

ANGUS COUNCIL

PLANNING AND TRANSPORT POLICY COMMITTEE

13 JUNE 2002

**SUBJECT: CONSULTATION DRAFT NATIONAL PLANNING POLICY
GUIDELINE 3 : PLANNING FOR HOUSING (REVISED 2002) AND CONSULTATION
DRAFT PLANNING ADVICE NOTE 38 : HOUSING LAND (REVISED 2002)**

REPORT BY DIRECTOR OF PLANNING AND TRANSPORT

Abstract: This report reviews the updated guidance on planning for housing contained in the Consultative Drafts of National Planning Policy Guideline (NPPG) 3 and Planning Advice Note (PAN) 38. The report also summarises the potential implications of changes to the guidance for housing policy development in Angus.

1 RECOMMENDATION

1.1 It is recommended that the Committee agree this report as the basis of the Council's response to the Scottish Executive highlighting matters which require clarification in the NPPG and PAN including:-

- (a) reference to the requirement for a 7 year effective housing land supply to be maintained at all times to be included as a policy statement in NPPG3;
- (b) clarification that the level of housing development indicated in years 8-15 of a development plan will be subject to review;
- (c) clarification of the time period to be covered by housing land audits;
- (d) suggestion that 'Urban' Capacity Studies be changed to 'Housing' Capacity Studies;
- (e) clarification of the need for development plans to be prescriptive only at a housing market area level regarding affordable housing provision.

2 INTRODUCTION

2.1 The Scottish Executive published draft revisions of both National Planning Policy Guideline (NPPG) 3 : Planning for Housing and Planning Advice Note (PAN) 38 : Housing Land on 4 March 2002 for consultation purposes. The period for consultation ends on 28 June 2002.

2.2 The Consultative Draft NPPG 3, is significantly renamed Planning for Housing, rather than Land for Housing as the current version is titled. This indicates a more inclusive approach to the provision of new homes in Scotland, and the Government's policy is now concerned with the creation of accessible, attractive places to live and not just the provision of an adequate supply of land for housebuilding.

- 2.3 The draft revised Planning Advice Note 38 complements the policy guidance in NPPG 3, setting out advice on the approach to estimating the requirement for new housing and the provision of land to meet that requirement.
- 2.4 In addition the Scottish Executive have prepared a Draft Regulatory Impact Assessment which sets out the Executive's view of the potential cost implications of the content of draft NPPG 3.
- 2.5 This report highlights the issues covered in the draft revised NPPG 3 and PAN 38 and goes on to consider the policy implications for Angus Council (included in Appendix 1 to this report). When finalised these documents will be of direct and significant relevance to the ongoing review and preparation of land use planning documents including the review of the Angus Local Plan.
- 2.6 A copy of the draft revised NPPG 3 and PAN 38 along with the draft Regulatory Impact Assessment of the guidance are available for reference in the Members' Lounge.

3 DRAFT GUIDANCE AND ADVICE

- 3.1 The Consultative Draft NPPG 3 addresses the Scottish Executive's key planning policies in relation to new housing development and reaffirms or introduces measures intended to promote a more attractive and sustainable living environment for the people of Scotland.
- 3.2 The document is structured as follows:-
 - Summary – providing an overview of the content;
 - General Principles;
 - Creating a quality residential environment;
 - Guiding development to the right places;
 - Delivering housing land;
- 3.3 The General Principles section sets out the background, giving the Scottish Executive policy context for the achievement of good housing in the right locations. It is seen as a key consideration in the promotion of economic competitiveness, social justice and as a catalyst in urban and rural regeneration. In line with the principles of sustainable development, Ministers expect the planning system to play a major part in delivering new build housing, and the reuse of existing stock in a sustainable way.
- 3.4 The role of the planning system in bringing forward sufficient land for new dwellings is considered not simply a matter of calculations, there is an important role for planning to play in creating attractive, sustainable residential environments in the right places.
- 3.5 The draft revision of PAN 38 complements the draft revised NPPG 3 and sets out advice on the approach to estimating the requirement for new housing and the provision of land to meet those requirements. Its purpose is to promote greater transparency and consistency in method. It also seeks to encourage the public and private sectors to develop a more consensual long term view of housing land provision and work together in determining both the scale of the requirement for new housing and the location of future housing development.

3.6 The main sections of the draft PAN are:-

- Elements of the Process;
- The Participants;
- Plan Periods;
- Housing Land Requirements;
- Housing Land Supply;
- Windfall Sites;
- Urban Capacity Studies;
- Strategic Housing Land Assessment;
- Meeting Requirements.

3.7 A fuller description of the content and main issues arising from the draft guidance and advice is set out in Appendix 1 to this report.

4 DISCUSSION

4.1 The draft NPPG refers to planning for housing in recent years having been dominated by 'fierce debates' over the numbers of dwellings and the release of land. Given that housing is probably the most significant land use which requires to be provided for in an area and the related value of the housebuilding industry, such a situation is not surprising.

4.2 However, the draft revision of NPPG 3 recognises that housing is about more than 'roofs over heads'. It is acknowledged that housing development in both urban and rural areas influences the appearance of places, often defining the character of our cities, towns and villages.

4.3 The revised guidance has been issued at a time when a number of other changes have taken place in the wider housing 'arena' which may have had a bearing on the more inclusive tenor of the NPPG. The Housing (Scotland) Act 2001 aims to support a vibrant housing market that provides sufficient good quality, affordable, warm housing in a variety of tenures. It requires local authorities to lead the preparation of Local Housing Strategies which will consider housing needs across the full range of providers and tenures and consider the fundamental links between housing and other strategies for example, land use, social inclusion, health and community planning.

4.4 In addition the bodies which represent public and private providers of housing have recently reorganised and refocused their particular areas of interest – Communities Scotland (formerly Scottish Homes) and Homes for Scotland (formerly the Scottish Housebuilders Association).

4.5 The status of the development plan as the main vehicle for allocating land to meet future housing requirements is reiterated in the draft guidance. It is therefore vital that Structure and Local Plans are kept up-to-date and the draft NPPG also recognises that revisions to the guidance may be necessary to take account of Minister's conclusions on the Review of Strategic Planning which proposes that Strategic Development Plans together with Local Development Plans be prepared for the four largest city regions with most other authorities preparing only a single Development Plan (Report No. 1147/01 Review of Strategic Planning Consultation Paper refers).

- 4.6 Significantly, in advocating a locational strategy for future development over a 20 year period, the Draft NPPG highlights the need for Structure Plans to give a clear indication of where future requirements will be met if new land is required in the next Structure Plan. This is based on the view that this type of strategic decision can be made well ahead of land being required, informing infrastructure providers, allowing consultation to be carried out further in advance, and enabling communities to be aware of the probable future direction of development.
- 4.7 Much of the policy guidance contained in the consultation draft NPPG reinforces the existing NPPG guidance. However, the new draft guidance more fully embodies the principles of sustainable development and is more clearly structured, identifying the nature of the housing that should be aimed for, in which locations and setting out the way in which such developments can be delivered through the planning system to meet local housing needs.
- 4.8 In Angus the planning policy framework which is already in place is largely consistent with the draft guidance and the preparation of a replacement Angus Local Plan will enable new elements of policy guidance to be built in as appropriate. However, various matters arising from the draft guidance and advice require further clarification. These are more fully discussed in Appendix 1 to this report.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6 HUMAN RIGHTS IMPLICATIONS

- 6.1 Any human rights issues arising from the consultative draft NPPG and PAN are a matter for the Scottish Executive. There are no human rights implications arising from this report.

7 CONSULTATION

- 7.1 The Chief Executive, Director of Finance, Director of Law & Administration and Director of Housing have been consulted in the preparation of this report.

8 CONCLUSION

- 8.1 The publication of a comprehensive revision of the guidance on planning and housing is timely, confirming the role of the planning system, and the development plan process in particular, in the context of the Scottish Executive's wider aims for an inclusive, sustainable Scotland.
- 8.2 The draft guidance highlights a number of areas which could require further additional work both in relation to development plan policy and monitoring mechanisms. This will require to be taken into account in the preparation of the replacement Angus Local Plan, having regard to the outcomes of related work on a Local Housing Strategy for Angus and the Housing Needs Assessment.

- 8.3 Various elements of the guidance and advice would benefit from further clarification particularly in relation to the mechanisms for the delivery of mainstream and affordable housing and the time periods to be considered within the lifetime of a development plan.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/NH/KW
31 May 2002

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APPENDIX 1

IMPLICATIONS OF THE DRAFT GUIDANCE AND ADVICE

The main issues raised in the draft guidance and advice which have implications for planning policy in Angus are set out below. This review also highlights areas of the documents where further clarification from the Scottish Executive would be helpful.

Creating a Quality Residential Environment

- 1.0 The Draft NPPG emphasises the need for sustainable development principles to be considered throughout the development process. The environmental impact of housing should be given greater importance throughout the various stages of the process from land allocations, through development briefs and design guides accompanying planning applications.
- 1.1 Development plans are required to include policies which address the following areas:-
- Design, layout and architecture – encouraging good quality, well designed development proposals which take account of local distinctiveness and allow for innovative design solutions where appropriate.
 - Energy efficiency – including more efficient use of energy in design of housing and layouts and encouragement of the reuse and recycling of materials during demolition and/or construction.
 - The form of development – creation of environments which increase the attractiveness of walking and cycling and improve public transport accessibility.
 - Landscape and open space – landscaping and open space can have a positive effect on environmental quality and should be considered from the outset of the development process.
 - Density – higher densities can result in the efficient use of land which is an important planning aim. Local Plans should provide specific guidance on density appropriate to particular locations and sites.
 - Providing a choice of residential environments – local authorities, developers and other housing providers should consider the need to provide a choice of types of housing.
 - Mixed communities – the development plan should seek to create mixed communities which requires a range of housing types providing for the needs of all in the community and all segments of the market. New housing can also complement other forms of development and act as a catalyst for regeneration.

Comment

- 1.2 *The existing Angus Local Plan includes policies which address these issues. The preparation of development briefs for larger housing sites has also been promoted allowing the overall layout and design of developments to be considered closely. The replacement Angus Local Plan will continue to include appropriate policies,*

strengthening these where necessary to contribute to the creation of attractive communities. The successful implementation of the policy guidance and achievement of quality developments will require partnerships between the planning authority, architects and developers.

Guiding Development to the Right Places

1.3 Consideration of the location of housing development is a fundamental element of the development plan. The draft NPPG 3 specifically requires planning authorities to consider the most appropriate locations for development in the context of long term sustainable settlement strategies. These strategies should address:-

- efficient use of land and existing buildings, energy and infrastructure;
- coordination of housing land provision with improvements in infrastructure, including transport and educational investment, and with other major proposals such as business or industrial development;
- the need to ensure that all sections of the community have good access to jobs and services; and
- the protection and enhancement of the environment.

Comment

1.4 *This approach reflects the way in which Angus Council consider the allocation of housing land. It provides a transparent process of site selection within a defined strategy. This will continue to form the basis of planning for housing through the replacement Angus Local Plan.*

1.5 Government guidance continues to encourage the efficient use of land and buildings as the most sustainable way of providing additional land for housebuilding. The reuse of brownfield sites remains a priority although the draft revised guidance does not follow the example set in the English guidance of setting a prescribed target. Instead it is recognised that the availability of previously developed sites varies considerably, across the country and that although a national target may not be appropriate, the use of targets within individual development plans may be of value.

Comment

1.6 *This is welcomed as an appropriate framework which will enable development plans to consider which brownfield sites can contribute to the housing land supply and where there is a need to provide a range and choice of sites for housebuilding without the imposition of a national target.*

1.7 The draft guidance states preference for development should be given to locations capable of providing or being well integrated into effective public transport, walking and cycling network and transport interchanges. Bearing this in mind it is recognised that planning authorities may conclude that some development of greenfield sites for housing could result in a more sustainable pattern of development and a more acceptable residential environment than redeveloping available brownfield sites.

Comment

1.8 *Support for the plan led approach to greenfield land release is welcomed.*

Housing in Rural Areas

- 1.9 The Government's policy of meeting the majority of housing requirements within existing settlements is reaffirmed. However, it is recognised that in some areas provision for new housing outwith settlements may have a part to play in economic regeneration and environmental renewal in the countryside. The major changes which have taken place in the rural economy over the past 20 years warrant reconsideration of the policy approach to housing in the countryside. Development plans should address the scope for new housing development outwith existing settlement in their area, and justify any policy provision in environmental and infrastructural terms. The aim should be to promote development that supports the rural economy and local services, promotes rural regeneration and which embodies the principles of sustainable development and enhances the rural environment.

Comment

- 1.10 *Housing in the countryside policy in Angus has established a two tier framework to provide for suitable development in areas outwith the main settlements particularly where housing development would assist in maintaining population levels and local services. The draft guidance appears to acknowledge this type of approach has merit and should be considered in some areas.*

Delivering Housing Land

Development Plans

- 1.11 Development plans are reaffirmed as the key vehicle for assessing housing land requirements and ensuring the housing land requirement for each housing market area is provided for in full. A broader objective of development plans is to enable the completion of quality dwellings and the creation of sustainable, mixed, residential environments.
- 1.12 The draft NPPG 3 proposes that development plans should take a long term view of the provision of new housing, setting out the scale of provision and how and where it should be met through a locational strategy for development over a 20 year period to provide greater certainty and allow for investment planning by developers and infrastructure providers.
- 1.13 Within the 20 year period, it is recognised that housing land requirements cannot be determined with precision over such a period and so plans should provide:-
- at least a seven year supply of land which is effective or agreed as likely to become effective to meet the plan requirements;
 - an indication of the scale of the housing land requirement and the direction and pattern of housing development for years 8-15;
 - a broad indication of the direction of development in locational terms beyond year 15.
- 1.14 The development plan should also contain an action plan setting out how implementation will be achieved and addressing phasing, infrastructure provision, removal of constraints to development any necessary land acquisition and the preparation of development briefs.

Comment

- 1.15 *There are benefits to the housebuilding industry, investors and infrastructure providers of identifying the effective housing land supply over a seven year period, and this can be provided with a level of certainty from forecasts of the housing land requirement. The NPPG should also explicitly state that the 7 year supply of land which is effective should be maintained at all times to ensure the roll forward of an effective land supply. This is stated in PAN 38 at paragraph 28 but not in the policy document itself. However, the NPPG's requirement that development plans need to give an indication of the scale of the housing land requirement over the 8-15 year period is less clear. This element of the 20 year forward planning process requires to be qualified in some way perhaps indicating that the level of the housing land requirement in year 8-15 will be subject to review and will be confirmed through careful monitoring of the effective 7 year housing land supply.*

Housing Land Audits and Urban Capacity Studies

- 1.16 The draft NPPG 3 stresses that monitoring of housing land requirements on a regular basis should give early warning if development plan progress does not keep pace with the need for new housing in the 7 year period. Where necessary, alterations to the housing element of plans should be prepared to ensure requirements are met. The guidance allows for planning permission to be granted in advance of local plan adoption provided proposals meet with the strategy of the development plan.
- 1.17 The draft NPPG 3 and PAN 38 stress the importance of an annual audit of housing land to be prepared by local authorities working closely with housing providers to measure the amount of land for new housing development, and plan for future land needs. PAN 38 states that planning authorities should ensure that at least a 7 year supply of effective housing land is maintained at all times.

Comment

- 1.18 *NPPG 3 as a statement of policy should confirm whether or not the Housing Land Audit should cover a 7 year period rather than a 5 year timescale as is the current position.*
- 1.19 PAN 38 encourages the public and private sectors to develop a more consensual long-term view of housing land provision and work together in determining both the scale of the requirement for new housing and the location of future housing development.

Comment

- 1.20 *The need to work closely with housing providers to enable the delivery of housing which best meets needs and demands throughout Angus will continue through early involvement and consultation in the Development Plan process. It should be recognised however that different developers will promote different sites which may be in direct competition.*

- 1.21 *Angus Council already carry out a full audit of available housing land jointly with Dundee City Council in June of each year. Consultation is carried out with representatives of the housebuilding industry. Consideration will require to be given to any necessary adjustments to the audit process arising from the final versions of the NPPG and PAN.*
- 1.22 An additional piece of work put forward in the draft guidance is the preparation of surveys to assess the opportunities for further housing development within settlement boundaries, referred to as Urban Capacity Studies. This could include previously developed land, space above shops and conversions of existing buildings. It is put forward that the results of the capacity study should be compiled into a report and made available to developers and interested parties. This information would assist in the preparation of Local Plans, be useful when considering the expected output from windfall sites and assist in measuring the extent to which brownfield targets, if set, are being met. It is recognised that it may not be practical to carry out such studies for all smaller settlements in rural areas. PAN 38 also suggests that a Strategic Housing Land Assessment be prepared which would bring information from housing land audits and capacity studies together in a single document to give a clear representation of the potential contribution of all sites to the long term housing land supply.

Comment

- 1.23 *As part of the preparation of Local Plans in Angus, the capacity for additional housing within settlements is assessed although it is not compiled in a report format. It is suggested that 'urban' be replaced with 'housing' in the title of these studies. Strategic Housing Land Assessment documents could be a useful tool in managing housing land information.*

Affordable Housing

- 1.24 The guidance on the delivery of affordable housing is similar to that of the 1996 NPPG 3 indicating that the planning system can support a strategy to provide more affordable housing. Unlike the previous guidance, a definition of affordable housing is provided which is to be welcomed. Affordable housing is "housing made available at a cost below full market value, to meet an identified need", and it is indicated that this can include:-
- social rented accommodation;
 - private sector rented accommodation; and
 - publicly subsidised housing for sale.
- 1.25 An up-to-date Housing Needs Assessment; such as that commissioned by Angus Council along with Perth and Kinross Council and Communities Scotland, should be used to identify any need for affordable housing. Development plans should include policies to facilitate the provision of affordable housing where a need has been identified, and supplementary guidance can be used to set out more fully the mechanisms for delivering such housing.

- 1.26 The outcome of Local Housing Strategies are seen as assisting development plans to:-
- describe what the authority considers to be affordable in that area;
 - indicate how many affordable homes need to be provided throughout the plan area;
 - be specific regarding settlements, since varying levels of provision may be appropriate to different communities; and
 - identify suitable locations in which affordable housing will be provided and the amount of provision which will be sought;
- set out how the affordable housing will be delivered, including through contributions from developers.
- 1.27 The draft NPPG 3 states that the amount and type of affordable housing to be provided in individual proposals should reflect individual site suitability and will be a matter for agreement between planning authorities and developers (para 87). It goes on to say that “where the developer demonstrates that the requirement to provide a certain proportion of affordable housing on a site would render the development financially non-viable, or where no development funding is available (from Communities Scotland) with a reasonable timescale, the provision of owner occupied market housing to meet requirements should not be delayed.”

Comment

- 1.28 *In many instances the requirement for affordable housing to be secured as part of a larger private housing site would be the only feasible way to ensure delivery of such accommodation. Local authorities may require stronger powers to ensure provision of affordable housing.*
- 1.29 *The Dundee and Angus Structure Plan and the adopted Angus Local Plan both contain policies which support the provision of affordable housing where a need is identified through appropriate studies. The Housing Needs Assessment for the area is due to be completed in August 2002. An area of concern in relation to the draft guidance relates to the requirement that development plan policies should specify affordable housing needs on a settlement basis. Given the relatively small scale of many settlements in an area such as Angus and the type of sample surveys carried out, it is unlikely that the Housing Needs Assessment will provide statistical data which is definitive at a settlement level. The guidance later states that the need for affordable housing should be met within the Housing Market Area where the need has been identified, which could imply that a level of provision need only be identified for the Housing Market Area as a whole. This may be appropriate in Angus, and clarification of this point is sought from the Scottish Executive.*