in the region that as the number of housing starts falls, so would the number of affordable homes provided. There were also concerns that adhering to the affordability proportions during the recession was in danger of making developments unviable.⁸⁷ The backlog of unmet need continued to grow and this placed increased pressure upon local authority housing waiting lists.⁸⁸

68. Martin Tugwell, Director of Regional Investment, SEEPB, explained that as the amount of market housing fell, so would the amount of affordable housing.

You cannot separate the delivery of affordable housing from the delivering of market housing; the two are inextricably linked. [...] we are currently hitting around 29% of new houses being affordable houses, which compares with a target of 35% in the South East Plan.⁸⁹

69. Local authorities told us they aimed for higher than 35% where possible: Gravesham aimed for 50%, Oxford 50%, Burgess Hill 40% affordability; and that the affordable proportion can vary within the local authority.⁹⁰ We did hear concern that raising the 35%

84 Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009, Policy H3

85 Q 16 [Ms McLean]

86 Ev 41. Right to Buy enables eligible council tenants the right to buy their property from their council.

87 Ev 137; Ev 45

88 Ev 92; Ev 75

89 Q 85

90 Q 16; Ev 142

of housing supply as affordable will not necessarily increase the total number delivered. Councillor Richard Gates, Leader of Waverley District Council and Regional Housing and Regeneration Board Member, told us:

You don't solve the problem by saying that we will have 75% affordable houses, because there will not be a development that viably can allow the developer to give you that side of it. Indeed, in today's circumstances, there is some evidence that a lower percentage would get you some, rather than none.⁹¹

70. We asked the Minister his views on the current delivery of affordable homes in the South East and if he thought the 35% target should be increased. Jonathan Shaw told us:

It's not something we can just live with. Of course, some of the affordability issue is about supply and demand. That is relevant to most of the communities across the South East, [...] so it isn't something that I am happy to live with.⁹²

Obviously, local authorities are in a position to be able to make judgments about the percentages that they want. Across the board, 35% seems a reasonable balance. It is something that we should, of course, keep under review. Indeed, many authorities will, for particular developments, set a far higher yield.⁹³

71. We are concerned that the region is currently not achieving the 35% target set out in the South East Plan. We consider it essential that local authorities, and their partners in housing delivery, continue to aim for the 35% target as a minimum. We welcome the higher sub-regional targets and support those authorities who are working to deliver a higher percentage where possible.

Affordable housing and the recession

72. Several witnesses said that the current method of providing affordable housing was not effective, and this situation has been made worse by the economic downturn.⁹⁴ For housing associations future difficulties are anticipated, not least as many of their larger developments relied on a level of cross-subsidy between rental and for sale housing. Pam Alexander pointed out that delivering social housing through cross-subsidy from the private sector was a recent development.⁹⁵ Canterbury City Council told us that:

Hitherto, housing associations used capital receipts from shared ownership to subsidise social rented dwellings. This is no longer viable because shared ownership sales fell due to the lack of mortgage finance. [...] The recession has encouraged the council to try and find a more "recession-proof" approach to providing new affordable housing by reducing reliance on s.106 developer contributions to a more diverse programme. However, many of the proposed models are very complex legal

91 Q 85

92 Q 107

93 Q 108

94 Ev 49; Ev 51; Ev 142

95 Q 85

and financial arrangements, best suited to long-term projects, and do not provide an immediate solution.⁹⁶

73. Witnesses suggested we explore different methods of delivering social housing that move away from grant-led development for social housing and look at other models. Places for People suggested a Residential Property Fund which would combine long-term equity investment from an institution with builders contributing land and/or unsold stock in return for an immediate, below market value, payment.⁹⁷

74. The RICS suggested greater incentives to land owners to release land at lower prices if conditions could be placed on the future use of land and of community land trusts.⁹⁸ This was explained further in oral evidence:

But I think different models, such as community land trusts and so on, can start to overcome the fact that perhaps historically the land price was a big part of the challenge of affordability. If that land can be put into the hands of the community and held in perpetuity for the purposes of affordable housing, that's the type of model that ought to be pursued and explored.⁹⁹

Alternative ways of providing affordable housing

75. Alternative ways of delivering social housing were suggested to us.¹⁰⁰ Some local authorities wanted greater freedom, and funding, to build social housing,¹⁰¹ others suggested the Government could provide incentives to landowners to make sites available for affordable housing, for example by offering landowners a share of the equity of any new build; or placing conditions on the future use, such as being held in a community land trust.¹⁰² Others pointed out that London has adopted numerical targets, rather than the previous 50% affordable percentage share, with the aim of providing local planning authorities flexibility in where affordable housing is needed.¹⁰³ The CPRE said that affordable housing numbers should be separated from market housing numbers and stated as a specific target figure, then delivered through housing associations using grant from the Homes and Communities Agency.¹⁰⁴ There was also support for increasing the role of the private rented sector.¹⁰⁵

76. The Minister agreed there remained a need to provide a range of housing types using a range of measures:

96 Ev 118

97 Ev 142

98 Ev 97

99 Q 36 [Mr Balch]

100 Q 36; See also Ev 142

101 Q 17

102 Q 36; Ev 97

103 Ev 97

104 Ev 51

105 Q 22

We need to ensure that there is supply, not just of market housing, but of mixed-tenure housing and rented housing, both from housing associations and, more recently, as a result of council house building.¹⁰⁶

77. The provision of affordable housing has not satisfied need while the region has been meeting the South East Plan overall target. The number of housing starts (the commencement of house building) has reduced during the recession and a backlog of demand is accumulating. We are concerned that it might take several years for housing delivery in the region to deal with the backlog without either an injection of subsidy to make schemes viable under the current system or through alternative ways of delivering affordable housing. We urge the Government to explore additional methods of providing affordable housing, including the residential property fund and community land trust initiatives suggested to us.

Affordable Housing and the Homes and Communities Agency

78. The Homes and Communities Agency (HCA) was established in December 2009 as the national housing and regeneration agency, combining the former English Partnerships and Housing Corporation with the housing delivery functions of the Department of Communities and Local Government. The HCA manages the affordable housing funding programme, with a budget in the South East of around £1.2 billion in the three years from April 2008.¹⁰⁷ They also administer the Social Housing Grant, the Kickstart programme, and support for local authorities who may wish to build council homes through the Government's Housing Pledge.¹⁰⁸

79. When the Agency was established it set up the Single Conversation as its business model for engagement. The Single Conversation is an area-based framework for agreeing priorities and investment with local authorities and other partners SEEDA praised the Single Conversation pilots which have, "enabled us to look much more coherently and comprehensively at how regeneration and housing work together to improve communities"¹⁰⁹. SEEDA also commented on an overall positive relationship with the HCA.¹¹⁰ The role of the HCA in bolstering house building in the region was widely recognised by our witnesses, with particular praise for its role in supporting affordable housing provision during a difficult period.¹¹¹ Wendy Lane, Principal Planner, Gravesham Borough Council, described how the HCA is an improvement on previous arrangements:

HCA now having the Thames Gateway Strategic Executive more closely related to it makes life a lot easier for us. Previously, you would have loads of different agencies very much interested in developing the Thames gateway, and it was a little bit harder to have a strategic approach. Having it under more of an umbrella organisation has

106 Q 107

107 Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009, para 7.15

108 Ev 37

109 Q 89

110 Q 89

111 Ev 44

made both the aims and how these sites need to be pushed forward clearer. We found the HCA very useful and very helpful.¹¹²

80. From the evidence we received, there is no doubt that but for the Government's substantial investment housing difficulties in the South East in the past two years would have been much more acute. Indeed many witnesses expressed their concern that when the current commitments ran out they would face major problems, particularly in the provision of affordable housing.

81. The HCA has a target of delivering 10,000 affordable homes a year, lower than the Government target of 11,300 (35% of the 32,700) in the South East Plan.¹¹³ However, there is a backlog of unmet need in the region which is not being met by the current method of delivery. HCA expects to exceed the Government's programme target in 2009–10, but it noted that to reach the South East Plan target was expected to be "a slow process".¹¹⁴

82. For every year that the region does not provide enough housing it will need to overcompensate in the years to follow. This will mean aiming for more than 32,700, and probably somewhere within the NHPAU range of 38,000—53,800. We are concerned that the number for affordable housing need will similarly increase above the current 11,300 target, and will be much higher than the current HCA target of 10,000. We doubt that simple adherence to the 35% affordable ratio will be able to meet housing need.¹¹⁵

83. Whilst we, along with many organisations in the region, welcome the work that the HCA has been doing to unblock construction projects and maintain delivery of some affordable homes, we are concerned that this has been done through forward funding from later financial years.

84. Pam Alexander told us:

I think what has been happening to keep the momentum up—if we look at the profile of the work that is going ahead—is that grant rates have been increased for social housing, which has enabled schemes that otherwise would not have been viable to wash their face and create the basis for going forward. That is obviously something that is not sustainable in the long term¹¹⁶

Martin Tugwell agreed:

We can probably do more, but there is an issue about the level of funding that is available, which really reinforces the concern that we expressed earlier and in the submission. That is that we see the danger of heading towards what I might call a

112 Q 8

113 Q 112 [Ewing] This difference was explained as a discrepancy between the South East Plan target being averaged over 20 years and the HCA being a short term target set over a three year spending cycle.

114 Ev 146

115 Q 115

116 Q 81

cliff, in terms of the level of public sector funding, and the consequences of that on delivery are likely to be quite significant.¹¹⁷

85. Maintaining momentum in the construction of new homes is vital for the provision of affordable homes. While the economy may be moving into recovery, the level of housing starts in the region is extremely concerning, and without the increase in grant rates enabling borderline developments to go ahead, the number of starts will have been much worse. The Homes and Communities Agency has only been able to do this by bringing forward funding from future financial years. It is essential that the Homes and Communities Agency is able to maintain its investment in affordable housing until the housing market has stabilised. The Government has to ensure that the HCA has the funding it needs to be able to continue this work.

Social rent and intermediate sale

86. There is currently a wide gap between the cost of social rented accommodation and the cost of either market rented or owner occupation, and as a result, there has been a dramatic increase in demand for social rented housing.¹¹⁸ One witness told us that 82% of their housing need was for social rented accommodation.¹¹⁹

87. The South East Plan divides the 35% affordable into 71% for rent and 29% for intermediate housing.¹²⁰ The HCA is seeking to move from a split of 60% rent 40% intermediate in 2008–09, to one of 65% rent 35% intermediate in 2009–10. The initial increase in intermediate housing was to cater for those home buyers who were not able to afford their own home turning to shared ownership as the next option.¹²¹ However, as Richard Bayley from Places for People pointed out, acquiring mortgage lending in the short term will be difficult and pressure has now moved onto the rental market.¹²²

88. Local authorities were responding to this change in demand by increasing the proportion of affordable homes as rented rather than intermediate. Councillor Richard Gates said:

Rented is a much more attractive proposition for housing associations because people cannot afford the intermediate bit that they have to bring forward for their mortgage. We have a particular scheme going forward, with 100% social rented for different types of tenants.¹²³

89. Wendy Lane also pointed out that retaining flexibility as to the proportions of social rented to intermediate had improved the viability of a particular development,

117 Q 85

118 Ev 97

119 Ev 101

120 Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009

121 Ev 146

122 Q 30 [Bayley]

123 Q 83

Our viability assessment originally tested a 70:30 split for social-rented intermediate, but changing to a 50:50 mix made a number of schemes more viable without an additional grant having to be paid. [...] It is a matter for negotiation.¹²⁴

90. However, the HBF believes that tenure should not be a planning consideration. They warned against forcing areas, maybe already with a high level of affordable housing, to take a higher proportion of a similar tenure, as this would be going against the idea of creating mixed and balanced communities.¹²⁵

91. We received several submissions that said there remained too much emphasis on home ownership rather than rented.¹²⁶ Home ownership was falling nationally before the recession, from 71% to 68% in the six years since 2003, and John Healey MP, the Housing Minister, has suggested that the UK could be moving towards a society more willing to live in rented property. He also suggested there could be more variety in how housing was supplied through co-operatives, community land trusts, mutual societies and other third sector providers.¹²⁷

92. We asked the Minister's view on this. He replied that while there was a cultural impulse to own your own home it should not override the importance of not having somewhere to live. He said:

Renting is perfectly desirable and meets needs and aspirations, and it should be seen more as something that people across the socio-economic spectrum do—not, as it is perhaps sometimes characterised, as just for people who are less well off. It would be highly desirable if rented accommodation were seen as something for people from all walks of life to aspire to in a similar way that they aspire to home ownership. [...] I think that if we had more, that would be a good thing.¹²⁸

93. When asked if he thought we could do more to encourage a private sector that could help absorb some of the housing need in the region he said:

I don't think that the private sector housing market has developed a great deal in recent years. [...] I think that rented housing can and should be an important part of the supply. Could we see an increase in it, and would that be desirable? Yes.¹²⁹

94. Many submissions noted the possible social problems that result from a large number of houses in multiple occupation in concentrated areas, particularly in the private sector.¹³⁰ **We welcome the measures, taking effect from April 2010, that mean private landlords will need to apply for planning permission if they want to alter a family property to a shared house with three or more tenants who are not related, and the recently**

124 Q 18

125 Ev 71

126 Ev 142

127 *Healey points to the end of home ownership*, Local Government Chronicle, 11 December 2009

128 Q 119

129 Q 120

130 Ev 101

published proposals for councils to license landlords, requiring them to provide safe and quality rented accommodation, and to register letting agents.¹³¹

95. There is currently increased demand for rented housing, and some local authorities are taking steps to provide more social rented housing to meet this demand. We support their steps to meet housing need, particularly given the current fluctuations in demand. These fluctuations are likely to continue as the economy improves, when the demand for intermediate properties may expand. It is important that local authorities retain the ability to alter the split between social rented and intermediate housing tenures within the affordable proportion of new housing.

96. It is in the interests of providing mixed and balanced communities that developments include housing for sale on the open market, some available for social rent and some available for intermediate schemes. **In addition, it is desirable that there is a good mixed provision of intermediate housing, social rented and private rented in most areas to be able to react to fluctuate to variations in the housing market. It is for the planning authority to determine, within the framework outlined in the South East Plan and the evidence available to them, the relative proportions in each development.**

Family homes and flats

97. In 1997–98, new homes built in the region consisted of 86% houses and 14% flats, by 2008–09 the proportion had changed to 47% houses and 53% flats.¹³² Stuart Roberts, Head of Spatial Strategy and Research, Hampshire County Council, told us that in the last three years, 88% of all the new properties built in Southampton and Portsmouth have been flats.¹³³ Oxford City Council told us that 92% of the dwellings built in Oxford in 2005–06 were 1 or 2 bed flats.¹³⁴ There are several possible reasons for the increase in flats: simple demand for smaller flats; policies designed to drive up densities and increase use of brownfield sites;¹³⁵ easier access to development finance, personal credit, and mortgage finance; small scale investors expanding the buy-to-let market; the potential profit to developers of several flats in the land area of one house, and the increase in house prices meant first-time buyers could not afford anything larger.¹³⁶

98. Many submissions to the Committee suggested this was counter to current demand and contributing to a rise in overcrowded households, particularly in social rented accommodation, and disruption to families and communities.¹³⁷ Canterbury District Council told us that their SHMA showed 45% of their social rented need and 60% of their

131 John Healey: *Local powers for councils to protect communities and improve standards in the private rented sector*, CLG press notice, 27 January 2010

132 South East England Partnership Board, *Tackling housing affordability*, Think Piece 4

133 Q 6

134 Ev 101

135 The South East Plan requires development to be at a density of 40 dwellings per hectare. Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009 para. 7.23

136 Department for Communities and Local Government, *The credit crunch and regeneration: impact and implications*. 2009

137 Ev 92. The number of overcrowded households in the region has risen from 59,000 in 2007/08 to 61,000 in 2008/09. Over half of these households are in the social rented sector. See Ev 115.

intermediate need to be for three bed homes.¹³⁸ Chris Balch, from the RICS, suggested that the market would revert back to building family houses, subject to what the planning regime allowed,¹³⁹ while the CPRE felt the region had been too dependent on the market to provide family homes.¹⁴⁰

99. Oxford City Council has since 2008 tried to influence this imbalance. They told us,

In our affordable housing supplementary planning document, we require a particular mix of housing because, again, there is a tendency to provide social rented flats and market houses. That is again something we are resistant to because it doesn't meet our need, which is primarily for family homes. We would like to produce many more, but our aim is for about 250 units a year. That perhaps meets an eighth to a tenth of our need if you include the backlog, so it is nowhere near enough. There need to be planning solutions to that.¹⁴¹

100. The Regional Housing Strategy sets the aim that 25% of social rented and 15% of intermediate homes funded through the 2008–11 programme should have three or more bedrooms.¹⁴² Martin Tugwell said:

We saw that, against the target of 25% of social rented homes being three bedrooms or more, the current estimate is that we will hit 27% this financial year. On intermediate, against a target of 15%, we are just a bit shy of 13%. It shows where the policy framework at the national level allows us to give guidance and shape the types of development coming forward. Being the affordable housing sector, we can make a difference. The point that Councillor Gates is making is that we don't have the same ability with the market, and that is reflected in the outputs that we are getting for the market sector at the moment.¹⁴³

101. The Government has tried to encourage higher housing densities by including a target of 40 dwellings per hectare in the South East Plan.¹⁴⁴ We asked the Partnership Board whether the density target of 40 dwellings per hectare was contributing to the production of more flats than houses. Councillor Gates said it depended on what was included in your Local Development Framework or Local Plan, and if that gave you strength to refuse a development that was at a lower density. However, if the application was refused, the developer could appeal and the planning inspectors allow it on the grounds it was against the stated policy in the South East Plan. As a result, "Unless we had foreseen the issue some years [ago] in our local plan and been allowed to foresee it by the inspector, we don't have that flexibility."¹⁴⁵

102. We asked the Regional Minister his views. He said:

138 Ev 118

139 Q 39

140 Ev 51

141 Q 16

142 Regional Housing Board, *Regional Housing Strategy 2008-11*, March 2008. See also Ev 37

143 Q 84

144 Ev 37

145 Q 83

You have higher density. You'll have a mixture of flats and family housing—some of that is market housing; some of it is rented housing—detached houses and terraced houses. Good design can accommodate all of the above rather than creating communities of one particular type, income or style, whether it's flats or houses.¹⁴⁶

103. The policy of 40 dph has a clear purpose to try and enable the best use of brownfield sites. By encouraging high density developments it has contributed to the drive producing developments that are overwhelmingly made up of flats compared to houses. **It is important for the Government, and the HCA, to recognise and publicise best practice in designing housing developments that achieve a balance of flats and houses within the 40 dph target.**

104. We also received evidence suggesting that a similar increase in flats being built in London, compared to family homes, was contributing to the out migration of families into the South East in search of more living space. This was placing extra pressure on the already limited number of family homes available in the region.¹⁴⁷

105. **There are thousands of families in the region in overcrowded conditions, over half of which are in the social rented sector. We support the current Housing Strategy target for 25% social rented housing and 15% intermediate housing to be three or more bed family homes, and urge the Regional Housing Board to consider maintaining this target in their strategy after 2011.**

Sustainable homes

106. Introduced in 2007, the Code for Sustainable Homes provides a sustainability rating between one (the lowest) and six (the highest).¹⁴⁸ From April 2008, all new social housing should have been built to Code level three. By gradually improving the building regulations that enforce higher Code level standards, the Government wants all new homes will be zero carbon by 2016.¹⁴⁹

107. Many local authorities said that they promoted the Code, and some said they aimed for higher than mandatory standards wherever possible, while accepting this can add to the cost and therefore the delivery of affordable homes.¹⁵⁰ The HCA said all new build homes they fund are required to meet the Code level 3 as a minimum.¹⁵¹

108. The House Builders Federation welcomed the way the Code was being introduced gradually allowing developers and those in the construction supply chain to invest in new technologies and building methods for the future higher levels. They said they were 'relatively happy' with the 2010 deadline for level three and 'fairly confident' about the 2013

146 Q 97

147 Q 39; See also the Regional Housing and Regeneration Board, Minutes of meeting, March 2010, *The London Plan Response and the London Housing Strategy*

148 The rating is based on nine criteria: Energy and CO2 emissions, water, materials, surface water run-off, waste, pollution, health and well-being, management and ecology.

149 Department for Communities and Local Government, *Building A Greener Future: Policy Statement*, July 2007

150 For example see Ev 44; Ev 78; Ev 115

151 Ev 146

deadline for level four.¹⁵² However, they said that imposing higher targets ahead of changes to the building regulations was not helpful. They also shared the view of People and Places that such standards should not jeopardise the financial viability of schemes, and doubted that the higher standards of the Code were attainable in the medium term.¹⁵³ However, the South East Forum on Sustainability is concerned that building regulations, planning policy and regional spatial strategies are not providing homes or communities of properly sustainable quality or design and that, “many of the current regulations are being ignored or circumvented.”¹⁵⁴ Meeting these high building standards has a long term legacy as the construction industry is the second largest contributor to the South East’s current ecological footprint.¹⁵⁵

109. The Code for Sustainable Homes is an important and admirable and important aim, and one we should not compromise on with the housing standards we have decided upon. One of the lessons of previous improvements in housing stock has been if you provide sub-standard housing now, it will not retain its value, it will become uninhabitable quicker, it will cost more to maintain in the long term, and eventually it will be have to be replaced at greater cost. The Government needs to continue to encourage the highest standards attainable and provide housing that anyone would be proud to live in for a long time to come. We recommend that Code Level three remains the standard for new build social housing, and that the Government continues the timetable for higher code levels as planned.

110. It is important to hold onto and expand the necessary skilled workers so the construction industry can expand again as the economy recovers. **We recommend that the Government continue to prioritise training for the building sector, with an emphasis on the skills associated with the shift towards building homes that meet the Government’s commitment to achieving zero carbon housing by 2016.**

Retro-fitting

111. There was considerable concern in the evidence that while new homes have to adhere to statutory energy efficiency requirements, there remains an important need to retrofit older sub-standard housing with energy efficient measures that is not being met.¹⁵⁶ As Stuart Roberts, Hampshire County Council, pointed out:

Even in 20 years’ time, the stock that already exists and was built some while ago will still constitute the vast bulk of the housing stock. Therefore, retrofitting the existing stock is the big issue. If you just focus on new build, you are missing the bulk of the problem.¹⁵⁷

152 Q 42

153 Ev 71; Ev 142

154 Ev 83

155 Roger Tym & Partners/Land Use Consultants, *Augmenting the Evidence Base for the Examination in Public of the South East Plan, May 2006*, May 2006. See Ev 87

156 Ev 51

157 Q 24

112. Research commissioned in Kent Thameside concluded that the most effective efficiency measure is double glazing, followed by the filling of gaps in flooring, door frames and skirting.¹⁵⁸ These are improvements that have added relevance for the ageing population and unpredictability over future utility bills.¹⁵⁹

113. It was suggested to us that while grants and incentives have been made available by Government to help retro-fit existing housing stock, such as the Warm Front initiative,¹⁶⁰ but that some local authorities are “just not engaged with the agenda, which is a rather worrying state of affairs” regarding retrofitting.¹⁶¹ The House of Commons Environmental Audit Committee, in its recent report on Adapting to Climate Change, was also concerned. They recommended that:

The Government remove any administrative barriers, and encourage local agencies, to establish one-stop shop services capable of providing the public with integrated retrofitting programmes covering adaption, water efficiency and energy efficiency.¹⁶²

114. Pam Alexander said it was unfair to lay the blame with local authorities and explained there were difficulties as “it costs a lot to retrofit, because we are doing it in lots of different ways and everybody is experimenting, and builders can then very reasonably say that the cost does not justify the expense” but “If we could get some critical mass behind retrofitting, that would bring the cost of it down.”¹⁶³ Martin Tugwell explained there were local partnerships in the region involving the private sector, the Carbon Trust and the Energy Saving Trust that were starting to make progress.¹⁶⁴

115. The Government announced the green homes strategy on 2 March. It sets out the target for cut carbon emissions from homes by 29% by 2020. The strategy includes a focus on vulnerable households and plans to raise the standards of energy efficiency in both private rented and social housing. It also sets out a payment scheme that aims to even out the up-front costs of retro-fitting measures.¹⁶⁵ The green homes strategy is in addition to the Government’s ongoing Decent Homes initiative that aims to refurbish all social housing, and vulnerable households in the private sector, to set minimum standards by 2010. The set minimum standards include the criterion of a reasonable degree of thermal comfort. In their latest inquiry Beyond Decent Homes, the Communities and Local Government Committee recommended that the maintenance and improvement of the existing stock must be given equal priority to the building of new homes.¹⁶⁶

116. Retro-fitting of the current housing stock is both urgent and necessary. Carrying out work to make the current housing stock more sustainable maintains jobs,

158 Ev 41

159 Ev 142

160 Q 123

161 Qq 43–44

162 Environmental Audit Committee, Sixth Report of Session 2009-10, *Adapting to Climate Change*, HC 113

163 Q 86

164 Q 86

165 HM Government, *Warm Homes, Greener Homes: A Strategy for Household Energy Management*, 2 March 2010

166 Communities and Local Government Committee, Fourth Report of Session 2009-10, *Beyond Decent Homes*, HC 60-I, para 136

invigorates skills that will be in demand in a future green economy, contributes to lowering fuel bills and improves the standard of living for residents. We support the initiatives and joint working that have already started in the region, but recognise that retro-fitting remains unevenly carried out, and that it involves advance expenditure for benefits that accrue over the long term. We look forward to seeing evidence that the Green Homes initiative is the mechanism that can provide the ‘critical mass’ necessary to make significant progress across the board.

Sustainable communities

117. The Sustainable Communities Plan, launched in 2003, set out a long-term programme for improving quality of life alongside housing delivery. Ideally, sustainable communities include well designed public and green space; good public transport and infrastructure links; engagement with local people in their planning; buildings that can meet different needs over time; developments of an adequate size, scale and density that minimise use of resources; local public services, including healthcare, education and leisure facilities; a local culture that inspired pride and a sense of place; and a well integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes.¹⁶⁷

118. However, as we described above, the evidence we received suggests that we are building high density, small, one or two bed flatted developments which may have a mix in tenure but will not necessarily have a range of household size or incomes. We asked our witnesses if they thought we were building sustainable communities. The South East Forum on Sustainability said,

Social, and especially green infrastructure, is important with open space being at a premium. The over-supply of flats and smaller houses also connects with house size generally, with the size on an average new house being half of that in Denmark. This is socially damaging as an unhappy, overcrowded community is not a sustainable one.¹⁶⁸

119. The House Builders Federation commented on the difficulty of providing extra services at the same time as housing, “at the moment we see people—local authorities—trying to plug their budgets, almost with s.106 contributions, by saying, ‘We don’t have enough money to provide schools in our area, so we will put that cost on development;’”.¹⁶⁹

120. Pam Alexander said:

In the past, when we had mono-tenure, whether it was local authorities, or indeed social landlords through housing associations, and before we required that mixed tenure to be such a major part of section 106 agreements, we were producing single-tenure estates, and I do not think that any of us want to go back to that situation. So

167 Office of the Deputy Prime Minister, *Sustainable Communities: Building for the Future*, February 2003

168 Alan Evans & Oliver Marc Hartwich, *Unaffordable Housing, Fables and Myths*, Policy Exchange, 2005 in Ev 83

169 Q 20

there is another issue, which is to ensure that we have the right mix of tenures within any development.¹⁷⁰

121. Howard Ewing, Deputy Regional Director, Government Office for the South East, described the redevelopment at Rowner, in Gosport, where he hoped the housing regeneration would provide for a better living environment, including youth facilities and a Sure Start centre. He said,

[...] currently there are 500 units on this estate that are pretty shoddy and pretty dreadful places that none of us would want anyone to live in. They are being replaced by 700 units of mixed family housing of high-quality design. There are one-bedroom flats and two-bedroom flats, but there are also terraced family houses in there. The impact of that on the community is quite extraordinary. There is a strong community spirit, and they can now see that something is happening to improve their conditions, but in a well-designed and high-quality way.¹⁷¹

122. We fully support the creation of communities that will create a variety of property types, size and tenure. The challenge remains to build sustainable communities that also include attributes such good public transport, facilities and design that is sympathetic to the needs of young and old, easy access to public services, local employers, green space and an engagement with the community that inspires collective pride and respect.

Housing for an ageing population

123. Over the last 30 years the average life expectancy for men has risen from 69 to 75, while for women it has risen from 76 to 80. Within 20 years, it is expected that one in four UK adults will be pensioners.¹⁷² People are living longer, many are remaining healthy and active longer, and the housing that might have been provided for them in the past is not necessarily suitable for current needs.¹⁷³

124. In 2007, 16.6% of residents in the South East were aged 65 and over, compared with 16.0% for England as a whole.¹⁷⁴ The size of the ageing population will increase rapidly during the next 20 years and the population aged over 60 in the South East is projected to increase by 58% by 2031 with the fastest rate of growth among people aged 85 and over.¹⁷⁵ At the moment the highest proportion of our ageing population is located across the coastal areas, however, over the next 20 or 25 years this emphasis will move around our current growth areas (towns like Aylesbury, Milton Keynes, and the Medway towns).¹⁷⁶

170 Q 85

171 Q 111

172 www.thecarer.co.uk

173 Ev 78; Ev 115

174 Office of National Statistics, *South East Regional Profile*, June 2009

175 South East England Partnership Board, Think piece, *The Housing needs and aspirations of older people*, May 2009

176 Q 87

Gathering information and assessing need

125. The South East Plan stated that local authorities should identify the full range of housing needs in their areas,¹⁷⁷ having regard to particular groups including older and disabled people, people with mental health problems, and families with children and others, as well as the size of homes required. A recent Audit Commission report on how Councils are dealing with an ageing population said that “poor housing and environment” was one of the main causes of social care need. Its report, *Under Pressure*, says that councils do not know enough about the cost implications of their ageing population, and may miss savings that could flow from preventive services and better work with partner organisations, particularly those involved with, among others, housing.¹⁷⁸

126. Stuart Roberts agreed that Councils could do more to understand the needs of an ageing population:

It is a big ticking time-bomb issue that councils have not fully addressed yet. It was partly for that reason that Hampshire County Council undertook a study of the needs of the elderly last year [...] There is a vast array of information within that in terms of future need and the growth in the elderly population.¹⁷⁹

127. Royal Institution of Chartered Surveyors also announced their intention to commission research to quantify the scale of ageing in the region and to consider the implications this will have for housing and inclusive built environment and public realm access.¹⁸⁰

128. Pam Alexander told us that the Partnership Board was currently carrying out on demographic change and the needs of an ageing population as part of its Think Pieces series.¹⁸¹ She recognised that there were key issues around the types of housing currently being produced for older people and the need to be flexible to their needs throughout their lives.¹⁸² Pam Alexander said that it is being taken very seriously by all local authority members as well as other partners, and stressed the importance of producing homes flexible to people’s needs throughout their lives and how to apply the standards for lifetime homes.¹⁸³

129. The Regional Minister understood the desire for someone who has retired to want an energy efficient home that can be adapted over time according to changing needs.¹⁸⁴ Howard Ewing said:

177 Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009, Policy H4. Policy CC5 of the South East Plan also says that local authorities and public agencies have to assess and plan for the future social needs of an ageing population. This includes changes to the existing housing stock and provision in new housing developments such as sheltered housing.

178 Audit Commission, *Under Pressure*, 18 February 2010

179 Q 26

180 Q 45

181 South East England Partnership Board, Think piece, *The Housing needs and aspirations of older people*, May 2009

182 Q 87

183 Q 87

184 Q 117

We encourage local authorities to pay particular attention to design [...] It is really important. They have a key role to play, both in setting the terms of their local plans but also then in looking at the individual planning applications. We can do that not just in a passive way but by working with developers up front, so that there are no surprises on either side. So, if the developer is developing something that a local authority might not find suits its local needs, the sooner that is known the better.¹⁸⁵

130. There has been some research into the needs of an ageing population in the region. However, it is a serious concern for *all* the region. Local authorities must carry out specific research into the housing needs of the ageing population in their region, now and in the future, and build their findings into local housing strategies.

Sustainability of current housing for an ageing population

131. The South East Forum on Ageing (SERFA) told us that the major demographic change of an ageing population was not being addressed adequately in mainstream housing policy. In particular it remained either an afterthought or not considered at all in design, location or planning. In evidence to us Pat Strachan, Housing Action Support Manager from SERFA, articulated this even more strongly: “We feel that, generally, elder people have been ignored.”¹⁸⁶

132. The importance of good housing for an ageing population is reinforced by the fact that older people spend more time at home and so the suitability of housing significantly impacts on their health, well-being and their ability to maintain independence in later life. Many older people live in their own home in the general housing stock including many people retiring off lower incomes who were given the chance to buy their own ex-council property,¹⁸⁷ and cannot necessarily afford high maintenance or renovation costs.

133. SERFA also make the point that although they support standards for new build homes, new build is only part of the story. It was important to enable people to remain in their own homes if they wish, which can mean unblocking barriers and delays for aids and adaptations, retrofitting and insulating homes, and generally maintaining existing stock. Several witnesses commented on the lack of variety in housing provision for older people. Chris Balch, RICS, said it was important to provide housing for older people within a community rather than just in a retirement complex.¹⁸⁸ This Richard Bayley from Places for People agreed: “integrating different ages of people within communities and providing care in the home ... are both important parts of the future for older people.”¹⁸⁹

134. It is also important to consider the wider physical attributes to a community that are important when considering the ageing population. Key physical features cited by older people include good public transport and safe, well maintained, well lit and wider

185 Q 118

186 Q 52

187 Ev 58

188 Q 45

189 Q 45

walkways with dropped curbs. They also wanted a wide range of facilities such as toilets, local shops, the Post Office and health related services.¹⁹⁰

135. SERFA is concerned that new home building is not meeting the housing needs and aspirations of an ageing population. They felt there had been a reduction in space and design standards over the past 20 years that has left more of the housing stock less adaptable to a person's needs if they became less mobile.¹⁹¹ Richard Bayley felt the products and solutions would be quite a lot different from what they were in the past.¹⁹²

136. Richard Bayley impressed upon us that what older people require will change because the older aged market will be much more significant, and the current provision of sheltered accommodation, warden control and retirement villages, is not how he saw the market evolving over the next five to ten years. Rather he saw the products and solutions being quite a lot different from what they were in the past.

137. Lifetime Homes, published in 2008, sets out the need to build housing that is flexible for the future needs of the ageing population, taking into account design aspects such as hallways, bathroom layouts etc. Lifetime Homes design criteria will be mandatory with level six of the Code for Sustainable Homes. The Regional Minister was very supportive of the intention to produce well designed homes that people will want to live in.¹⁹³

138. We received support for the Lifetime Homes strategy, SERFA wanted the criteria to be mandatory on all new build,¹⁹⁴ but others suggested it should not be introduced at the expense of reduced space.¹⁹⁵ Places for People were of the view that that initiatives such as Lifetime Homes, "can sometimes be a bit of a blunt instrument. What you need is the flexibility to provide what older people will want in the future, rather than particular design criteria."¹⁹⁶ Neither did Lifetime Homes allow for the issue that many people wanted to stay in their own home.¹⁹⁷ It is more difficult to adapt present homes.

139. Several witnesses raised the issue of older people occupying larger homes and how they could be encouraged to downsize. Wendy Lane also agreed that the housing needs of older people should be considered in a wider context:

Our strategic housing market assessment says that providing for older people can be part of a really good mix for us [...] by downsizing, they can free up family accommodation elsewhere, which bears a high level of under-occupation in our social housing stock. People do not feel that they have a product that they can move

190 Ev 58

191 Ev 58

192 Q 46

193 Q 117

194 Ev 58

195 Ev 51

196 Ev 142

197 Q 46

into [...] having a holistic approach to all provision, of which the older person is a key component, is a win-win situation for everyone.”¹⁹⁸

140. It is important that the region take a more holistic approach to addressing the needs of older people and to planning for an ageing population. Standards for new build are important, but there has to be a greater focus on how to improve existing housing stock, incentives for making improvements and providing suitable alternatives.

141. Housing for older people takes many forms including sheltered and the provision of extra care depending on the level of care afforded at each site. Local authorities should ensure that new provision in their area matches the needs of the local population.

6 The South East and its neighbours

142. The region is still growing on a long term basis, with inter-regional migration adding a net 22,000 people, and international migration increased the population of the South East by 30,000 in 2007.¹⁹⁹ The region also experiences considerable daily commuter flows—370,000 people travel to London while 128,000 Londoners travel outwards to jobs in the South East each day. There are considerable commuter flows around other urban centres such as Reading.²⁰⁰

143. We received from local authorities in the South West commenting on the effect of greater inter-regional migration and increased commuter flows, urging the South East to acknowledge the impacts of its aspirations for economic growth on neighbouring regions. They refer to the high rates of economic growth planned for the PUSH area which “are not sufficiently self-contained in terms of the housing supply needed within the South East region to meet the jobs and population growth associated with such economic expansion.”²⁰¹

144. The South West Councils were concerned that these issues were not addressed in a national strategy, and as result the South East Plan did not make enough provision to “consume its own smoke”, but rather assumes that surrounding regions would absorb out-migration from the South East, and that it was “vitaly important that the South East Region is able to acknowledge and address this issue.”²⁰²

145. The South West Councils Strategic Leaders’ Board told us that the South East needs to consider the impact of a housing shortage, particularly in affordable housing, on neighbouring regions. It stated that, “The provision in the South East of more market and affordable houses for people on medium and lower incomes, better related to main centres of employment and, vitally, with a sufficiently attractive living environment would in our view make a serious contribution towards increased sustainability in both regions.”²⁰³

146. NHPAU stressed the need for working across regional boundaries:

A point of principal importance is that housing markets areas go across local authority boundaries and that failing to provide sufficient housing in one local authority has knock-on effects on neighbouring areas. There is a need for concerted action if affordability is to be improved and the perceived burden of new housing is to be equitably shared.²⁰⁴

199 Office of National Statistics, *South East England Regional Profile*, updated June 2009

200 The Government Office for the South East, *The South East Plan: Regional Spatial Strategy for the South East of England*, London, The Stationery Office, May 2009, May 2009

201 The South West experiences a net excess of workers commuting out of the region (6% of all in employment in 2001), mainly to London and the South East. In 2001, almost 34,000 more people left the South West to work in the South East and London than commuted in the opposite direction into the region. See Ev 62

202 Ev 62

203 Ev 126

204 Ev 75

147. Andrew Whitaker from the House Builders Federation said the relationship was not always recognised, “Unfortunately the South East doesn’t want to face up to the fact that its role in life is partly to support the economic driver of London as a world city.”²⁰⁵ Richard Bayley from Places for People pointed out that businesses can be footloose as well as commuters; and providing the right mix of family housing or one and two bedroom housing is critical to making sure that the South East economy supports those industries that are flexible in where they might choose to locate themselves.²⁰⁶

148. Chris Balch from RICS acknowledged that migration from London is a significant component of demand and added to the pressure on family-sized housing in the South East: “In terms of people’s life cycle and their housing needs, location of families out of London is a significant dimension of that.”²⁰⁷ The Regional Minister agreed with this and admitted it was a:

challenge for us in terms of planning, because we want people to live in cities and to bring up their families there, to have a mix of socio-economic groups. [...] Getting that right is always a balance. Sometimes the market will force the pace, perhaps in one area where we’d like to see a more desirable balance. It is something that we need to be alert to.²⁰⁸

149. Matthew Laxton pointed out that the Local Democracy, Economic Development and Construction Act 2009 contains an obligation on adjoining regions to work with each other and to have regard in their plans for the needs of their neighbours and their regional strategies, and that there were various regional forums to explore issues such as how London planning impacts on the South East. Howard Ewing gave the example of the Regional Housing Regeneration Board which had been asked to comment on the London Plan as it was being made and during implementation.²⁰⁹

150. The Minister affirmed that there were close relationships between regional ministers, but recognised that there was scope for more discussion at this level on the impact of housing and economic plans, and that “There hasn’t been a discussion about particular housing plans for our respective regions. Perhaps that is something that we need to do more of.”²¹⁰

151. We welcome working relations between regions and support the engagement and consultation between regional authorities to discuss how Regional Strategies may impact upon each other. We support greater cooperation and coordination between regions to understand the effects of the housing situation in one on another and to quantify the costs and benefits of planning decisions in terms of commuting between regions, overspill and environmental issues.

205 Q 38

206 Q 39

207 Q 39

208 Q 96

209 Q 98

210 Q 101

152. Issues relating to housing do not stop at the regional boundary. If affordable housing is not located near areas of employment, it will add to the considerable pressure on the region's transport system and further complicates the provision of infrastructure. We recommend that the Regional Minister raise the issue of housing, and the co-ordination of delivery as the economy improves, with his neighbouring Regional Ministers for the South West and London.

Conclusions and recommendations

Economic and social consequences of not meeting housing targets

1. We recommend that annual targets be retained as a key performance target, since they provide a useful benchmark, provided that they are reviewed on a regular basis and recognised as averages that will not necessarily be met every year. In disaggregating the regional target to local authority areas varying local circumstances must necessarily be taken into account, but some regional oversight is necessary still to ensure that local areas address such variability in consistent ways. We acknowledge that opportunities for future house building should continue to be limited in the more environmentally sensitive parts of the region and in coastal areas and that more work be put into identifying these areas at a regional level. (Paragraph 16)
2. We recommend that SEEPB and GOSE take full account of the higher house building targets suggested by the NHPAU projections as a matter of urgency and be prepared to revise their target upwards. (Paragraph 17)
3. Whilst campaign groups go to great lengths to explain to the public the negative impact of home building, too little is done to explain the negative impact of failing to meet targets. We recommend that the Government and its agencies do more to ensure the public has a rounded view of the issues. (Paragraph 19)

Infrastructure

4. We therefore recommend that as a matter of urgency the Government reviews its funding mechanisms for providing development related infrastructure, in view of the concerns it has heard about the ability of s.106 and Community Infrastructure Levy to respond to the current crisis. (Paragraph 36)

Balancing an urban focus with meeting rural needs

5. We recommend that further attention be given to rural housing in reviewing the South East Plan in view of the exacerbated problem of affordability in rural areas. The committee does recommend that greater attention be paid to alternative models for providing housing land in rural areas, including community land trusts and nomination rights. (Paragraph 48)
6. We recommend caution in considering any increase in the current target. Whilst we support the broad principle of prioritising development on brownfield sites, easy options for housing development on brownfield land have already been used-up in some parts of the region. We heard with some concern that the brownfield target may be having perverse impacts, including loss of local employment where existing employers are tempted to sell up their land to housing developers. We recommended that clearer policy guidelines be provided:
 - to prevent perverse policy outcomes;

- to protect sites that sometimes have alternative value for nature conservation of urban greenspace; and
- that have the potential to add to green infrastructure of the urban areas themselves, particularly in those areas where substantial new development has been planned or already put in place. The committee recommends that serious consideration be given to rebalancing the need to protect rural open space with the need to provide, protect, and improve urban greenspaces. (Paragraph 49)

Green Belt

7. There are advantages to the green belt policy and it is undeniable that it has helped to retain the rural character of large areas of the region which otherwise would have become overwhelmed by urban sprawl in the last 50 years. However, it was designed for a different time, and it is now working against the ideal of sustainable communities which hope to encourage people to work, rest and play in the same local area. As a result, there are areas of the region where the green belt is adding stress to the immediate transport network and inadvertently placing pressure for development on valuable areas of greenspace within urban areas. We recommend continuing support for this policy of selective review of green belt in the South East Plan. (Paragraph 59)

Environmental constraints

8. We are aware that the landscape and environmental assets are part of what makes the South East such an attractive place to live and work. We recommend that as part of their preparation of the Single Regional Strategy, the SEEPB fully engage at an early stage with regional agencies involved in environmental protection, such as the Environment Agency and Natural England, and the third sector. (Paragraph 62)

Affordable housing

9. We are concerned that the region is currently not achieving the 35% target set out in the South East Plan. We consider it essential that local authorities, and their partners in housing delivery, continue to aim for the 35% target as a minimum. We welcome the higher sub-regional targets and support those authorities who are working to deliver a higher percentage where possible. (Paragraph 71)
10. The provision of affordable housing has not satisfied need while the region has been meeting the South East Plan target. The number of housing starts (the commencement of house building) has reduced during the recession and a backlog of demand is accumulating. We are concerned that it might take several years for housing delivery in the region to deal with the backlog without either an injection of subsidy to make schemes viable under the current system or through alternative ways of delivering affordable housing. We urge the Government to explore additional methods of providing affordable housing, including the residential property fund and community land trust initiatives suggested to us. (Paragraph 77)

11. Maintaining momentum in the construction of new homes is vital for the provision of affordable homes. While the economy may be moving into recovery, the level of housing starts in the region is extremely concerning, and without the increase in grant rates enabling borderline developments to go ahead, the number of starts will have been much worse. The Homes and Communities Agency has only been able to do this by bringing forward funding from future financial years. It is essential that the Homes and Communities Agency is able to maintain its investment in affordable housing until the housing market has stabilised. The Government has to ensure that the HCA has the funding it needs to be able to continue this work. (Paragraph 85)

Social rent and intermediate sale

12. We welcome the measures, taking effect from April 2010, that mean private landlords will need to apply for planning permission if they want to alter a family property to a shared house with three or more tenants who are not related, and the recently published proposals for councils to license landlords, requiring them to provide safe and quality rented accommodation, and to register letting agents. (Paragraph 94)
13. There is currently increased demand for rented housing, and some local authorities are taking steps to provide more social rented housing to meet this demand. We support their steps to meet housing need, particularly given the current fluctuations in demand. These fluctuations are likely to continue as the economy improves, when the demand for intermediate properties may expand. It is important that local authorities retain the ability to alter the split between social rented and intermediate housing tenures within the affordable proportion of new housing. (Paragraph 95)
14. In addition, it is desirable that there is a good mixed provision of intermediate housing, social rented and private rented in most areas to be able to react to fluctuate to variations in the housing market. It is for the planning authority to determine, within the framework outlined in the South East Plan and the evidence available to them, the relative proportions in each development. (Paragraph 96)

Family homes and flats

15. It is important for the Government, and the HCA, to recognise and publicise best practice in designing housing developments that achieve a balance of flats and houses within the 40 dph target. (Paragraph 103)
16. There are thousands of families in the region in overcrowded conditions, over half of which are in the social rented sector. We support the current Housing Strategy target for 25% social rented housing and 15% intermediate housing to be three or more bed family homes, and urge the Regional Housing Board to consider maintaining this target in their strategy after 2011. (Paragraph 105)

Sustainable homes

17. The Code for Sustainable Homes is an important and admirable and important aim, and one we should not compromise on with the housing standards we have decided

upon. One of the lessons of previous improvements in housing stock has been if you provide sub-standard housing now, it will not retain its value, it will become uninhabitable quicker, it will cost more to maintain in the long term, and eventually it will have to be replaced at greater cost. The Government needs to continue to encourage the highest standards attainable and provide housing that anyone would be proud to live in for a long time to come. We recommend that Code Level three remains the standard for new build social housing, and that the Government continues the timetable for higher code levels as planned. (Paragraph 109)

18. We recommend that the Government continue to prioritise training for the building sector, with an emphasis on the skills associated with the shift towards building homes that meet the Government's commitment to achieving zero carbon housing by 2016. (Paragraph 110)

Retro-fitting

19. Retro-fitting of the current housing stock is both urgent and necessary. Carrying out work to make the current housing stock more sustainable maintains jobs, invigorates skills that will be in demand in a future green economy, contributes to lowering fuel bills and improves the standard of living for residents. We support the initiatives and joint working that have already started in the region, but recognise that retro-fitting remains unevenly carried out, and that it involves advance expenditure for benefits that accrue over the long term. We look forward to seeing evidence that the Green Homes initiative is the mechanism that can provide the 'critical mass' necessary to make significant progress across the board. (Paragraph 116)

Sustainable communities

20. We fully support the creation of communities that will create a variety of property types, size and tenure. The challenge remains to build sustainable communities that also include attributes such as good public transport, facilities and design that is sympathetic to the needs of young and old, easy access to public services, local employers, green space and an engagement with the community that inspires collective pride and respect. (Paragraph 122)

Housing for an ageing population

21. There has been some research into the needs of an ageing population in the region. However, it is a serious concern for *all* the region. Local authorities must carry out specific research into the housing needs of the ageing population in their region now, and in the future, and build their findings into local housing strategies. (Paragraph 130)

The South East and its neighbours

22. It is important that the region take a more holistic approach to addressing the needs of older people and to planning for an ageing population. Standards for new build are important, but there has to be a greater focus on how to improve existing

housing stock, incentives for making improvements and providing suitable alternatives. (Paragraph 140)

23. Housing for older people takes many forms including sheltered and the provision of extra care depending on the level of care afforded at each site. Local authorities should ensure that new provision in their area matches the needs of the local population. (Paragraph 141)
24. We welcome working relations between regions and support the engagement and consultation between regional authorities to discuss how Regional Strategies may impact upon each other. We support greater cooperation and coordination between regions to understand the effects of the housing situation in one on another and to quantify the costs and benefits of planning decisions in terms of commuting between regions, overspill and environmental issues. (Paragraph 151)
25. Issues relating to housing do not stop at the regional boundary. If affordable housing is not located near areas of employment, it will add to the considerable pressure on the region's transport system and further complicates the provision of infrastructure. We recommend that the Regional Minister raise the issue of housing, and the co-ordination of delivery as the economy improves, with his neighbouring Regional Ministers for the South West and London. (Paragraph 152)

Formal Minutes

Tuesday 30 March 2010

Members present:

Dr Stephen Ladyman, in the Chair

David Lepper
Gwyn Prosser

Mr Andrew Smith

Draft Report (*Housing in the South East*), proposed by the Chair, brought up and read.

Ordered, That the Chair's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 152 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Report be printed, in accordance with the provisions of Standing Order No.137 (Select committee (adjournment of the House)).

Written evidence was ordered to be reported to the House for printing with the Report.

[The Committee adjourned.]

Witnesses

Tuesday 23 February 2010

Page

Wendy Lane, Principal Planner, Gravesham Borough Council, **Diana MacLean**, Housing Strategy and Development Manager, Forest District Council, **Stuart Roberts**, Head of Spatial Strategy and Research, Environment Department, Hampshire County Council, and **Councillor Ed Turner**, Deputy Leader and City Executive Board Member for Finance, Housing and Strategic Planning, Oxford City Council. Ev 1

Chris Balch, Royal Institution of Chartered Surveyors, **Richard Bayley**, Places for People, and **Andrew Whitaker**, Home Builders Federation. Ev 8

Edward Dawson, Campaign to Protect Rural England, **Warren Finney**, South East Housing Coalition, **Richard Moyse**, Wildlife Trusts in the South East, and **Pat Strachan**, Housing Action Support Manager, Care and Repair England and South East Forum on Ageing. Ev 14

Tuesday 9 March 2010

Pam Alexander, Chief Executive, SEEDA, **Councillor Richard Gates**, Leader, Waverley Council and Regional Housing and Regeneration Board member, **Paul Lovejoy**, Executive Director for Strategy, SEEDA, and **Martin Tugwell**, Director of Regional Investment, South East England Partnership Board. Ev 21

Jonathan Shaw MP, Minister for the South East, **Howard Ewing**, Deputy Regional Director for Sustainable Communities and **Matthew Laxton**, Head of Service for Housing and Planning, Government Office for South East. Ev 28

List of written evidence

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2	Gravesham Borough Council	Ev 41
3	New Forest District Council	Ev 44
4	Mid Sussex District Council	Ev 45
5	The Guildford Society	Ev 47
6	Laura Moffatt MP	Ev 49
7	Gleeson Strategic Land Limited	Ev 49
8	CPRE South East	Ev 51; Ev 151
9	South East Forum on Ageing (SERFA)	Ev 58
10	Anne Milton MP	Ev 61
11	Dorset County Council and the Unitary Authorities of Bournemouth Borough Council and Borough of Poole	Ev 62
12	The Wildlife Trusts in the South East	Ev 68
13	Home Builders Federation	Ev 71
14	National Housing and Planning Advice Unit (NHPAU)	Ev 75
15	Cllr Ian Tilbury	Ev 78
16	Wokingham Borough Council	Ev 80
17	South East Fire Improvement Partnership	Ev 81
18	Mr Rodney Jackson	Ev 82
19	South East Forum for Sustainability (SEFS)	Ev 83
20	Oxfordshire County Council	Ev 86
21	South Downs Joint Committee	Ev 87
22	Wealden District Council	Ev 92
23	South East Housing Coalition	Ev 92
24	Royal Institution of Chartered Surveyors South	Ev 97
25	Oxford City Council	Ev 101
26	Isle of Wight Council	Ev 105
27	South East England Partnership Board	Ev 108
28	Mr Oliver Christopherson	Ev 113
29	Basingstoke and Deane Borough Council	Ev 115
30	Canterbury City Council	Ev 118
31	Guildford Borough Council	Ev 122
32	South West Leaders' Board	Ev 126
33	East Guildford Residents Association	Ev 128
34	Partnership for Urban South Hampshire (PUSH)	Ev 130
35	Hampshire County Council	Ev 137
36	Burgess Hill Town Council	Ev 142
37	Places for People	Ev 142
38	Homes and Communities Agency (HCA)	Ev 146

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2009–2010

First Special Report	South East England Development Agency and the Regional Economic Strategy: Government and South East England Development Agency responses to the Committee's First Report of Session 2008–09	HC 200
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Session 2008–2009

First Report	South East England Development Agency and the Regional Economic Strategy	HC 516–I and II
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