

# **Planning for Housing Provision – Consultation Paper (ODPM, July 2005)**

## **Comments by CPRE London**

**August 2005**

### **Summary**

1. The proposals set out in *Planning for Housing Provision* would constitute fundamental changes in the way that the land use planning system deals with the management of the supply of land for housing. This paper highlights those changes and addresses the role of local planning authorities (LPAs), highlights and comments on the apparent underlying assumptions in the consultation paper and suggests a number of changes to the proposed approach that would better meet the objective of managing the land supply in line with national, regional and local policy objectives.

2. While some elements of the proposals put forward in the consultation paper could be helpful in a modified system for the better management of the land supply for new housing, the broad thrust of the proposals is based on at least two fundamental premises which are, at the very least, highly questionable and, in CPRE's view, inaccurate and misguided. The proposals are also based on various highly questionable assumptions about the proper role of the land use planning system, the nature of the housing market and causes of the 'delivery shortfall'.

3. The first of the fundamental premises upon which the proposals are based is that LPAs are not releasing sufficient land in certain areas to satisfy market demand and that this is creating problems of non-affordability. Below, we explain that a policy of meeting market demand with greater supply is unlikely to lead to significantly greater affordability. We point out, however, that it will lead to a proliferation of greenfield development at the expense of urban regeneration.

4. The second premise appears to be that the Government's preferred way to bring additional land forward for development in growth areas is to make it easier for greenfield sites to be released for development even where well located urban brownfield sites remain undeveloped. Below, we explain that this is essentially an abandonment of the sequential approach and sequential testing in growth areas and will undermine urban regeneration objectives. Fundamentally, the consultation paper may be seen as an inappropriate response to the impasse created by, on the one hand, the success of PPG3 – *Housing* – in protecting greenfield sites from development while, on the other hand, insufficient resources have been made available to overcome the costs and other difficulties involved in bringing urban brownfield sites forward for redevelopment. What the reasoning behind the proposals fails to appreciate is that the political and technical difficulties associated with bringing urban brownfield land back into use will not be solved by making it easier for developers to obtain planning permission on greenfield sites.

5. In addition to these questionable assumptions and premises, despite advocating high growth rates in designated areas, the proposals sit uneasily with the notion – accepted within the proposals - that housebuilding targets for LPA areas should continue to be determined at a regional level through RSS review, rather than locally and taking account of a range of policy

objectives. The proposals hint strongly that, in areas designated for high rates of growth, housebuilding targets should be determined more or less automatically by the level of market demand<sup>1</sup>. The process of reviewing RSS (and, subsequently local development frameworks - LDFs) is very much played down<sup>2</sup>, giving the impression that RSS review is seen as little more than a bureaucratic obstacle and a formality. There is a fundamental inconsistency there which appears not to recognise that raising targets to meet market demand will not be so simple and without controversy if the RSS process is to be a useful one.

6. Moreover, the proposals do not adequately address the fundamental issue of what rationale should be applied in the setting of numerical targets for individual LPA areas in the RSS review process. The proposals are clear that ‘market information’ is likely to feature to a greater extent in those decisions, but no guidance is offered as to how, in the review of RSS, meeting market demand should be reconciled with other policy objectives. The result is likely to be that, while various unnecessary complications are introduced into the planning system at a local level (such as ‘floor’ or ‘ceiling’ targets, ‘windfall allowances’ and differential growth rate designations), these will not impact on the ‘crunch’ decisions that will still be taken in the same place – RSS review. As we explain below, if those decisions are still to be made at the RSS review stage, then several of the additional mechanisms advocated in the proposals effectively become redundant, but they will nevertheless lead to the sequential approach being undermined. Fundamentally, despite the fact that the consultation paper proposes that it is at the regional level that ‘market information’ needs to be taken better into account<sup>3</sup>, almost all of the mechanisms that it proposes are aimed at the *local* level.

7. However, despite all of the shortcomings identified above, CPRE is likely to welcome several elements of the proposals that appear to be consistent with what has been proposed in December 2000 by CPRE in its interpretation of the ‘Plan, Monitor & Manage’ (PMM) approach<sup>4</sup>. Although further clarification is required by ODPM, these include:

- the use of housing land availability assessments, including a windfall estimate;
- frequent review of local housebuilding numbers through reviews of RSS;
- the use of phasing and the sequential approach
- a maximum 5-year supply of land immediately available for release at any one time;
- annual monitoring of delivery rates;
- annual monitoring of contextual indicators; and
- annual review of housebuilding rates through Supplementary Planning Documents (SPDs)

### **Summary of effects**

8. The effects that the proposals would have on the management of the supply of land for housing are as follows:

9. *Sequential testing* – In areas designated for growth, the ability of all LPAs to encourage brownfield sites to be redeveloped in preference to the unnecessary development of greenfield sites would be substantially undermined. Under the proposals, the sequential

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<sup>1</sup> Paragraph 42, page 30.

<sup>2</sup> Paragraph 11, page 23.

<sup>3</sup> Paragraph 6, page 21.

<sup>4</sup> *Plan, Monitor & Manage*. CPRE, December 2000.

approach to site allocation in plans and the sequential testing of individual sites for release to developers, as advocated in PPG3, could generally become a thing of the past in growth areas. Further, the effect of the proposals would be to undermine the ability of LPAs in areas in need of regeneration to attract developers.

10. *Growth rates* - In areas identified for high rates of housing growth, LPAs could effectively be prevented from restraining the rate of housing development up to the limit of market demand in the interests of achieving a range of policy objectives, including social and environmental objectives.

11. *Local democracy* - Both of the above effects would, in turn, undermine confidence in local democracy by preventing LPAs from managing the pattern and rate of housing growth in line with the wishes of their constituencies and, indeed, in line with that identified in the local development framework (LDF). As LPAs continue to wish to demonstrate their allegiance to prevailing local public opinion, the result may be a substantial increase in the proportion of planning applications that are dealt with by appeal, generating delay and substantial costs for local authorities.

12. *Sound regional planning* - The value and integrity of spatial planning at the regional level would be undermined. Regional Spatial Strategies (RSSs) would become vulnerable to – and reviews led by - short term fluctuations in local housing markets. As a result, the link between planning for housing growth and regionally significant transport (and other infrastructure) would be broken or substantially weakened.

### **The underlying assumptions**

13. The consultation paper appears to be based on the following assumptions, all of which are highly questionable at least. Some of these have been robustly challenged *inter alia* in CPRE's response<sup>5</sup> to the Barker Report.

14. *Improving affordability* – The first of the 'key challenges' identified in the consultation paper is that:

*'One of the consequences of a long-term under-supply of housing has been worsening affordability'*<sup>6</sup>

and the paper also states that:

*'The Barker Review concludes that inadequate land supply is a key constraint on housing supply. Unless this is addressed affordability will continue to worsen and more people will be priced out of the market.'*<sup>7</sup>

15. In our response<sup>8</sup> to the Barker Report, CPRE showed that there has not been a long term under supply of market housing and that, at any rate, worsening affordability has been created by demand side factors, such as low interest rates. The consultation paper does not address the provision of subsidised affordable housing.

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<sup>5</sup> *Building on Barker*. CPRE, January 2005.

<sup>6</sup> Paragraph 8, page 11.

<sup>7</sup> Paragraph 15, page 13.

<sup>8</sup> *Building on Barker*. CPRE, January 2005.

16. Fundamentally, no-one – not even Kate Barker - is arguing for an increase in build rates at a level sufficient to bring about a price reduction through flooding the market.

17. Nevertheless, the consultation paper claims that the affordability of housing will be improved through more closely matching the supply of market housing with demand and that, as a result, more first-time buyers will be able to enter the market. For example, it states that:

*‘the means of improving affordability is through increasing housing supply where it currently fails to meet demand’<sup>9</sup>;*

18. This link between housing supply and prices – the ‘supply-and-demand’ argument’ - is quite false in any practical sense. As CPRE’s response to the Barker Report made clear, there is a substantial surplus of dwellings over households in all regions of England and, despite the fact that those surpluses have been growing outside the south-east, house prices have continued to rise in those regions. Indeed, the Barker Report accepts that even a massive increase in market housebuilding will not reduce house prices and will only reduce the rate of price increase marginally.

19. As the consultation paper accepts, demand side factors (such as interest rates) are important<sup>10</sup>. We suggest that they are of over-riding importance. In fact, the suggestion that increasing the rate of housebuilding will even improve affordability is very strongly caveated in the consultation paper. For example, it states merely that:

*‘There is evidence that an increase in housing supply over the longer term will have a positive impact on affordability’<sup>11</sup>.*

20. Such a weak reference to the existence of ‘evidence’ cannot reasonably be taken as justification for a significant change in policy but, nevertheless, increasing affordability appears to be put forward as the principle justification for the proposals in the consultation paper. Notably, the document does not attempt to suggest that those people who are currently unable to afford market housing will be able to do so in significant numbers as a result of the proposals being adopted. Fundamentally, despite making numerous references to the need to improve affordability, the paper offers no clear mechanism by which access to social affordable housing will be increased, or the need for it substantially reduced, as a result of increasing the supply of market housing.

21. Since the Barker Report was published, some commentators have suggested that, although they accept that an increase in supply will not reduce average prices on a regional scale, it may have a greater effect at a local level in individual ‘hotspots’. The evidence even for this, however, is unclear (and it is not necessarily in the commercial interests of the housebuilding companies anyway). It is quite possible that the principal mechanism by which a substantial increase in housebuilding would act to reduce price rises in specific locations is by damaging the environment to such an extent that the area is no longer as attractive a place to live.

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<sup>9</sup> Paragraph 4, page 10.

<sup>10</sup> Paragraph 12, page 11.

<sup>11</sup> Paragraph 14, page 12.

22. In view of the above, the proposals cannot be justified on the grounds that they might improve affordability or help meet the need for affordable housing.

23. It may be an assumption within the documents that increasing the supply of market housing will generate sufficient additional money through planning obligations to fund significantly more social affordable housing, and thereby minimise the need for public funding. This might explain the support by organisations working to increase the supply of social affordable housing. However, to our knowledge, the Government has not publicly acknowledged that it is its intention to raise substantially more money for this purpose through planning obligations and to do so would almost certainly also require substantial additional public investment. In the absence of a clear policy to that effect, illustrating the relative numbers of each type of housing that would be required and the scale of additional public expenditure, the prospect of additional revenue from planning obligations cannot be an acceptable basis for a fundamental overhaul in the policy for managing the supply of land for housing.

24. **Market signals** – The consultation paper assumes that the current planning system has insufficient regard to demand in the housing market and this is given as the principal justification for the broad thrust of the proposals. For example, the first of its ‘*Principles and objectives*’ is that

*‘it is necessary to achieve a better balance between supply and demand’*<sup>12</sup>

and one of the principal challenges is that:

*‘At present the planning system tends not to take adequate account of information about the housing market’*<sup>13</sup>

25. The essential justification that is offered for this is that a better balance between supply and demand will make housing more affordable to more people. As explained above, this is highly unlikely to be true. Moreover, the paper makes no attempt to explain what the appropriate balance is and, indeed, accepts that:

*‘market-led development of land, without an effective planning system to address wider community concerns can create all kinds of problems’*<sup>14</sup>.

26. The consultation paper makes no attempt to demonstrate that an excessive regard has been had to those ‘wider community concerns’ (and neither, in fact, does the research behind the Barker Report<sup>15</sup>). It cannot be acceptable to seek to tip the balance towards the market demand in the absence of evidence that such a situation is widespread. The paper makes no attempt to explain how that balance should be struck in the face of rising house prices and, indeed, the Barker Review, upon which evidence the current proposals are based, explicitly and deliberately overlooked the environmental implications of greatly increasing housebuilding numbers.

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<sup>12</sup> Paragraph 1, page 9.

<sup>13</sup> Paragraph 8, page 11.

<sup>14</sup> Paragraph 30, page 15.

<sup>15</sup> *Review of Housing Supply. Securing our Future Housing Needs. Interim Report - Analysis.* Kate Barker, December 2003

27. **Land supply constraints** - The consultation paper appears to assume that the principle reason that more homes are not being built is that LPAs have not been releasing enough land to developers. For example:

*'The Barker Review concludes that inadequate land supply is a key constraint on housing supply.'*<sup>16</sup>

and

*'There is a positive relationship between planning permissions and housing completions, suggesting that releasing more land leads to increased levels of housebuilding.'*

28. CPRE does not agree that planning is an obstacle to housing supply. Statistics show that housebuilding in England has risen for the third consecutive year, with 154,599 homes built in the year ending 2004/5, and is at its highest level since 1995. Data show there is ample supply of sites for housing in even the most pressured regions. For example, the 2004 Regional Monitoring Report for the South East shows an increase in formally identified land supply for housing from sites for 169,395 houses to more than 200,000 in 2003 — enough for over seven years' supply at current building rates.

29. As CPRE's comments on the Barker Report made clear, the sole reason that housing output is at an historically low level compared to output over the past 50 years is because the construction of subsidised housing has collapsed. Sufficient planning applications have simply not been coming forward for subsidised housing because the public funding necessary for them has not been available. The research behind the Barker Report<sup>17</sup> made it quite clear that it is not necessarily in the interests of the housebuilding industry to substantially increase the rate of housebuilding and that the industry was slow to respond to market signals. Furthermore, it is not the supply of new housing *per se* that could ever impact on markets, but the overall volume of the *stock*, compared to demand. The consultation document fails to distinguish between the overall stock of houses and the rate at which new homes are being built.

30. Moreover, the new mechanisms within the proposals can only increase the land supply by making it easier for LPAs to release greenfield sites against the sequential approach (through, for example, allowing build rates to exceed floor targets and then allowing low priority sites to be 'parachuted' into the five year supply for immediate release without testing against the sequential approach). On the other hand, the proposals offer no new means by which the land supply can be increased by bringing urban brownfield land more rapidly into a developable state.

31. In view of the above, it is quite wrong to base a review of policy on the grounds that there is an inadequate supply of suitable land available for housing.

32. **Need and demand** – The consultation paper confuses the concept of the level of unmet 'need' for additional housing with that of the market demand and therefore appears to be based on the assumption that the two are one and the same. CPRE does not object to the

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<sup>16</sup> Paragraph 15, page 13.

<sup>17</sup> *Review of Housing Supply. Securing our Future Housing Needs. Interim Report - Analysis.* Kate Barker, December 2003

provision of new housing – even on greenfield land - where a genuine need for it has been demonstrated, but ‘need’ is quite different from market demand, both in respect of the scale of new dwellings implied and the nature of the dwellings themselves. Nevertheless, the proposals are clearly about using market demand as the principal driver of housing supply, i.e. as the ‘basis for allocating housing numbers’<sup>18</sup> and as a ‘basis for planning’<sup>19</sup>.

33. A policy of meeting market demand – even where disguised as a policy for meeting unmet need – will result in a mis-match between what the market provides and what is genuinely needed. The consultation paper makes no attempt to define ‘need’ as opposed to market demand and, indeed, it presents evidence of an increase in market demand as evidence of an increase in the scale of unmet ‘need’. For example: while the entire approach that the paper proposes is explicitly based on the objective of meeting market demand more closely, the second of the ‘Principles and objectives’ is to:

*‘achieve a step-change in housing supply in areas where homes are needed most’<sup>20</sup>*

34. The consultation paper offers no mechanism as to how unmet housing need may be satisfied by focussing on meeting market demand. It is quite wrong to cite the objective of meeting housing need as justification for a policy approach that is clearly based on meeting market demand rather than meeting unmet need.

### **The specific proposals**

35. *Sub-regional housing markets* – While the proposals make occasional references to market demand being only ‘a factor’ in determining the planned scale and distribution of new housing, it is clear that the proposals are in fact fundamentally founded on the notion that it is the pattern of market demand across the region that should be the principal determinant of the pattern and scale of development. For example, it is proposed that the sub-regional housing market should be used as the *basis* for planning<sup>21</sup>. It is also proposed that market areas should be the spatial unit to be designated for specific levels of growth<sup>22</sup> and that SPDs should be issued on the basis of such areas<sup>23</sup>.

36. If market signals were to be the principal determinant of the pattern and scale of housing development, then that would tend also to drive other development - especially transport infrastructure - to support housing growth. Such an approach overlooks the fact that the pattern of housing market areas is strongly influenced by land use planning through, for example, encouraging development in areas in need of regeneration and away from areas vulnerable to environmental damage. That is, indeed, the proper role of land use planning. Taking the pattern of the housing market as the over-riding determinant of the scale and pattern of development will lead to wider policy objectives, such as urban regeneration and countryside protection, being seriously undermined. It also undermines the ability of local authorities to make decisions based on the proper integration of local policy priorities.

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<sup>18</sup> Table 1, Proposed changes.

<sup>19</sup> Box 2.2, page 21.

<sup>20</sup> Paragraph 1, page 9.

<sup>21</sup> Page 21.

<sup>22</sup> Page 18.

<sup>23</sup> Page 19.

37. Where it is led by a policy of meeting market demand, it is unclear at what stage housing growth could be in any way constrained in the interests of wider planning policy objectives. The proposals make it clear that, where demand exceeds the numbers planned for in LDFs, then those numbers should simply be increased accordingly, *ad infinitum*:

*'If land is used up more quickly than expected...local authorities will roll forward land from the future provision through a Supplementary Planning Document [and] a partial review of the RSS will be triggered.'*<sup>24</sup> (emphasis added)

38. The proposals offer no suggestion that this 'roll forward' might ever be considered undesirable in the light of wider planning considerations. In addition, the notion of 'limited' growth above targets is accepted for areas designated for 'managed growth', but no such limit is acknowledged for areas designated for high levels of growth<sup>25</sup>.

39. Finally, it is unclear how market signals can be used to promote growth in areas in need of regeneration. By definition, such areas are likely to be suffering from relatively low demand. In order to promote demand in regeneration areas, infrastructure (including transport and civic amenities) needs to be planned in. If the pattern of housing growth - and therefore new infrastructure - is to be determined by the pattern of housing market areas, then there can be no pro-active planning for areas in need of regeneration.

40. *5-year land supply* - CPRE welcomed the removal of the requirement in PPG3 for LPAs to maintain a *minimum* 5-year supply of readily-available land for housing development. As the consultation paper acknowledges, excessive availability of land undermines the ability of LPAs to effectively prioritise the redevelopment of brownfield sites<sup>26</sup>. 5 years' requirements is sufficient to enable housebuilding to proceed in accordance with the rate agreed in the LDF but also to enable the agreed rate of housing provision to be modified should that prove necessary. It will also allow the land supply to be sufficiently controlled to allow sites to be released sequentially in order to prioritise certain sites over others (phasing).

41. It is logical for land for this 5-year supply to be identified as such within the LDF and, if that is the intention, then CPRE would support this element of the proposals. However, it is unclear whether it is indeed a *maximum* 5-year supply that is being proposed, or a return to the *minimum* 5-year supply that was abandoned for good reason in the review of PPG3. That uncertainty should be resolved in favour of it being a maximum.

42. However, despite the potential value of the maximum 5-year supply in facilitating phasing, under the current proposals, it is unclear that there will be any value even in the *maximum* 5-year supply in facilitating phasing in high growth areas. In order to make the 5-year supply system an effective tool in this regard, there needs to be some requirement for a sequential test to be applied to additional sites being brought into it from land identified for the remainder of the 15 year supply. That process should be undertaken along with a proper assessment of all the relevant planning considerations and a Supplementary Planning Document (SPD) or review of the Site Allocation DPD, as proposed in the consultation paper, may be an appropriate mechanism.

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<sup>24</sup> Page 19.

<sup>25</sup> Paragraphs 16 (a) and 16(b), page 24.

<sup>26</sup> Paragraph 18, Page 13.

43. The proposals appear to suggest that, in high growth areas, the sequential test can be abandoned altogether: it suggests that, as the five-year supply is depleted by development, *any* additional site identified within the rest of the entire 15-year plan - irrespective of how it performs against the sequential test - can either be released directly<sup>27</sup> or brought within the 5-year supply and then released immediately<sup>28</sup>. In fact, the consultation paper confirms that the sequential approach will be abandoned in high growth areas but suggests that *'this should not be seen as a risk'*<sup>29</sup>.

44. It is a risk because, unless areas were to remain designated for very high growth for a long time (such as 15 years), there is a risk that brownfield sites and windfalls would remain low priority for development throughout that period. At any rate, their redevelopment would certainly be delayed. Where areas in need of regeneration are identified as 'high growth' areas (e.g. the Thames Gateway), it could mean that urban brownfield sites may *never* be redeveloped if any greenfield sites at all are identified in the plan. The key problem in this regard is the suggestion that planning permission should be granted on sites outside the 5-year provision<sup>30</sup>.

45. Despite the likely effect, the consultation document does include a number of references that suggest that the intention behind the proposals is not to undermine sequential testing. For example:

*'The principle should continue to be to bring forward, into the five-year supply, previously developed land first where this offers the most sustainable option for development'*<sup>31</sup>

46. These contradictions need to be resolved. The proposals should be modified to make it clear that some form of formal assessment against the sequential approach should be undertaken before sites are brought into the 5-year supply.

47. This problem is compounded by some apparent confusion in the use of the term 'allocate' in respect of prospective development sites. Paragraph 30 on page 28 suggests that sites anticipated for development between years 10 and 15 of the plan are 'allocated' sites:

*'Local authorities should allocate or identify land for the 10 years of their plan horizons beyond the first five years.'*

48. Box 2.4<sup>32</sup>, however, rather gives the impression that any site that has been 'allocated' is immediately available for release:

*'As allocated sites are developed, the local authority will need to bring forward later phased sites into the five year supply – either by allocating them*

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<sup>27</sup> Paragraph 43, page 30: *'As allocated sites are developed, the local authority will need to bring forward later phased sites into the five year supply – either by allocating them in the plan or by giving planning permission as suitable applications come forward'*.

<sup>28</sup> Box 2.4, Page 29: *'Once in the five year supply, sites can be brought forward by developers at any time'*

<sup>29</sup> Paragraphs 38, page 16.

<sup>30</sup> Box 2.4, Page 29.

<sup>31</sup> Paragraph 30, page 28.

<sup>32</sup> Page 29.

*in the plan or by giving planning permission as suitable applications come forward’.*

49. This lack of clarity in the use of the term ‘allocate’ – and what it implies for the planning status of sites within and beyond the 5-year supply - should be resolved. It should be borne in mind, however, that it is the experience of at least some LPAs that it is difficult to resist planning applications on sites that are identified *in any way* in a development plan, even if the site is clearly identified as a low priority for development. Stronger guidance on the need for LPAs to avoid allowing low priority sites to ‘leapfrog’ higher priority sites would be very helpful in that regard.

50. We welcome the recognition<sup>33</sup> of the role of public sector intervention in bringing forward brownfield land. We suggest that this role should be given greater prominence as part of the solution to meeting the requirements for new housing whilst avoiding unnecessary greenfield development.

51. *Using numbers as ‘floors’ or ‘ceilings’* - The consultation paper suggests that (other than in low or zero growth areas) the agreed annual housebuilding rates might be taken as ‘minima’ (or ‘floor’) rather than target maxima (or ‘ceiling’), thereby enabling the LPA to reach its 15-year requirement earlier in the plan period if the market allowed it<sup>34</sup>. It is unclear whether a RSS review would be ‘triggered’ at the point that the LPA meets its 15-year requirement early, or at the point that the LPA takes the view that it could exceed its annual target in any one year.

52. If the former – i.e. that annual target is allowed to be exceeded before an RSS review takes place - this would constitute an abandonment of the annual growth rate figure which is a central feature of the PMM approach and a crucial element of applying the sequential approach. It would therefore mean that greenfield land may be released unnecessarily and the opportunity missed to develop windfall sites that become available later in the plan period. Moreover, such a proposal would, if implemented, mean that the eventual scale of the environmental impact of housing growth could not be anticipated and dealt with at the RSS and LDF plan-making stage and it would therefore prevent the responsible integration of planning for housing with wider policy objectives both at a local and a regional level. It would also make it impossible to operate a system whereby the quantity of immediately available land is limited to 5 years’ requirements in the interests of facilitating sequential testing (because that 5-year figure might constantly be rising in line with the plan-period total).

53. On the other hand, the proposal might be that RSS review is triggered as it becomes apparent that a single annual target is likely to be exceeded. In that case, should it prove necessary to increase the rate of housing provision, this could be done in due course through a review of RSS and a subsequent SPD or full or partial review of the LDF. It is therefore not necessary for the target to be declared a ‘minimum’ target. Having 5 years’ land requirements ready for immediate release allows sufficient time for planned build rates to be increased if necessary and for the 5-year supply to be topped-up. We welcome the fact that the proposals acknowledge this as an option<sup>35</sup>.

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<sup>33</sup> Paragraphs 19 & 21, page 13.

<sup>34</sup> Paragraphs 16 (a) and 16(b), page 24.

<sup>35</sup> Paragraph 20, page 24.

54. In view of the above, whichever the correct interpretation is, the proposal that housing figures should be taken as minima is wholly unreasonable and should be abandoned.

55. *Windfalls* – The consultation paper offers clear support for windfall sites to be prioritised through the sequential approach and sequential testing (and this is welcomed). However, it proposes that, in ‘high growth’ areas, windfalls will normally be developed *irrespective* of whether housebuilding targets for the area in question have been reached. This is consistent with the notion – which appears to be fundamental to the entire proposals – that, in areas designated for high growth, it is the local market – rather than targets - that should be the principal determinant of housebuilding numbers. CPRE rejects that notion for the reasons given above: it undermines sound, integrated land use planning and the proper consideration of disparate policy objectives.

56. In respect of areas of managed reduction, the proposals introduce the concept of a ‘windfall allowance’, and this allowance is presented as a pre-determined figure which should constitute a ceiling on development where all ‘planned’ (i.e. allocated) sites have received planning permission. Such a system is logical so long as the windfall is expected to be incorporated into the plan at the earliest opportunity so that it may be brought forward in due course should additional development land be required for housing or for some other purpose. The proposals should be clearer in that regard.

57. Nevertheless, in areas intended for high growth, there is no need to treat windfalls any differently to the manner suggested for areas for managed reduction. If the sequential approach and sequential test are to apply in all areas – which the Government has insisted is the intention – then the only difference that is necessary in the treatment between the two kinds of area is the agreed annual rate of housebuilding. Having 5 years’ land requirements ready to be released allows sufficient time for planned build rates to be increased if necessary through RSS review, and for additional land to be brought in to top up the 5-year supply. Suitably sited windfalls should be prioritised for development in both kinds of areas and brought into the plan through the site allocation DPD.

58. Under the section on ‘*Delivering housing in the short term*’, a reference to windfalls is made which implies that an allowance should be made for windfalls in the 5-year supply only in metropolitan areas. There may be an unrealistic distinction here between metropolitan areas and other areas: where areas covered by site allocation DPDs include any developed land at all, it is quite possible that a proportion of that land will become available for redevelopment at some point in the period covered by the plan. All site allocation DPDs should include some assessment of the potential of windfall sites arising, and make provision in the 5-year supply accordingly.

CPRE London  
August 2005