

HIGHBURY GROUP ON HOUSING DELIVERY

RESPONSE TO CONSULTATION ON PLANNING POLICY STATEMENT 3: PLANNING FOR HOUSING. TECHNICAL CHANGE TO ANNEX B: AFFORDABLE HOUSING DEFINITION

1. Introduction

The Highbury Group is an independent group of specialists from public, private and independent sectors from housing, planning and related professions which prepares proposals for Government and other agencies on responses to the current economic context following on from the 'credit crunch' aimed at maintaining the output of housing including affordable housing.

The group was established in 2008 as the Highbury Group on housing and the credit crunch and met at London Metropolitan University in Highbury Grove, Islington, London. The group's name was changed in September 2010 and it now meets at the University of Westminster, 35 Marylebone Road, London NW1

It comprises the following core members: Duncan Bowie - University of Westminster (convener); Stephen Ashworth - SNR Denton; Julia Atkins - London Metropolitan University; Bob Colenutt - Northampton Institute for Urban Affairs ; Kathleen Dunmore - Three Dragons ; Michael Edwards - Bartlett School of Planning, UCL; Deborah Garvie - SHELTER ; Stephen Hill - C20 Futureplanners ; Roy Hind - Bedfordshire Pilgrims HA ; Angela Housham - Consultant ; Simon Kaplinsky - PRP Architects; Seema Manchanda - L B Wandsworth; Tony McBrearty – Consultant; Kelvin McDonald - Consultant ; Dr Tony Manzi - University of Westminster; James Stephens - HomeBuilders Federation ; Peter Studdert - Cambridgeshire Horizons ; Janet Sutherland - JTP Cities; Paul Watt - Birkbeck College; Nick Falk – URBED; Richard Donnell – Hometrack; Catriona Riddell - planning consultant; Alison Bailey-consultant; Martin Crookston - consultant

The key purpose of the group is to promote policies and delivery mechanisms, which

- increase the overall supply of housing in line with need
 - * ensure that the supply of both existing and new housing in all tenures is of good quality and more affordable by households on middle and lower incomes.
 - * support the most effective use of both existing stock and new supply
 - * ensure that housing is properly supported by accessible infrastructure, facilities and employment opportunities

2. The proposal to amend the PPS3 Affordable Housing definition

2.1. The term 'affordable housing' as defined in the existing PPS3 is in danger of becoming misleading as it incorporates a range of housing products with widely differing levels of affordability. The overall definition refers to housing which is not market housing and which meets the needs of eligible households and is affordable, with affordability determined with regard to local incomes and local house-prices. However this definition is not further defined, the implication being that a more specific local definition can be set by regional or local planning authorities. In the London case, the London Plan sets a more specific definition, which is income related and updated on an annual basis. Many local planning authorities include income related definitions within their core strategies or other local development documentation or guidance.

2.2. While the social rent definition in Annex B relates to the target rent regime, the intermediate definition refers to prices or rent which at below market rent, without any more specific definition. However in that the definition also refers back to the overall definition that all affordable housing should be at a cost low enough for eligible households to afford, it is implied that affordability parameters can also be set through regional and local development plan documents 'with regard to local incomes and house-prices'.

2.3. The setting of disaggregated targets for social rented and intermediate housing is consistent with both the existing PPS3 (para 29) and with subsequent CLG Guidance on housing market assessments.

2.4. The proposed new definition of affordable rented housing relates solely to the rent level being up to 80% of market rents. Unlike the existing definition of intermediate affordable housing, which is to be retained, it makes no reference back to the overall definition of affordable housing, which refers to such housing being affordable by eligible households with regard to local incomes. It should be made clear that affordable rented housing should still meet a local affordability test.

2.5A The proposed definition states that except in relation to rent levels, affordable rented housing will have the same characteristics as social rented housing. Given that the Government has stated its intention that affordable rented housing will be let on a limited security (two years being currently proposed as the norm) the status will be different from the status of tenants of existing local authority and housing association managed social housing. In fact it is unclear what characteristics of existing social rented housing will be shared by the new 'affordable rented housing' proposed tenure and rent regime and consequently it is wrong to refer to it as social housing.

2.5. Clearly the relationship of the proposed new 'affordable rented housing product' to existing social rented housing will vary between areas of the country. In some areas, council and housing association rents may be close to market rents, in other cases the variance can be significant. In extreme

cases, for example in Inner London, 80% of market rent could be twice or more the target rent for an equivalent property.

2.6. The proposed revised definition makes no reference to housing benefit. It is wrong to consider rents to be affordable by households only because rent is covered by housing benefit. Social housing rents need to be affordable by households in low income employment without reliance on housing benefit. Otherwise a further disincentive to households seeking to take up employment is introduced in terms of an increased 'poverty trap'

2.7 The final footnote in the consultation paper is unhelpful, stating that 'affordable housing' is a term referring to a housing product and should not be confused with the term 'affordability'. The purpose of planning policy on affordable housing is to ensure a range of housing products are available to meet a range of household requirements in terms of varying household affordability. It is not the primary purpose of planning to control the balance between market and sub-market housing other than as a means, and only one of a range of mechanisms, to the end of ensuring the full range of housing needs and demand are met. In this context specific definitions of affordability related to different target groups and types of provision are more critical than setting an overall target for all market provision, with the residual being treated as 'affordable housing', the impact of which will vary as the market itself changes, as has been shown most clearly by market volatility over the last 3 years.

3. Conclusion

In conclusion the group objects to the inclusion of the new category of affordable rented housing within the broad definition of affordable housing in PPG3 unless it is made clear that rent levels meet a local affordability test. Moreover the group considers that the term 'affordable housing' has now become so broad that it is in danger of becoming discredited. Care needs to be taken to ensure that all affordable housing produces are genuinely affordable to working households in the local area.

PPS3 should be amended to require regional and local planning authorities to set specific targets for social rented housing, affordable rented housing, intermediate housing and market housing which are based on up to date evidence from Housing Market Assessments, and which can be updated on a regular basis as new HMA information becomes available and to reflect changes in relationships between incomes, rents and prices at a regional, sub-regional or local level.

Contact:

Duncan Bowie
Convener
Highbury Group on Housing Delivery
D.Bowie@westminster.ac.uk

