

APPENDIX 1

**ODPM CONSULTATION PAPER – PLANNING POLICY GUIDANCE NOTE PPG3
HOUSING**

Annex A - Proposed change to planning policy for planning for mixed communities

The final update will be accompanied by practice guidance and will replace paragraphs 9-17 of Planning Policy Guidance Note 3: Housing (PPG3) and Circular 6/98 (Planning and Affordable Housing) will be cancelled.

References to local development documents refer to those documents that contain policies for housing, including land allocations for housing uses. Some documents within the local development framework may not consider housing issues. Local development documents that allocate land or require testing through independent examination are to be development plan documents. Other local development documents are supplementary planning documents. Local development documents should be prepared according to the Town and Country Planning (Local Development) (England) Regulations 2004 and Chapter 2 of Planning Policy Statement 12: Local Development Frameworks.

Providing for a mix of housing to create sustainable communities

1. Part of what makes a community sustainable is a well-integrated mix of decent housing of different types and tenures to support a wide range of households of different sizes, ages and incomes. Government policy is to create sustainable communities that offer a wide range of housing and are socially inclusive. The Government does not consider that different types of housing and tenures make bad neighbours. Planning has an important role to play through the provision of an appropriate mix of housing which addresses the needs of households, including in terms of what they can afford.

2. In overview, this section describes the process of preparing and implementing planning policies that provide for a mix of housing to create sustainable communities. The key steps of this process in summary are:

- the preparation and interpretation of an evidence base on the nature and level of housing demand in local housing markets, which should be developed by local planning authorities in partnership with regional planning bodies and stakeholders (in particular private housebuilders);
- policies in regional spatial strategies and local development documents should be developed in the same spirit of partnership working, be soundly based on the evidence, and be clear about their intent and the manner in which they will be implemented; and
- in the consideration of planning applications local planning authorities should take all material considerations into account, including for example the site's context and current housing market conditions, and be prepared to discuss with applicants the most appropriate mix of housing on the site (having regard to other policies in this PPG).

Housing assessments

3. Local planning authorities should carry out local housing assessments (refer to Annex D for practice guidance) of the nature and level of housing demand in their local housing market(s). A local housing assessment should assess across the plan area(s) and for the plan period(s):

- the number of current and anticipated households by type;
- the current and anticipated household demand in terms of affordable and market housing, and what this would mean in terms of net housing provision and, where appropriate, levels of new build and clearance in some areas; and
- the particular accommodation needs of specific groups, such as key workers, homeless households, Black and Minority Ethnic groups, first time buyers, students, the disabled, older people and Gypsies and Travellers¹.

4. The programme of local housing assessments to be undertaken by local planning authorities should be coordinated at the regional level so that they make timely inputs into the revision of regional spatial strategies in particular and to ensure consistency of approach. Local housing assessments are one of the factors to be taken into account by regional planning bodies in terms of paragraph 5². Where local housing markets cross administrative boundaries, assessments may be best conducted jointly between local planning authorities. In preparing assessments, local planning authorities should work in partnership with local and regional stakeholders, and within the authority, collaboratively between the planning and housing functions. Private housebuilders have a good understanding of local housing markets and should be fully involved in the preparation of an assessment. Local planning authorities should keep the assessment up-to-date once it is completed, as new information emerges and market circumstances change.

Planning for mixed communities

5. Regional planning bodies and local planning authorities should ensure that their policies:

- seek to achieve a mix of housing which will create sustainable communities by securing a wide range of housing which promotes social inclusion;
- are based on an up-to-date assessment of the full range of housing demanded across the plan area over the plan period;
- are developed in partnership with stakeholders;
- have regard to policies in all relevant regional and local strategies; and
- reflect other policies in this PPG, in particular those in relation to the efficient use of land.

6. The regional spatial strategy should:

- set out the regional planning body's strategic approach to achieving an appropriate mix of housing and how this might vary between constituent local planning authorities and / or local housing markets (see paragraph 1.5, Planning Policy Statement 11: Regional Spatial Strategies);
- identify the spatial extent of local housing markets within its region;
- indicate how local planning is expected to contribute to the strategic approach; and
- not seek to prescribe the detail of policies which are properly the responsibility of local planning authorities.

7. Local development documents should set out:

- the broad balance between the different household types to be provided for across the plan area over the plan period;

¹ as required by s225 of the Housing Act 2004

² this reference is to existing paragraph 5 of PPG3

- their translation into the broad balance of provision between affordable and market housing to be provided; and
- policies addressing the housing needs of specific groups (see paragraph 3).

Mix of households

8. Local development documents should set out the broad balance between the numbers of different household types to be provided across the plan area over the plan period. They should indicate in what circumstances or in which broad locations this broad balance may be different and how (for example between city centre and rural area). All sites should contribute to the creation of mixed communities and achieving this broad balance, but will not necessarily be expected to replicate this mix precisely. The broad balance should particularly be taken into account in planning for larger sites (for example in an area action plan or supplementary planning document). Local development documents should set out their definition of a large site, but this should not normally be below 60 dwellings or 2 hectares in size.

Affordable housing

9. Local development documents should contain policies on affordable housing. Reflecting the different housing market circumstances across the country, these may be policies to deliver additional affordable housing and / or improvements in the quality of existing affordable housing. Where a local planning authority has identified the need for additional affordable housing provision, it should set out in its local development documents:

- what is affordable housing across the plan area in terms of the relationship between local income levels and house prices or rents for particular types of household;
- the proportions of social-rented and intermediate housing to be provided (in the context of paragraph 7);
- the amount of affordable housing (as a proportion of the net housing provision) that will be sought on sites for residential development (including mixed-use development where there is a residential component) above a specified site-size threshold (in terms of number of dwellings or hectares) - refer to paragraphs 10 and 11;
- the size and type of affordable housing required;
- the form of in kind contribution that will be sought (for example free serviced land or a specified contribution towards build costs) and where appropriate, the financial contribution that will be sought towards the provision of affordable housing elsewhere in the plan area - refer to paragraph 12; and
- the circumstances where the amount of affordable housing to be sought will be different from the norm (for example between city centre, market town or rural area), or related to different site-size thresholds, or where no affordable housing contribution will be sought (for example accommodation for students or for particular parts of the plan area).

10. In determining the amount of affordable housing to be sought on sites, local planning authorities should balance the need for affordable housing against the likely development potential of sites. This relationship may vary across the plan area. This will mean taking into account the implications of competing land uses and making realistic assumptions about levels of public subsidy likely to be available (based on priorities set out in the regional housing strategy and discussions with the Housing Corporation).

11. The minimum site-size threshold above which affordable housing is to be sought should not normally be above 15 dwellings or sites of more than 0.5 hectares. A local planning authority may adopt a different site-size threshold for the

plan area or different thresholds (for example different site-size thresholds for different parts of the plan area or a range of site-size thresholds in conjunction with differential affordable housing contributions). A local planning authority may wish to set its minimum site-size threshold lower than 15 dwellings or 0.5 hectares where it has high levels of need which cannot be met on larger sites alone and / or where the majority of housing supply comes from smaller sites. When justifying different site-size thresholds, a local planning authority should take into account the economics of provision, the impact on the delivery of agreed housing numbers and the objective of creating sustainable communities across the plan area and in the individual parts of the plan area.

12. The presumption is that affordable housing provided through planning obligations will be in kind and on site. Local development documents should set out the circumstances where provision may not need to be on site (for example where the management of the affordable housing on site cannot be effectively secured or to provide the affordable housing on site would be incompatible with the delivery of sustainable communities). In such instances, any off site provision of affordable housing or a financial contribution in lieu of on site provision must contribute towards the objective of creating sustainable communities. This could be achieved by bringing existing housing back into active use for affordable housing, buying street properties for affordable housing or supporting the delivery of affordable housing on another site (either for 100% affordable housing or another site where affordable housing is to be provided).

Delivering mixed communities

13. In determining planning applications local planning authorities should take the following matters into consideration:

- development plan policies as set out in regional spatial strategies and development plan documents;
- the local housing assessment, particularly if this is more up-to-date than the development plan;
- the particular physical and environmental characteristics of a site;
- the characteristics of the existing housing stock in a locality (including housing age, condition, occupancy and demand);
- whether this development creates or contributes to the creation of a well-integrated and inclusive community; and
- current housing market conditions.

14. Local planning authorities and applicants for planning permission should work collaboratively, prior to the determination of a planning application, in order to establish an appropriate and well-integrated mix of housing (including an appropriate provision of affordable housing), which will contribute to the objective of mixed and sustainable communities. Applicants should demonstrate and justify how they have arrived at a particular mix of housing having regard to development plan policies. If, having had regard to all material considerations, the local planning authority considers that the proposal for a site does not constitute sufficiently the objective of creating mixed communities, then the local planning authority is entitled to refuse the application.

15. Local planning authorities may apply their policies on affordable housing to planning applications in respect of sites falling below the relevant site-size thresholds only where they can demonstrate that those sites:

- are capable of delivering more housing than proposed and would be above an appropriate site-size threshold; and / or
- form part of a more substantial development (for example in the case of an application relating to part of an allocated site) which would in its totality be above an appropriate site-size threshold.

16. Where necessary, planning obligations should include an appropriate cascade or fallback mechanism to ensure delivery of affordable housing (as defined by the local development document), through an alternative arrangement (for example a different split between social rented and intermediate housing or a different proportion of affordable housing) should the level of public subsidy, reasonably anticipated by the local development document, not be forthcoming.

17. Local development documents should set out the circumstances where local planning authorities will use planning conditions or planning obligations to ensure that the affordable housing provided is to be occupied initially, for a specified period of time or in perpetuity, and / or by people falling within particular categories of need (refer to Annex D for practice guidance). Local planning authorities should not seek to prescribe through planning conditions or planning obligations which partners developers should use to construct the affordable housing, but rather should aim to ensure practical arrangements that will deliver their policy.

Additions to Annex C, PPG3

DEFINITIONS

Market housing

Private housing for rent or for sale, where price is set in the open market.

Affordable housing

Non-market housing, which can include social-rented housing and intermediate housing.

Social rented housing

Rented housing owned by local authorities and registered social landlords for which guideline target rents are determined through the national rent regime set out in the 'Guide to Social Rent Reforms' published in March 2001.

Also rented housing owned by other persons and provided under equivalent rental arrangements to the above as agreed with the local authority or funded with grant from the Housing Corporation, as provided for in the Housing Act 2004.

Intermediate housing

Housing at prices or rents above those of social rent but below market prices or rents. Can include sub-market renting, low-cost home ownership and shared ownership.

Key worker

For the purposes of PPG3, the definition of key workers only includes those groups eligible for the Housing Corporation funded key worker programme as defined in the Housing Corporation's Capital Funding Guide available on the Housing Corporation's website at www.housingcorp.gov.uk.

Accommodation needs of Gypsies and Travellers

Includes the needs for permanent residential, transit and temporary stopping places for caravans and 'bricks and mortar' housing, or in the context of Gypsies and Travellers the need for sufficient land in suitable locations for caravan sites.

Cascade mechanism

- a. A mechanism which sets out what proportion or scale of affordable housing would be sought where public subsidy is lower than anticipated by the general policy or not available.
- b. A mechanism which sets out the procedure to be followed to secure an occupant for affordable housing on rural exception sites, when such housing is vacated. This might set out the geographical areas or types of households that would be eligible for such housing.

Additions to Annex D, PPG3

Local Housing Assessments - guide in preparation
Planning for mixed communities - guide in preparation

Planning Obligations - Draft Circular published for consultation in November 2004.
Practice guidance in preparation.

Planning for Gypsy and Traveller Sites - Draft Circular published for consultation in December 2004