

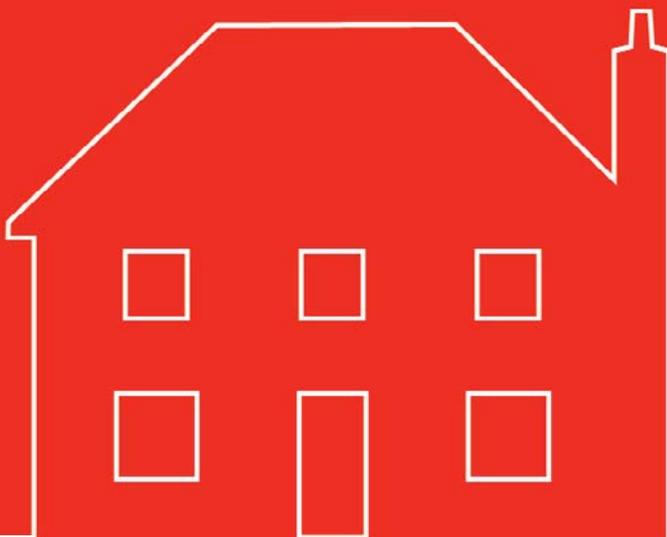


Campaign to Protect
Rural England

A CPRE report

Housing the Nation

Meeting the need for affordable housing – facts, myths, solutions



Contents

The Need for Affordable Housing	2
What is affordable housing?	3
The debate	4
The Government's Position	5
Circular 6/98 and the rural exceptions policy	5
Planning gain	6
The Rural White Paper	6
The Urban White Paper and Planning Policy Guidance note 3	6
The Sustainable Communities Plan	6
The Barker review	7
CPRE's Position	8
Better use of urban land	8
More control over type of housing	8
Taking a plan-led approach	8
More funding for social housing	9
Dealing with the Myths	10
Ways Forward	14
Conclusion	16

The Need for Affordable Housing

While there are different views on the scale of the challenge, it is clear that there needs to be a significant increase in the provision of affordable housing – in urban and rural areas. This briefing suggests what might be done to achieve this objective while ensuring that the countryside is protected from unnecessary development and the best use is made of existing urban land and buildings. It defines the extent and nature of affordable housing needs, challenges some of the myths surrounding the issue, and proposes measures that might be adopted nationally and locally to tackle it.

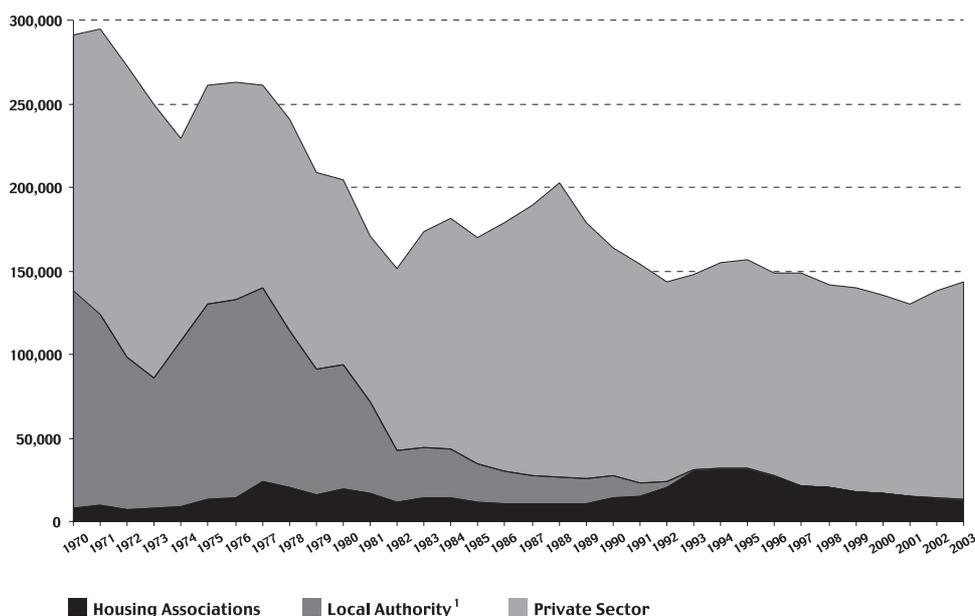
There is general acceptance that we need to provide substantially more affordable housing than is currently provided each year. Between 1950 and 1980 over 100,000 affordable homes were built by social housing providers – local authorities and registered social landlords (such as housing associations) – each year across England.

Yet, since 1985, the average number of homes built in England by social housing providers has been less than 25,000 each year. Since 1997 the number of such homes built in England has declined from 21,000 to less than 14,000 in 2002.

1 Steve Wilcox, UK Housing Review 2003/4, 2003

The Chart below shows these trends clearly. It also shows how private sector

Housing completions in England by sector, 1970-2003



1 Includes completions by local authorities, new towns and Government departments

Source: Steve Wilcox, UK Housing Review 2003/4, 2003

housebuilding has provided between 110,000 and 176,000 dwellings in England each year since 1970, and over 124,000 dwellings in 2002.¹

Estimates of the scale of affordable housing need differ depending on the approach used to calculate them. Variables include: the definition of what is 'affordable', changes in house price trends and how one measures the backlog of those in need. CPRE accepts that, across large parts of the south and east of England, a significant number of people who would like a home of their own cannot afford to rent or buy one on the open market.

The social housing sector – local authority, or council, housing departments and, increasingly, housing associations – has provided the bulk of affordable housing in England to date. Shelter has estimated that 67,000 social sector dwellings are needed each year in England to meet

newly arising needs, with more required to tackle the backlog of need reflected in the growing number of households in temporary accommodation.² The recent review of housing supply carried out by Kate Barker for the Government put the figure lower, at 48,000 social housing units being required each year, using a stricter definition of need and taking account of improvements in the private rental sector.³

With annual levels of social housing provision currently at around 31,000 homes [which includes the purchase of existing dwellings by the social housing sector as well as newbuild], this means there is a shortfall of at least 17,000 such homes each year, with even more required to tackle the backlog of needs.

The Countryside Agency estimates that 10,000 affordable homes are needed every year over the next ten years just to meet the needs of those living in rural

2 Shelter, Building for the Future – 2004 Update – A Report of the Shelter Housing Investment Project, March 2004

3 Barker, K, Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs, Final Report – Recommendations, March 2004

What is affordable housing?

There is no widely accepted definition of affordable housing. It is not a precise term and it is often used interchangeably with terms such as 'social' and 'sub-market' housing. The Government has indicated that affordable housing should be defined taking account of the relationship between local income levels and house prices or rents, and not normally by reference to tenure. CPRE believes affordable housing should be defined as subsidised housing available in perpetuity for purchase at sub-market prices (low cost for sale), rent (social rented), or some combination of the two (shared ownership) by those unable to meet their needs through the open market. In this way, affordable housing can be distinguished from private housing whether for sale or rent on the open market. We strongly believe that affordable housing should be indistinguishable, in terms of its character and location, from other types of housing: it should be mingled with market housing to avoid creating areas where only people on low incomes live. There may be circumstances where it is appropriate for affordable housing to become fully owned by the occupier who then has the freedom to dispose of it on the open market, but – where there is a need – there should always be provision for an additional affordable home to replace it.

districts.⁴ Yet, in 2002 only 2,000 social rented homes were built in English rural authorities, less than half the number built in 1997.⁵

The debate

For many years the planning system has played a vital role in allocating land for new housing taking account of demographic and environmental considerations. Some have sought to take advantage of the recent under-provision of affordable housing to push for a general relaxation of national planning policies which prevent urban sprawl, promote the regeneration of existing towns and cities, and protect greenfield land. They argue that the main problem is the lack of land allocated for housing development through the planning system which increases house prices beyond the reach of those on low or moderate incomes.

Yet, there is no evidence that planners are responsible for an inadequate supply of land for housing. In fact, **increasing land prices are largely a result of rising house prices, rather than an undersupply of available land.** House price rises have also been experienced recently in Australia and the USA, and neither of these countries can be said to have a limited supply of land. The evidence is clear that even large scale release of extra land for building would do nothing actually to reduce prices and would not itself, therefore, bring housing within the reach of the vast majority of those unable to compete on the open market. And the environmental consequences of such a policy would be devastating.

*4 Countryside Agency,
Briefing Note on
Affordable Housing, 11
September 2003*

*5 House of Commons
Hansard, 2 July 2003,
col: 360W*

The Government's Position

The problem of affordable housing has risen up the political agenda in recent years. Much attention has focused on the role of the planning system in delivering more affordable housing through better use of existing powers, including 'planning gain' agreements. But this approach has so far failed to deliver affordable housing on the scale that is required.

Circular 6/98 and the rural exceptions policy

Government policy on planning and affordable housing is currently set out in Circular 6/98: *Planning and Affordable Housing* which advises local planning authorities on the circumstances in which they might require the provision of affordable housing as part of a proposed new development.

The Circular adopts a threshold-based approach which suggests that, in general, a proportion of affordable housing should be sought on housing developments of 25 or more dwellings or on residential sites of at least one hectare. Special provisions apply in London, where the threshold is at least 15 dwellings or 0.5 ha, and in rural settlements with a population of 3,000 or less, where 'appropriate thresholds' may be adopted based on assessments of local needs and the available supply of land.

A number of local authorities have applied this policy by adopting targets for affordable housing provision of between 20% and 30% on suitable sites. In London, the Mayor has a strategic target that 50% of all additional new housing should be affordable.⁶

In addition, the Government has adopted a 'rural exceptions policy' which allows for the release of sites for affordable housing in rural areas as an exception to normal plan

policies. This enables a local planning authority to permit housing on small sites, within and adjoining existing villages, which may be subject to restraint policies, such as designated Green Belt, and which would not normally be considered suitable for development. Such housing is intended to meet identified local needs and to be available 'in perpetuity'.

While recognising that the 'exceptions' policy has made a small contribution to meeting rural housing needs, CPRE has long held the view that, in policy terms, it is inappropriate to meet local housing needs by allowing the use of land which is neither allocated through the development plan process, nor generally regarded as suitable for development.

In August 2003, the Government issued a consultation paper on *Influencing the Size, Type and Affordability of Housing*. This proposes a number of amendments to national planning policy on housing, including the cancellation of Circular 6/98, a reduction in the thresholds and the replacement of the 'exceptions' policy with a more plan-led approach – although the proposals still include reference to allowing the use of land 'which would not otherwise be used for housing'. The Government is expected to issue the agreed policy changes, along with a good practice guide, before the end of 2004

6 The Mayor of London, The London Plan, 2004, (paragraph 3.37)

Planning gain

'Planning gain' agreements now underpin a significant share of the output of new affordable housing built in England. Under these so-called 'Section 106' agreements (from the *Town and Country Planning Act 1990*) the developer enters a binding, legal agreement to make a contribution to the local community if granted planning permission for a development proposal by the local planning authority. In the case of substantial housing developments, this planning gain contribution frequently consists of land, and sometimes new housing, which is usually given to a housing association to manage. Sometimes, the developer will provide a financial contribution which is used to subsidise the construction of affordable housing 'off-site'.

Even when there is a planning gain agreement there is still a need for public subsidy for the new affordable housing to be viable, especially in areas where land prices are highest. The Government has proposed a 'tariff' system as an alternative to planning gain agreements, which have been criticised because local planning authorities vary widely in their negotiating skills – their ability to extract a fair quantity of planning gain – and because of fears they may be abused.

The Rural White Paper

In 2000, the Government's Rural White Paper went further than Circular 6/98 and suggested that in certain circumstances it may be justifiable for a local planning authority to seek a proportion of affordable housing 'even on the smallest site'. It went on to say that 'there is no reason why, in small villages if there is

evidence of need and subject to financial viability, they should not seek to match every new market house with an affordable home'.⁷

The Urban White Paper and Planning Policy Guidance note 3

The Urban White Paper *Our Towns and Cities: the future*, also published in 2000, seeks to secure an 'urban renaissance'. Planning Policy Guidance note 3 *Housing* (PPG3) published in the same year pursues this objective by promoting the redevelopment of previously developed land and buildings – or 'brownfield land' – for new housing before greenfield land, through a sequential approach favouring the use of well-located brownfield land. PPG3 also promotes improvements in the design of new housing and higher density development – between 30-50 dwellings per hectare net – so that more efficient use is made of available land. CPRE strongly supports this guidance and has launched a *Sprawl Patrol* campaign to encourage local planning authorities to deliver this new approach to housing provision on the ground.

The Sustainable Communities Plan

The Government's Sustainable Communities Plan *Sustainable Communities: building for the future* was published in February 2003. The Plan identifies four 'growth areas' in the wider South East where it proposes to increase and accelerate housing development. While CPRE welcomes the commitment to intensify the use of brownfield sites and protect the Green Belt, these proposals are fuelling the pressure to build on greenfield sites – perhaps to accommodate as many

⁷ Stationery Office, *Our Countryside: the Future – a fair deal for rural England, 2000*, (paragraph 5.4.5)

as 500,000 new homes by 2031⁸ – and could undermine efforts to promote the renewal of urban areas, in the South East and throughout the country. And unless new planning mechanisms are put in place and adequate funding is secured, it is unlikely that sufficient affordable housing will be provided.

The Barker review

In the 2004 Budget Report, the Government broadly accepted the conclusions of a review by Kate Barker (a member of the Bank of England Monetary Policy Committee) of barriers to increased housing supply in the UK. In order to reduce house price inflation to the European average, the Barker report suggests that an extra 120,000 private sector homes would be required each year.

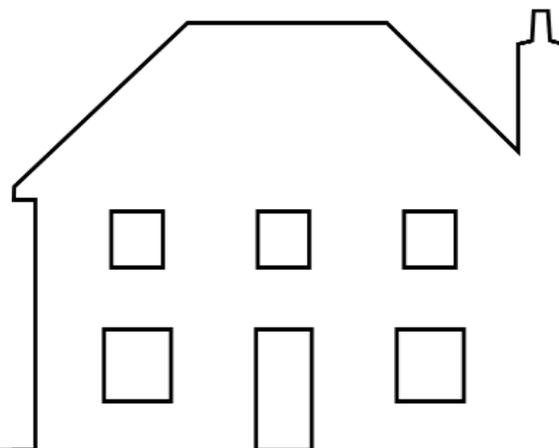
The Barker report also proposed a ‘planning gain supplement’, a form of tax on the landowner to be raised when planning permission is granted. This could be used to fund the provision of affordable housing.

But CPRE has questioned the justification for boosting private sector housebuilding above existing levels. The evidence shows

that this would not bring house prices within the reach of the vast majority of those in need of affordable housing. This could also have hugely damaging consequences for the environment – in both town and country – by adding to the pressure for further release of greenfield land, undermining the established planning objective of promoting the reuse of ‘brownfield’ land for housing, and fuelling regional disparities.⁹

8 CPRE, Briefing on the Government’s Sustainable Communities Plan, 2003

9 CPRE, The Missing Links, 2004



CPRE's Position

CPRE believes that the solution to the lack of affordable housing for people who struggle to obtain a home is **not** a massive increase in market housing and a corresponding increase in the allocation of greenfield sites for new homes. Instead, we believe the solution to the problem of the lack of affordable housing lies in four main areas.

Better use of urban land

First, the Government should strengthen the planning system so that it is better able to promote the more efficient use of brownfield land for housing, and the better use of existing housing stock. According to the latest estimates, there remains a significant – and in many areas a growing – surplus of dwellings over households¹⁰ and Government figures show that developers continue to be profligate in their use of land for housebuilding by building at relatively low densities.¹¹

The Government should more actively promote the effective application of existing planning powers to prevent the unnecessary use of greenfield land and unacceptable low density housing. There should also be greater support and resources for local planning authorities seeking to unlock brownfield potential and secure the conversion and reuse of existing housing. There should also be further development of incentives to make brownfield sites more viable for new housing and to promote conversion of existing housing to accommodate more households where suitable.

More control over housing type

Second, local planning authorities need to be able to control more effectively the type of housing that is provided. The aim

should be to secure a higher proportion of affordable housing overall – not just social housing – and a better mix of market housing, particularly smaller dwellings, which can meet a range of needs. Kate Barker's interim report found that private housebuilders tended to concentrate on the upper end of the market and were 'therefore catering less and less for first time buyers'.¹²

This enhanced role for local authorities should include support for local planning policies and the use of planning gain agreements which require not only the construction of subsidised, affordable homes – as set out on page 6 – but also an adequate proportion of lower cost market housing suitable for first-time buyers and those on middle to lower incomes, and a wider range of dwelling sizes, including apartments. The right mix of subsidised, affordable housing and a range of market housing should be based on a thorough assessment of local housing needs. This may justify the setting of a 100% affordable housing target on some sites allocated for housing in Local Development Documents.

Taking a plan-led approach

Third, we need a plan-led approach to the provision of affordable housing in urban and rural areas which takes proper account of environmental considerations.

¹⁰ *Holmans, A E, Households and Dwellings In England in 1991 and 2001: a post-2001 census analysis, University of Cambridge, 2004*

¹¹ *CPRE, PPG3 – what progress four years on?, 2004*

¹² *Barker, K, Review of Housing Supply: Securing our Future Housing Needs. Interim Report – analysis, 2003, (paragraphs 10.28 to 10.29)*

The rural exceptions policy has delivered only a very small number of affordable homes and has done so through by-passing normal planning policies. CPRE believes the exceptions approach has a number of critical flaws. Chief among these are that it:

- > leads to an unplanned, ad hoc approach to the provision of new housing;
- > undermines the public credibility of planning, by applying one rule to one kind of development and another to the rest;
- > increases opposition to otherwise desirable affordable housing by promoting conflict with environmental objectives;
- > encourages the provision of affordable housing on the least appropriate sites, often furthest from services and public transport;
- > gives rise to pressure for development of market housing to cross-subsidise the affordable housing on exceptions sites;
- > introduces a degree of 'hope value' to land which would otherwise have none; and
- > fails to address the root issue: the need to plan proactively for affordable housing in rural areas.

For these reasons, we believe that the exceptions policy should be abandoned. This would enable local planning authorities to plan positively to meet the need for affordable housing in rural areas, alongside other housing needs, taking full account of the importance of protecting the

environment from inappropriately-located new housing. While the Government's proposed changes to the exceptions policy are welcomed, they do not go far enough.

More funding for social housing

And finally, there needs to be a significant increase in the funding available to provide affordable homes through the social sector, coupled with new powers to enable local planning authorities to allocate suitable land for social housing.

In conjunction with the Campaign for Housing in Central London, CPRE has previously argued the case for a social housing 'use class' which would enable local authorities to do just that.¹³ This proposal should be re-examined in the light of the current debate over affordable housing.

The Barker report estimates that at least an extra £1.2 bn each year would be required to subsidise 17,000 additional social housing units. While the Government announced a welcome boost in funding for affordable housing in the 2004 Budget – a £430 million increase in direct investment by 2007/8 compared with 2004/5¹⁴ – this still falls far short of what is required.

13 CPRE/CHiCL, Home Truths – a new solution to the provision of affordable housing in urban and rural England, 1990

14 HM Treasury, Spending Review, 2004

Dealing with the Myths

Finding ways to meet the nation's housing needs which reinforce urban renewal and protect the countryside from unnecessary development is a considerable challenge. Rising to this challenge requires careful consideration of the precise nature of the housing problem. We set out below a series of 'myths' which we believe hinder the search for suitable solutions, alongside CPRE's responses.

'Overall there is a serious undersupply of housing across the country'

The assumption that there is a serious overall lack of supply which needs urgently to be addressed is at the heart of the current debate over housing provision. But official data makes clear that the main reason for the decline in housing completions over recent years has been the significant drop in social housing provision since the mid-1980s (see the Chart on page 2). Private sector housebuilding in England has remained relatively stable over the past 10 years at between 115,000 and 128,000 dwellings each year, and output has risen over the past two years.¹⁵ In substantial parts of urban England in the north and the midlands, house prices have collapsed and entire streets stand empty.¹⁶

In fact, data from the 2001 Census suggest that, contrary to earlier assumptions, there were 3.7% more dwellings than households in England, an increase from 2.4% in 1991. The excess of dwellings over households therefore appears to have grown by more than 50% over this period¹⁷. A recent analysis suggests that the growth in the excess of dwellings over households may, in fact, not be as great as this.¹⁸ This analysis confirms, however, that there is a significant surplus of dwellings in every region except London. These figures

seriously call into question the rationale for a significant increase in housebuilding above existing levels.

'We have to meet the demand for housing'

It is important to distinguish between the demand for housing as expressed through the open market, and a need for affordable housing. Trying to meet the crude demand for housing by providing more market housing tends to result in the better-off owning more and larger houses, either as second homes or as buy-to-let investments – with little benefit to those in need of affordable housing.

It has been estimated that the number of households with a second home in England has risen to 295,000, a 30% increase between 2001-2002 and 2003-2004.¹⁹ Many of these second homes are in rural areas. Moreover, the number of people taking out buy-to-let mortgages has grown dramatically. There was a 48% growth in such mortgages in the UK in 2003.²⁰ These speculative purchases have helped push up the price of housing significantly.

At the same time, there has been a large increase in the need for affordable housing while construction of such housing has been falling. Providing affordable housing is primarily about

15 ODPM Housing Statistics, 2004

16 CPRE, Useless Old Houses?, 2004

17 CPRE, A Basis on Which to Build?, 2004

18 Holmans, A E, Households and Dwellings In England in 1991 and 2001: a post -2001 census analysis, University of Cambridge, 2004

19 ODPM Survey of English Housing: provisional results, 2003-2004, 2004

20 Council of Mortgage Lenders, Annual Report, 2003

meeting the needs of those who cannot compete on the open market, and not about meeting market demand.

'It doesn't matter what kind of housing we build as long as there is more of it'

Earlier research for CPRE has shown that in the 1980s, while significantly more private sector housing was built than needed, there was a dramatic shortfall between the identified need for affordable housing and the amount actually built.²¹ We have no reason to believe this situation has changed.

This means that a large amount of land identified to meet the need for affordable housing is instead being used to provide open market housing over and above requirements. This has fuelled imbalances in local demography and workforce composition, with damaging consequences for service provision. It is also likely to have exacerbated disparities between the wealthier and poorer regions.

There is also a need for new housing provision better to match the growing number of single person households. Smaller dwellings can improve affordability, and increase the density of new development, boosting the supply from a given site.

The average density of new housing is still woefully inadequate at around 30 dwellings per hectare across England.²² Shifting from low to higher densities brings a range of environmental and social benefits, including improving the viability of public transport and reducing the amount of greenfields which need to disappear under bricks and mortar.

'Government policies to protect the countryside are choking off the supply of greenfield land'

If only this were true. Despite the policies set out in PPG3, 34% of all new housing development took place on greenfield land in 2002 and between 1996 and 1998 5,400 hectares of countryside was lost to development each year²³. Furthermore, figures show that only 15% of greenfield housing proposals examined by the Government in 2001 were called-in by the Secretary of State – compared to 20% in 2000²⁴. This represents only the tip of the iceberg as many local authorities do not even refer greenfield applications to the Government for scrutiny.

As argued in a report by the House of Commons Transport, Local Government and the Regions Select Committee in 2002, 'the policies of PPG3 are not being implemented in the regions or by every local authority. New building on greenfield sites continues to undermine efforts to renew inner urban areas'.²⁵

A survey by CPRE of proposals in County Structure Plans in 2003 revealed that proposals for greenfield housing development could cover an area of countryside bigger than Birmingham, and Coventry combined – more than 35,000 hectares. And a more recent review by CPRE of the major housebuilders revealed that the landbanks of the top 15 companies have grown by 18% between 1998 and 2002.²⁶ It is estimated that these companies hold enough land with planning permission in their landbanks – much of it greenfield – to build over 250,000 houses.

²¹ CPRE, *Housing with Hindsight, 1996*.

²² CPRE, PPG3 – what progress four years on?, 2004

²³ ODPM, *Land Use Change Statistics – LUCS 18A, 2003 and LUCS 19, 2004*

²⁴ House of Commons Hansard, 25 January 2001, col: 672W

²⁵ Empty Homes, 6th Report (Session 2001-02) of the Select Committee on Transport, Local Government and the Regions, 2002.

²⁶ CPRE, *Housing Myths: Housing Solutions, 2003*

‘There aren’t enough brownfield sites available’

According to the National Land Use Database (NLUD) in 2003 29,000ha of brownfield land in England was suitable for housing, with 22,000 ha of this available for development in the South East, London and Eastern regions.²⁷ With average densities of 40 dpha – the mid point of the PPG3 range – this area could accommodate over one million new dwellings across the country. And it is clear that brownfield land is not a finite resource: the NLUD reports that ‘a continuing flow of new previously-developed land compensates for land that has been developed.’ In addition, there were almost 720,000 empty homes in England in 2003.²⁸

PPG3 requires every local authority to conduct an urban capacity study to identify opportunities to use previously developed land, empty homes, and other vacant properties to meet housing need. Yet anecdotal evidence suggests that the coverage and robustness of many of these studies is at best patchy.

Hard evidence is lacking: in 2002 it was revealed that the Government itself did not know how many capacity studies had been completed.²⁹ The evidence from many of those that have been completed is that there is usually far more capacity in existing settlements than first expected. For example, on the basis of the available evidence, CPRE believes that there is the capacity to provide more than double the number of homes in the Thames Gateway than the Government currently proposes.³⁰

‘Boosting housebuilding would reduce prices and make them more affordable’

The Barker report suggests that to reduce house price inflation to the European average would require almost a doubling of current levels of private sector housebuilding. It goes on to argue that a zero trend in real house prices would require a level of housebuilding that would be both ‘undesirable and unachievable.’³¹ The relatively small influence on house prices of even a massive increase in supply is primarily due to the fact that new build represents only around 1% of the existing stock at any one time.

In fact, the relationship between house prices and supply is a complex one. As CPRE has pointed out, factors relating to the amount people are prepared to pay for housing (known as ‘demand-side’ factors), have a major effect on house prices. And it is clear that house prices have risen considerably during periods of extensive market housing development on greenfield sites.

‘The Government is doing all it can to secure affordable housing and promote urban renewal’

It is clear that the Government needs significantly to boost investment in social housing provision. As indicated above, the Barker report estimates that an extra £1.2 billion each year at least would be required to subsidise 17,000 additional social housing units. The funding boost announced in the Government’s 2004 Budget, while welcome, falls short of what is required. The Government has secured considerable financial benefits from the recent housing boom, with annual receipts

27 ODPM, Previously-Developed Land that may be available for Development in 2003, 2004

28 Empty Homes Agency, 2004

29 House of Commons Hansard, 25 November 2002, col: 122W

30 CPRE, Thames Gateway: making progress, 2004

31 Barker, K, Review of Housing Supply: Delivering Stability – final report, 2004, (paragraph 14)

from stamp duty rising from £675 million to £2.2 billion since 1997.³² Assuming a subsidy of around £70,000 per dwelling is required (as the Barker report does), £2.2 billion would be sufficient to provide over 30,000 new social houses.

The tax system does not do nearly enough to favour the development of the brownfield sites in areas where housing is most needed, and where it could yield the greatest social, environmental and economic benefits and cause least environmental damage. The Government has introduced a contaminated land tax credit designed to help bring forward such land for development and, in the 2004 Budget, it confirmed that it is looking at whether this tax credit should be extended to long term derelict land.³³ The recent introduction of a stamp duty rebate in some of the poorest areas should also help make housing more affordable in these places. And there is a prospect that a new tax on development gain (akin to Barker's proposed 'planning gain supplement' – a kind of betterment tax) could be designed to favour brownfield redevelopment and boost the provision of affordable housing.

Yet, despite these recent advances, the Treasury has so far failed to tackle the fundamental anomaly that VAT is generally levied at the full rate of 17.5% on the improvement and renovation of existing dwellings, while the building of new houses on greenfield sites is zero-rated. This anomaly acts as a disincentive to the better use of existing housing stock.

32 House Builders Federation press release, 1 May 2002

33 H M Treasury, Budget Report 2004, (paragraph 7.74)

Ways Forward

CPRE believes that the Government should stand firm in its commitment to an urban renaissance. If it weakens its resolve and opens the floodgates to more greenfield development and market housing, this would re-ignite fierce opposition in the countryside, signal that its flagship policies for urban renewal are there to be ignored and do nothing to tackle the problem of the lack of affordable housing.

Set out below are some actions which CPRE believes point the way to meeting the nation's housing needs while protecting and enhancing the environment.

The Government is urged to:

- > increase the national target for new housing on brownfield land from 60% to 75% or more, and require challenging brownfield targets to be set for each region and growth area.
 - > introduce additional fiscal measures to end the perverse incentive that exists which favours new greenfield housing over the renovation and reuse of existing buildings and developed land. This should involve a review of the VAT regime applying to new housing resulting in a differential rate which promotes the reuse of brownfield land.
 - > significantly increase financial support for affordable housing in order to at least double current levels of provision overall. New means to unlock private sector investment in social housing should be examined.
 - > through its Regional Offices, demonstrate a far greater willingness to examine and 'call in' proposals to develop greenfield sites and low density housing across the country. The aim should be to secure the greater provision of smaller, more affordable housing and help increase the average density of all new housing to 50 dwellings per hectare or more.
- > abandon the rural exceptions policy and replace it with a system that allows local authorities to secure the provision of affordable housing in the countryside on appropriate sites within the plan-led system.
 - > investigate potential tools for providing more social housing through the planning system, including by re-examining the case for a distinct Use Class for small-scale social or mixed market/social housing.
 - > actively promote the use of the 'one-for-one' policy, set out in the Rural White Paper, by local authorities to enable a higher proportion of affordable housing to be provided on sites identified for residential development.
 - > review national planning policies with a view to abandoning the current policy on site thresholds below which no affordable housing is required. Instead, require local planning authorities to specify the provision of a wider range of different sizes and types of housing – including affordable housing – on all sites to meet the needs identified in local housing need surveys.

- > develop a more coherent, active and effective regional policy, guided by a national spatial framework, to reduce over-heating in the greater South East and stimulate economic activity in those regions most in need of urban regeneration, in line with their environmental capacity.

Housebuilders are urged to:

- > increase housing output by embracing national planning guidance to prioritise the re-use of urban land and buildings and deliver higher density housing.
- > increase the proportion of brownfield land in their landbanks and prioritise development of these sites in line with Government policy.
- > respond to the needs of all those unable to afford market housing prices and rents through providing a greater proportion of affordable housing as part of mixed housing developments and integrating it more effectively in terms of its appearance and location.
- > enhance the environment in urban and rural areas by using good design which contributes to local distinctiveness and minimises the demands on the environment – providing better houses at higher densities in sustainable locations close to employment, shops, schools and public transport.

Regional planning bodies are urged to:

- > play a lead role in the preparation of Regional Housing Strategies which should be based on the environmental and land use objectives set out in

Regional Spatial Strategies, in order to secure greater coherence between housing and planning policies.

- > ensure that Regional Spatial Strategies contain indicative regional and sub-regional figures for the proportion of total housing provision which should be affordable, consistent with environmental and land use objectives, taking account of the Regional Housing Strategy and associated capital allocations.
- > ensure that adequate resources are devoted to meeting the need for affordable housing in rural settlements consistent with the need to promote sustainable communities, avoid development in the open countryside and protect valued landscapes.

Local planning authorities are urged to:

- > use the powers they currently have to set locally-appropriate site thresholds above which affordable housing will be required, particularly in rural areas, and insist on a higher proportion of affordable housing on all allocated sites in both urban and rural areas while avoiding large scale, single tenure housing estates.
- > make sure that housing sites allocated in their Local Development Documents are used to meet the full range of local housing needs and better match dwellings with household size, and not to provide an excess of open market housing.
- > ensure that the preparation and review of local housing strategies are fully co-

ordinated and consistent with emerging Regional Spatial Strategies and Local Development Documents.

- > complete high quality, comprehensive urban capacity studies and act on the findings, including by rigorously enforcing the sequential approach in PPG3, and reject poorly designed, low-density housing.

Conclusion

Too often in the past decisions on new housing development have been based on the simplistic consideration of household **projections** and market **demand**.

Policies for the provision of new housing based on these considerations will continue to produce too many executive homes on greenfield sites, way beyond the financial and physical reach of those in need of affordable housing.

Instead, housing policies should be based on careful judgements about environmental **capacity** and social **need** to ensure that more affordable housing is delivered in the right places at the right time. Providing adequate levels of affordable housing available for rent and low cost home ownership in suitable locations is essential if the Government is to deliver truly sustainable communities.



Campaign to Protect
Rural England

Campaign to Protect Rural England

The Campaign to Protect Rural England (CPRE) exists to promote the beauty, tranquillity and diversity of rural England by encouraging the sustainable use of land and other natural resources in town and country. We promote positive solutions for the long-term future of the countryside to ensure change values its natural and built environment. Our Patron is Her Majesty The Queen. We have 59,000 supporters, a branch in every county, nine regional groups, over 200 local groups and a national office in central London. Membership is open to all. Formed in 1926, CPRE is a powerful combination of effective local action and strong national campaigning. Our President is Sir Max Hastings.

Campaign to Protect Rural England
128 Southwark Street
London SE1 0SW

Tel: 020 7981 2800
Fax: 020 7981 2899
Email: info@cpre.org.uk
Website: www.cpre.org.uk

CPRE is a company limited by guarantee, registered in England, number 4302973. Registered charity number: 1089685



The printing of this report was funded by Calor

ISBN 1 902786 73 4

November 2004