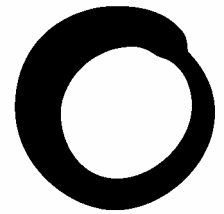


March 2006



**Friends of
the Earth**

Planning Policy Statement 3

**a response to the consultation paper by
Friends of the Earth**

Summary

Overall Friends of the Earth are concerned that Planning Policy Statement 3 (PPS 3) draft does not provide an effective framework for the delivery of new housing because:

- I. It fails to deliver the right framework for a step change in sustainable construction
- II. It will exacerbate conflict over new housing by marginalising the plan led system and effective local participation
- III. It will produce a spatial diffused spatial pattern of development which may undermine sustainable development
- IV. It fails to strike the right balance between market needs and the objective of sustainable development
- V. It does not consider demand-side measures to meet Government housing objectives.

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General Issues

- 1.1 Friends of the Earth recognises the importance of meeting the housing needs of our population. We accept that housing poverty reflected through homelessness and poor housing conditions is a major contributor to social exclusion. The level of poor housing conditions for children and the elderly are of particular concern. We also recognise that demographics and particularly the growth in household formation have created a demand for new homes and new kinds of homes. We do not accept, however, that a shift to a price led forecasting regime in relation to new-build provides an effective or sustainable solution to these problems.
- 1.2 We also strongly reject the assumption that increased housing provision is the sole or most effective policy measure to meet the Government's housing objectives. There is no evidence presented by Government to justify this narrow policy approach, which in our view is not only inefficient from a housing perspective, but also compromises other key Government objectives. For example, in order to achieve a lowering of house prices through market mechanisms it will be necessary to generate an oversupply of housing, which would breach the principles of sustainable development. The outcome of a price sensitive system will have profound implications for local and national spatial patterns. The current PPS 3 is too focussed on the needs of buoyant housing markets in the south east and does not adequately focus on the deep seated housing market failures of the north.
- 1.3 Our response to PPS 3 is based on the assumption that the development we require should be delivered through the plan led system to ensure decisions deliver sustainable development in an inclusive and participative manner. We remain concerned that PPS 3 draft fails to strike this balance and undermines the intrinsic value of the planning process.
- 1.4 We acknowledge that the process of forecasting housing does not happen in a vacuum. The policy in PPS 3 must be read in line with sustainability objectives in PPS 1 which stresses the importance of integrating the objectives of sustainable development. However, in general there is too little emphasis in PPS 3 draft of key sustainable development issues raised by housing provision. A key example of this is a failure to highlight how the design and location of new housing can reduce the need to travel and promote non car based travel patterns.

Sustainable Construction

- 2.1 The Government has a major opportunity to secure a step change in the environmental performance of housing by delivering low carbon and sustainable communities. This will be essential for economic as well as environmental reasons¹. However, the recent package of measures contained in PPS 3 and Code for Sustainable Homes is a major missed opportunity. We are extremely disappointed that:
- The scope of the Code has been reduced from all buildings to only new domestic dwellings
 - The code remains voluntary for all private sector housing
 - That PPS 3 provides only the weakest incentive to local authorities to 'encourage' the use of the code and then only on large strategic sites.
- 2.2 Our detailed concerns on the Code have been expressed in a separate consultation. While we believe the code standards should be based on the EcoHomes 2006 framework we do support the basic principle of a Code. There is an important role for PPS 3 in embedding low carbon and zero carbon design standards contained in a Code into the planning process. The current formulation of paragraph 39 provides for only the mildest commitment to achieving new design and construction standards and is unlikely to have any effect on the behaviour of applicants.
- 2.3 This approach is surprising given the positive role planning can play in reducing the environmental implications of new housing growth. Friends of the Earth is particularly disappointed that PPS 3 does not appear to consider the results of the ENTEC study into the environmental

¹ Although better designed housing can cost more, this is a small percentage of total costs and as more green homes get built, the unit cost will fall. Merton local authority puts green design at just 2.5% onto building costs (Adrian Hewitt's presentation to the Welsh Assembly, 7 December 2005). The architects and builders at BedZed estimate that at just 3% of new developments, the unit costs would fall to the same as conventional development.

Better designed and more efficient homes have greatly reduced running costs – a major benefit particularly for lower income households who spend a greater percentage of their income on electricity, heating and water. In the first year of the BedZed development in London, running costs were almost £500 a year lower than the average UK home – savings of £80 on electricity, £225 on heating and £170 on water (Achieving sustainable communities, the ZED challenge, www.zedstandards.com/).

Climate change will cause more severe climate disasters and much greater damage to communities and economies. It will also be the poorest who will be hit hardest – they are least able to protect their property and are less likely to be insured. Climate change will also affect the economy in other ways – for example increased spending needed to build flood defences and protect coastlines: all diverting spending away from other priorities. Action on housing is urgently needed to prevent economic damage from climate change.

implications of housing growth scenarios². While we believe aspects of the terms of reference and methodology of the ENTEC study were flawed, it does however provide an evidence base to inform policy. The study itself concluded that environmental impact of new housing can be significantly reduced by achieving higher building standards. The study specifically identifies the achievement of EcoHomes 'excellent' standard as a significant way of reducing Co2 emissions. Given these conclusions it is unsatisfactory and irrational that PPS 3 does not seek to ensure the highest design standards for all development.

- 2.4 Given that the ENTEC study explicitly identified and examined the climate change implication of emissions from new build it is an extraordinary omission that PPS 3 makes no reference to the imperative expressed in Paragraph 13 of PPS 1 - to reduced the cause of climate change. There is a major opportunity to ensure that new housing is low or carbon zero and therefore to contribute to tangible climate change reduction. The planning system is the one of the most important mechanisms for securing low carbon development by, for example, enshrining low carbon design standards into the development plan system. This can be achieved by amending Paragraph 39 of the draft PPS 3:

Sustainable design

47. *Local planning authorities should require applicants to apply principles of sustainable and environmentally-friendly design and construction to new developments. Particular emphasis should be placed on actively promoting design principles which deliver on the Government's wider climate change reduction objectives. Local planning authorities should in particular vigorously promote the Code for Sustainable Homes and where appropriate consider the adoption of code standards into LDF policy. Such measures should be actively reviewed to continuously drive up design standards. Such measures will ensure resource efficiency and give purchasers and tenants information on the running costs and sustainability of their new home.*

- 2.5 These amendments would have the additional benefit of creating certainty for business and investors by making clear the general regulatory framework for sustainable construction. This would correct the current position where some local authorities require measures such as micro generation on new development and some do not.

² ENTEC 2005 'A sustainability impact assessment of additional housing scenarios in England' ODPM p.98

Public Participation in Housing Provision

3.1 Overall PPS 3 should place much greater emphasis on community participation and consensus building in planning for new housing. This commitment should be included in Paragraph 1 as an over arching theme of the Government's objectives. The text should reflect the Government commitment in public participation in PPS 1 and 'Community Involvement in Planning: the Governments Objectives' (2004). We recommend the following addition (d) to paragraph 1:

1. *The Government's key objective for planning for housing is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. To achieve this objective, the Government is seeking to:*
 - (a) ensure that a wide choice of housing types is available, for both affordable and market housing, to meet the needs of all members of the community;*
 - (b) deliver a better balance between housing demand and supply in every housing market and to improve affordability where necessary; and*
 - (c) create sustainable, inclusive, mixed communities in all areas. Developments should be attractive, safe and designed and built to a high quality. They should be located in areas with good access to jobs, key services and infrastructure.*
 - (d) ensure effective community participation and empowerment in the development process**

3.2 In addition to this general commitment there are a number of policy proposals in PPS 3 which are, and will be perceived to be, directly antagonistic to community participation.

3.3 The consultation paper suggests (page 19) that the early release of land will be achieved not by reviewing the LDF but by means of supplementary planning guidance. This proposal is wholly unacceptable and unworkable and contrary to existing policy on public participation in PPS 1 (ODPM 2005). It is already the case that planning for housing provision is the most centralised aspect of the planning process. Housing figures established at the regional level are enshrined in the RSS. There is no right to be heard for the public in the adoption of supplementary planning documents (SPD) despite the fact that they are legally binding plans and that they impose housing figures on local authorities. The LDF process offers a number of participative standards which act as important safeguards to communities.

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3.4 The suggestion (Paragraph 47 (d)) that the phasing order agreed in a Development Plan Document (DPD) could be changed through SPD is, therefore, very worrying. The phased release of land is a vital part of the plan's ability to deliver sustainable development over the long term (phasing of years 1 to 5 is now ruled out but retained for years 6 and beyond). Changing the phasing order and priority is a fundamental change to housing policy and could only be considered through a full review of the development plan which takes into account the cross cutting implications for local communities. The use of SPD in this manner undermines the value of public participation since these documents are not tested by independent examination. There is no right to be heard by local communities in the preparation of such documents. What is disappointing is that the new LDF was sold as a new more flexible planning system which could deliver reviews on a much faster (annual) time frame. This framework offers the opportunity for effective flexibility to meet changing circumstances and at the same time ensure effective community participation. Changing the phasing can only be fairly and sustainably achieved by a proper review of the plan which can consider the spatial consequences of faster development rates and ensure public participation and therefore the legitimacy of decisions. We recommend the following amendments:

47. (d) Review the phasing of existing housing allocations by proposing amendments or reviews of existing DPDs

The encouragement to approve applications contrary to the development plan

3.5 Of even more profound importance to the public participation debate, PPS 3 suggests that planning applications contrary to local plan policy should be approved where the local authority is in the process of reviewing a plan (Paragraph 41 and annex D). It is established practice to afford less weight to an 'old development plan' and to afford some weight to emerging DP policy. However, the language of PPS 3 goes beyond this understanding to a more directive position which implies not that the LA should just 'consider' an application outside the development plan but that they should 'consider favourably' (Paragraph 41 and annex D). This raises a whole series of implications. Firstly, public participation is founded on the plan led system. Applications contrary to the plan have not been subject to the important tests of public participation which exist. Neither has such applications benefited from an environmental consideration of the SEA process.

3.6 Local communities will quite rightly be extremely resentful of the approval of housing developments on sites for which there has been no effective public participation.

- 3.7 Institutionalising the approval of sites which have not been identified in adopted plans fundamentally undermines the plan led system. It will result in much greater uncertainty in the development sector as to whether applications will be acceptable or not. It will compromise the local authorities' ability to deliver sustainable development in the round by leading to the approval of sites not embedded in the plan process. It will also fundamentally change the balance of decision-making for planning and housing by undermining the section 54a (now section 38 of the Planning and Compulsory Purchase Act 2004) presumption in favour of the development plan. In order to reflect a more balanced approach the word 'favourably' should be deleted from paragraph 41 and Annex D.

So what's the alternative?

- 3.8 There is no doubt that the new Local Development Framework offers a vastly more flexible mechanism to respond to change than the old development plan system. This was the principal rationale for changes in the new Planning Act. There is no case for another tier of flexibility to be built into the system specifically for housing provision. The LDF is subject to annual review and three-year replacement. Given this stringent timescale the new local planning framework is perfectly capable of responding to real world changes in a framework which allows for sustainable development and public participation to be properly addressed. Any new guidance should focus on incorporating responses to changing housing needs in the existing local and regional planning review processes and not seek to create new and complex systems which will undermine public confidence.

Spatial consequences of the new housing supply methodology

- 4.1 The rationale of the Government's Communities Plan was to focus growth in those areas best able to be serviced with sustainable infrastructure. It was a focused spatial policy in response to growth in the south east. The consequence of the current recommendations will produce precisely the opposite effect. As well as the growth provided for in the Communities Plan, regional and local planning authorities will be required to meet their affordability targets implying significant growth beyond the identified growth areas. The requirement for those local authorities in high demand areas to early release land identified in LDFs will for reasons discussed below, exacerbate this trend. This may result in a whole series of individual local authorities' early releasing land in areas of high demand. There must be a clear view of how this new form of diffuse urban growth will deliver a wider pattern of sustainable development both inside and between high demand regions. Ultimately the proposals need to be carefully considered in relation to its impact on overall regional inequalities, a point we have made in detail in previous submissions.

Price signals as sustainable development indicator

- 5.1 The overall effect of PPS 3 draft is to make the planning system much more 'sensitive' to house prices particularly in those areas which are designated as high demand. While planning has always considered market demand issues in forecasting we believe the new emphasis on price signals is disproportionate.
- 5.2 The new system is highly complex and contains a double price sensitive system. In other words local authorities will not just deliver the increased housing supply that results from price sensitive regional forecasting but also release land in advance of these figures if local market circumstances indicate that this is necessary. PPS 3 requires that this is carried out by reviewing SPD or the plan process and could potentially trigger partial reviews of regional spatial strategies (there is no exposition of how this complex process would be achieved). However, the fact that individual local authorities can build at higher rates than the price sensitive regional forecasting system anticipated raises a wide range of issues such as infrastructure provision discussed above.
- 5.3 We are concerned that the planned extra emphasis on price goes against accepted Government sustainable development principles. In addition, using extra housing provision as the sole mechanism to meet these price goals is a blinkered and inefficient approach. We have seen no evidence to justify the overwhelming use of one policy measure (increased supply) whilst neglecting all others.
- 5.4 Friends of the Earth is concerned that the elevation of price signals to the status of sustainable development indicator undermines the Government's own policy objectives. Sustainable Development, as PPS 1 makes clear, is the fundamental objective of the planning system and must underpin housing policy and be reflected fully in the forthcoming draft PPS 3. In line with the new Sustainable Development Strategy (SDS 2005), this means that economic, social and environmental objectives should be integrated. SDS 2005 is very clear that "integration" is essential, and that integration is different to "trading-off" or "balancing" of the different objectives. This recognition should be made more explicit in PPS 3 by, at the least, replacing "reconcile" with "integrate" whenever Sustainability Appraisal is mentioned.
- 5.5 In contrast, existing policy exemplified by the Sustainable Communities Plan (2003), the Barker Report and PPS 3 draft is essentially a reflection of a market-driven conception of how to meet housing needs in England, which will lead to major trade-offs, not integration. This model assumes that increasing supply is the prime means for tackling affordability, and

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that releasing more land in areas of high prices is the prime means for increasing this supply, in effect making house prices the key arbiter of the amount and location of new homes. While this objective appears to offer a simple 'fix' to the current undoubted shortages in social housing provision, it ignores a whole series of fundamental policy issues.

- 5.6 First, the social objective for sustainable development is around securing housing need for everyone. House prices are a very poor proxy indicator for this. Even slightly more sophisticated price indicators - ratios of, for example, lowest quartile income to lowest quartile house prices - are poor indicators, because, for example:
- Affecting this ratio does not in any way guarantee that people in housing need will be able to buy these houses – low price houses are open to all to buy – speculators as well as people in housing need
 - This ratio only deals with the owner-occupation tenure.
- 5.7 Second, the means of tackling whatever price indicator is chosen has already been deemed to be increasing housing numbers. However if the policy objective is some target around price, then the mechanism of increasing housing numbers is almost certainly not the most efficient nor only means of meeting it. First, the mechanism is not likely to be effective in its own right because:
- There is no guarantee that the houses built be affordable, or in the “lowest quartile”
 - Supply-demand is not simple for housing – building more houses in an area can make the overall house price go up.
- 5.8 Perhaps more importantly though, there are many more policy mechanisms which could and should be used to meet housing objectives, not just building more houses. These include:
- Setting a higher percentage of affordable homes in any development
 - Lowering the size-threshold below which developers must build affordable homes
 - Tackling the incentives which are fuelling the growth of second homes (e.g. council tax rebates and the proposed SIPP revisions)
 - Relocating jobs from higher to lower demand for housing areas.
- 5.9 Finally, in addition to not delivering on the Government's housing objectives in an efficient or effective manner, these measures would also lead to the focusing of growth in high demand areas in ways which erode public participation in decision-making, and breach environmental limits.

- 5.10 To deliver on all three elements of sustainable development - economic, social and environmental – requires that these aims are integrated at the beginning, rather than having a policy focus on one element and treating the other two as bolt-ons which are to a greater or lesser extent traded-off against the supposed ‘main’ objective. The primary focus here on increasing supply neglects major side-effects on inequalities (further growth in the strongest economic regions) and the environment (more housing where there are greatest environmental pressures) and is a prime example of failing to integrate at the start of the policy making process.
- 5.11 To ensure efficient and integrated decisions are made the Government should assess other policy options, such as the demand-side options above, to determine what package of policies best delivers the Government’s housing objectives without compromising the delivery of other key Government objectives.
- 5.12 We advocate that the Regulatory Impact Assessment must be re-written to include an analysis of a broader range of options. The current RIA only focuses on increased housing provision, which is far too narrow an approach.
- 5.13 We remain uncertain as to how the local tier of market sensitivity will interact with regional forecasts. For example, we know that at the time of adoption the LDF must deliver five years of housing land to meet the requirements of the RSS forecast. In areas of high demand the early release mechanism will mean an increase in the amount of housing land and housing numbers in the five-year local supply number. Will local authorities be required to maintain five year supply at the RSS forecast level or at the new level prescribed by local market information? This is fundamental since a whole series of high demand local authorities all increasing their 5 year supply will not only create all the principal problems discussed in our response but will also begin to override the regional forecasting mechanism and most importantly the strategic role of the RSS. This view of the ‘tail wagging the dog’ distracts from the role of strategic planning and compromises the effectiveness of RSS in dealing with the social and environmental implications of new housing supply through the provisions of the SEA directive. Indeed growth will happen, at least until the RSS ‘catches up’ through a partial review, beyond that analysed in the RSS SEA. This in itself raises interesting legal questions.

End
