**Appendix B**

**Submission by the Partnership for Urban South Hampshire (PUSH)**

# House of Commons South East Regional Committee

# Call for Evidence: Inquiry into Housing in the South East

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## *1. Introduction*

1.1. The Partnership for Urban South Hampshire (PUSH) comprises the eleven local authorities which are wholly or partly within the South Hampshire sub-region plus key external partners. The eleven councils are : Hampshire County Council; Portsmouth and Southampton City Councils; East Hampshire, Eastleigh, Fareham, Gosport, Havant, New Forest, and Test Valley Borough/District Councils and Winchester City Council.

1.2. The Partnership was formed in 2003 to work more collaboratively on tackling the economic challenges facing South Hampshire. Achieving faster economic growth was the key objective of the sub-regional strategy which PUSH submitted to the South East England Regional Assembly (SEERA) and which was incorporated largely unchanged into the South East Plan (the housing targets were confirmed wholly unchanged).

1.3. In October 2006, PUSH was selected by Government to be one of 29 "New Growth Points" in England. PUSH is also one of eight "Diamonds for Investment and Growth" identified in the Regional Economic Strategy prepared by the South East England Development Agency (SEEDA). PUSH is now actively working to implement the sub-regional strategy in partnership with the Government and other agencies.

1.4. The sub-regional strategy envisages 80,000 new homes in South Hampshire 2006-2026 – a rate of housebuilding which is substantially above past plans. Urban regeneration is a major focus for this new development, but up to 16,000 of these new homes are proposed in two Strategic Development Areas (SDAs). The scale of this housing development and its spatial distribution means that PUSH is well placed and qualified to contribute to this Inquiry and is pleased to provide a response to the questions raised by the Committee.

1.5. The PUSH documents referred to in this submission can be seen at: www.push.gov.uk

1.6. PUSH has recently commissioned a review and update of the extensive evidence base that underpins the South Hampshire sub-regional strategy, to take account of the impacts of the recession. This will lead to a revised economic development strategy in summer 2010 and will provide the basis for PUSH's input to the proposed new Regional Strategy.

**_2. How many new houses would be needed to support the economy and social needs of the South East?_**

2.1 New housing per se will not deliver economic growth; it is only one of a package of measures including skills and training, developing the industrial infrastructure, land and property for businesses, and productivity improvements, that will enable economic growth to occur. (This analysis is based on advice provided by economic consultants to PUSH on the actions needed to increase economic growth.) It is a weakness of Government thinking that too much emphasis is placed on the contribution which housing makes to economic growth, which is reflected in planning policy having traditionally been driven too much by the housing agenda.

2.2 The planned provision for housebuilding in South Hampshire reflects what is needed to support economic growth (with the rider above that this is only one of many pre-conditions for economic growth). The target of 80,000 new homes 2006-2026 in South Hampshire (4,000 per year) comprised of two elements: 74,000 new dwellings associated with the forecast 58,600 new jobs over the same period plus a further 6,000 to meet a backlog of unmet housing need. As stated above, PUSH has commissioned work to revisit the underpinning evidence base to take into account the impact of the recession. This will include updating the implications for required levels of new jobs and associated house-building to underpin PUSH's economic objectives.

2.3 That level of new housing will only be sustainable if it is developed in step with economic growth, and is supported by the timely provision of transport and other infrastructure. This is necessary to ensure the maintenance of the balance between the three pillars of sustainable development (economic, social and environmental).

2.4 It is those three pillars of sustainable development which should be considered when setting housing targets for the region, rather than pursuit of economic growth as the sole objective.

**_3. Where should these houses be built to satisfy housing needs in the most sustainable way?_**

3.1 The focus and priority should be on urban regeneration and the development of brownfield sites in order to maximise the use of land already in urban use, to help tackle deprivation, and to conserve the natural environment. Where this cannot accommodate all development needs, greenfield sites should be allocated on the edge of existing towns in order to capitalise on existing infrastructure and facilities.

3.2 It is also important to recognise the temporal dimension to housing delivery: land which is already in the planning pipeline is available to meet short-medium term needs, but large new sites have lead-in times of 5-10 years. This approach is embodied in the South Hampshire Strategy which focuses development in the first 10 years on brownfield sites and land already has planning permission or is allocated in Local Plans; in the second 10 years, the focus on brownfield sites remains but complemented by two large Strategic Development Areas of, respectively, up to 6,000 and 10,000 new homes. Each SDA will have a variety of types, sizes and tenures of new housing together with a full range of local facilities and employment opportunities with a high degree of self-containment on a day-to-day basis, but close to and utilising the higher order functions in the town next to which it is located.

3.3 Such a concentration of new development into a few very large developments maximises the sustainability of new greenfield development, as well as maximising the funds from national/regional agencies and from developer contributions towards affordable housing, improved transport and other infrastructure.

## *4. What types and tenure of new houses should be built? How many need to be 'affordable'?*

4.1 A range of types and tenures of new housing is needed; within that overall ethos, each area should be able to determine the precise proportions depending on local demographics and the nature of the existing housing stock.

4.2 The South Hampshire Sub Regional Housing Strategy approved by PUSH in 2007 shows that on the basis of housing registers, the highest volume of need is for smaller 1 or 2 bedroom properties. However, there is an increasing pressure for more larger family homes which is again evidenced from the housing registers, and the length of time these larger households remain on the waiting list for one of these properties to become available. PUSH is also concerned to provide the right accommodation to attract higher income and skilled households to South Hampshire to drive economic growth.

4.3 Thus PUSH's Sub Regional Housing Strategy intends that new housing over the next 20 years will be in the following proportions:-

- 24% to be 1 bed properties
- 29% to be 2 bed properties
- 33% to be 3 bed properties
- 11% to be 4 bed properties

4.4 Demand for affordable housing in South Hampshire remains high, with numbers on most housing registers seeing a year on year increase.

This is a trend which has been replicated across the South East region. In South Hampshire as a whole nearly 9% of all households are on housing waiting lists. (This need is predominantly for larger family houses). This pattern is likely to continue as newly forming households struggle to access housing because of tighter mortgage conditions and uncertain job prospects. This may also be exacerbated if private landlords start to sell properties (to sustain their core businesses) and thus reduce the number of properties available for private rental.

4.5 South Hampshire continues to have a growing need for affordable homes. Grant availability for the future is likely to be difficult. Innovative ways need to be devised to maximise the use of the (no doubt) reducing availability of public funding for affordable housing delivery. This could include a greater direct public sector involvement in the delivery and management of affordable housing in partnership with private sector companies and other partners and agencies. Similarly, a greater role for intermediate tenures should be encouraged. Expansion of the private rented sector and more shared ownership opportunity (or rather, a simplification of the bureaucracy of the opportunities which currently exist) should be encouraged in order to allow a wider range of opportunity for people to meet their own housing need rather than reliance on public sector support.

4.6 Intermediate housing (homes provided at below open market prices or rents but above social rents - typically low cost home ownership products) is important to provide homes for those in employment. It thus assists assist economic development. The numbers actively looking for intermediate housing in South Hampshire (4,000 households) has been consistent over the last two years. Access to this type of product has been affected by the lack of availability and higher costs of mortgages. Just five lenders are offering shared ownership mortgages at the end of 2009 and all of these require a deposit of 10% or more.

## *5. Is housing provided for older people in the South East fit for purpose?*

6.1 The ageing population in South Hampshire means that the vast majority of household growth will be single person households of which over 50% will be pensioners. However, many older people now, and in the future, will choose to remain where they have lived since earlier in life i.e. properties not designed specifically for older people. The desire to live independently in these homes places high demand on resources for care and adaptations for properties. In parallel to this local authorities have seen changes in the popularity of sheltered housing with most areas having an over supply of sheltered housing. Reconfiguring this resource is a challenge.

6.2 There needs to be a joined-up approach within the public sector to the ageing of the population which, for example, links social and care services to rural transport provision to health provision as well as housing services. Even with the latter, it is not all about new build and ensuring that standards like LifeTime Homes are applied where economic to do so. (They will become mandatory with the introduction of higher levels of the Code for Sustainable Homes through the Building Regulations in the near future).

6.3 It is as much about creating a new type of housing product; maybe in a bespoke community in an accessible and welcoming part of town which is attractive to the elderly population and so might entice them out of their under-occupied large house and so keep the housing market moving. The key, however, is that this issue cannot be addressed by simply stipulating that new housing should conform to certain building or space standards. Nor can it be addressed by considering housing (whether new build or improving the existing elderly housing stock) in isolation from the other care and support services. Local authorities also need to consider the role of extra care housing in their strategies for providing older people with housing.

***6. Should all new homes meet the necessary energy efficiency requirements?***

6.1 New homes built today and in the recent past are many times more energy efficient than houses built only 10 years ago. Those requirements are due to become ever stricter and more rigorous as increasing levels of the Code for Sustainable Homes are mandated through the Building Regulations up to 2016 when all new dwellings are required to be built to zero carbon standards. This is an extremely challenging target but one to which cost-effective solutions will undoubtedly be found as the requirements will be enshrined in regulation and so must be complied with.

6.2 New build however, represents only a small increment on to the existing stock. The bulk of the housing stock in 20 years time is already in existence. The real issue therefore, and one which is more difficult to address, is how to ensure that the existing stock is upgraded to higher standards of energy efficiency. Allied to that is the need to educate citizens in the reasons for needing to reduce energy consumption in all aspects of their lives.

6.3 In terms of new build, therefore, the policies are in place to achieve the desired objectives. Attention should be focused instead on how to improve the energy efficiency of the existing stock and improving people's behaviour and practices in the use of energy.

***7. What are the consequences of the increased number of multiple occupancy of houses in the South East?***

7.1 Houses in multiple occupation provide affordable homes although often of a poorer quality. They satisfy those who need economical accommodation at a certain stage in their life cycle. They can also be important in preventing these people from falling back on reliance on the public sector to house them. However, because of this, they do create their own unique problems, especially where there is a preponderance of houses in multiple occupation in a particular geographical area, for example studentification or a concentration of anti-social behaviour.

7.2 Policy makers need to be aware of, and learn the lessons from, elsewhere to avoid an over-dominance of houses in multiple occupation in any particular area in order to dilute and manage the problems which can accompany them. The tools available to local authorities to address this lie in both planning policy and enforcement and in licensing. Currently the definition of 'houses in multiple occupation' under planning and housing legislation is different and this creates problems. Local authorities would like to see a common definition of this term.

***8. How is this affected by the enforcement of greenbelt area?***

8.1 There is no Greenbelt in South Hampshire; rather, designated Strategic and Local Gaps have existed for over 20 years in the sub-region which have kept settlements separate and maintained their individual character. Despite the opposition of PUSH and contrary to the recommendations of the Panel which conducted the Examination-in-Public of the South East Plan, the Government regrettably deleted the Strategic Gaps policy from the Plan.

8.2 Neither Greenbelt nor Gap policies adversely affect the delivery of housing. They merely seek to influence its location and steer development towards existing settlements. In South Hampshire, the 80,000 new homes proposed in the South East Plan can readily be delivered without the need to build within any of the Gaps.

***9. What effect does this have on the ageing housing stock in historic areas?***

PUSH has no direct knowledge or experience from which to offer a response to this question.

***10. Are the new houses being built creating 'sustainable communities', covering issues including affordability, eco-ratings, mix of housing types, and whether adequate social and environmental infrastructure is being provided?***

10.1 The majority (81%) of homes built in South Hampshire during 2008/9 were one and two bedroom properties, an increase on the previous year (74%). 1,240 (net) affordable dwellings were completed in 2008/9 this represents 31% of all completions – an increase of one third since 2007/8. The majority (88%) of these homes were smaller one and two bedroom units. This percentage substantially exceeds the maximum 53% which South Hampshire authorities would like to see built (see paragraph 4.3 above): too few larger, family-sized properties are being built.

10.2 With regard to new homes meeting the requirements of the code for sustainable homes PUSH has now agreed a sub regional approach (Policy Framework) to apply progressively higher standards to the construction of new homes to achieve code level 6 by 2016 in line with the Governments target. However it should be noted that many consents are already in the "pipeline" without such requirements as a condition of planning consent. However the expectation is that all social housing will meet the higher standards in any event as a condition of HCA funding and that in other such cases developers may choose to move to the higher standards for marketing reasons. With regard to the PUSH Policy Framework this is now being applied within Core Strategies in individual PUSH Authorities. Early indications are that this is being accepted as sound practice with 2 Inspector reports (Southampton CC and New Forest DC) now being published with the policies being accepted within those Core Strategies. One further issue yet to be properly tested is the financial viability of new development post recession with such sustainable construction policies being applied and over the next 6 years the extent and cost of such requirements will increase. This may have a negative effect on the supply of new development and some developers may resist the requirements on grounds of affordability.

10.3 A similar viability issue affects social infrastructure. Although the process of developing LDFs with a clearer approach to infrastructure needs is now being pursued and the proposed Community Infrastructure Levy will enable a much more effective funding mechanism to achieve appropriate levels of social infrastructure, it remains to be seen whether these requirements will actually be affordable without a negative impact on viability and supply of new homes in a post recession environment.

## *11. Why are we failing to meet targets for completion of new houses?*

11.1 In South Hampshire we are meeting the targets! (Assuming the targets being referred to are those in the South East Plan). During 2006-2009 – the first three years of the South East Plan period - housing completions were 3% <u>above</u> the Plan's target for South Hampshire.

11.2 One of the reasons why there is local pressure to resist new housebuilding - thus putting the achievement of targets at risk – is that all too often it is not accompanied by the full range of necessary new infrastructure. The result is that new development places additional pressure on already stretched local infrastructure and facilities.

11.3 The development of huge monolith mono-tenure identikit housing estates have not helped. Builders are not solely to blame for this: the consumers who bought the properties and the policy makers who allowed them to be built also share responsibility.

11.4 Things were starting to improve, certainly in terms of building design and the acceptance of the need to plan for infrastructure, in the move from land use to spatial planning. The planning system itself was starting to deliver after years of constant re-organisation, poorly conceived and ill-fated central policy interventions and a negative image. However, just as all of these things started to come together, the credit crunch / recession hit. This exposed the fact that the whole housing market was built on a myth of speculation, profit and greed rather than housing need and, once the emperor was discovered as having no clothes, the whole housing market has come crashing down. It is important to note; this is not a housing problem. It is a financial problem. Housing demand still exists. Housing need, as seen above, certainly exists. It is simply that the banks and financial institutions stopped lending.

11.5 We will recover from recession and, once banks start lending again, the housing market will pick up. It will take some time to get us back to where we need to be in terms of housing targets and we will only get there if policy makers address the broader policy issues raised above. Housing needs to be attractive and designed with its end use and its long term impact on the environment (in its widest sense) in mind and in communities that people want to live in rather than being simply built and perceived as a short term profit-generating commodity.

11.6 We need to start thinking about places and people and the interactions between them and the wider environment (including work, recreation, leisure, transport and so on, not just the natural environment) rather than considering housing in isolation. It is not possible to have a sensible discussion about housing without considering the wider context in which housing sits. This has been perhaps the biggest policy failing in the past; namely that housing has been considered in isolation and policy makers have lost sight of the bigger picture.

***12. What impact will the recession have on the provision of housing, and the associated infrastructure, in the South East?***

12.1 Housing markets in South Hampshire have been affected by the downturn in the national economy and housing market. The negative impacts of this may have peaked but problems remain:

- Prices across South Hampshire have fallen by up to 13% over the year since Quarter Two 2008. House price falls are amplified in reductions in land values and this impacts on the viability development.

- The number of home sales in South Hampshire has fallen by 25%.
- The volume of property transactions reached their lowest point in Quarter 1 of 2009. House sales fell to less than one third of volumes in the ‘normal’ market. It is far from certain that sales will recover to the levels associated with the decade to mid 2007.
- The private rented market has seen an increase in the availability of rental properties and this has placed a downward pressure on rents. Demand has increased as households come out of the mortgage market.
- Repossession amongst home owners peaked in 2008. Possession orders fell 15% and 24% in Portsmouth and Southampton County Court areas.

12.2 Despite the recession, completions in 2008/9 in South Hampshire were slightly up (by 4%) from the previous year. However, dwellings under construction and new starts have fallen substantially over the last three years, which suggests that completion figures for the next few years will be reduced significantly.

12.3 Broader market estimates are that it could take until 2016 for the market to recover the ground lost during the recession. There is likely to be a ‘lost 5 years’ in terms of housing delivery meaning that housing targets set in the South East Plan which were originally intended to be achieved by 2026 will actually take until around 2031 to achieve. In so far as housing delivery is concerned this makes the emerging Regional Strategy something of an academic exercise as any higher targets over those currently set have little, if any, likelihood of being delivered. Certainly the National Housing and Planning Advice Unit (NHPAU) housing ranges which the South East England Partnership Board are required to test through the Regional Strategy preparation process bear no relation to what it will actually be possible to deliver over the next 20 years or so. More specific and quantified impacts of the recession on economic physical development “trajectories” in South Hampshire will be available following the outcome of the review of the evidence base and strategy referred to above.

12.4 In terms of infrastructure, the South East Implementation Plan already indicates that there is an infrastructure deficit which needs to be addressed before the new development proposed in the South East Plan takes place. With the decreases in government funding which appear to be on the cards regardless of whichever political party is in Government in the future, things look bleak in terms of the delivery of new infrastructure, particularly when allied to a construction and development sector slowly emerging from a period of significant recession. The Community Infrastructure Levy and Tax Increment Financing may well prove able to bridge some of the gap but, as yet, they are unproven.

12.5 PUSH remains firm in its view that development must not proceed without appropriate provision being made for the infrastructure necessary to serve it - meaning that any absence of funding for infrastructure delivery will impact adversely on housing delivery.

***13. What are the social and economic consequences of a shortage in housing supply in the South East?***

13.1 The social consequences are enormous. As less and less market housing is provided, more call is made on subsidised affordable housing. However, a large proportion of affordable housing is now provided on the back of market housing schemes, so as a consequence, less affordable housing is provided. Whilst public funding through the Homes and Communities Agency has sustained levels of affordable housing delivery over the past 18 months to 2 years, this will reduce drastically as Government funding of the agency reduces.

13.2 This has knock-on effects in terms of overcrowding and homelessness and creates demand for social housing and homelessness, and consequent further problems for those already most disadvantaged in society.

13.3 The economic consequences are equally serious as firms cannot prosper and expand to any real degree in the absence of a pool of labour. If housing is not provided locally to house that labour pool (or to encourage people to move to where new jobs are being created) those firms will look to relocate elsewhere in the world where skilled labour is available (and probably at a lower cost) which all further exacerbates the impacts on the most disadvantaged groups in society.

13.4 Housing is a basic human necessity and if it is not provided at the right time and place and at a price people can afford and are willing to pay then the consequences are massive and widespread for the region.

***14. What are the roles of regional bodies, such as the Government Office for the South East and the Homes and Communities Agency, in providing housing in the South East?***

14.1 The Government Office for the South East has little, if any, real role in terms of providing housing in the South East. The Homes and Communities Agency has made a big difference over the past 18 months and will continue to have some influence in future but its impact will be much reduced as its budgets are likewise. All of which is a great concern in the absence of any proposed alternative of distributing public funding for affordable housing delivery. The Single Conversation between PUSH and the HCA will be critical to ensuring that PUSH priorities for funding are recognised by the HCA.

***15. Are the governance and partnership relationships between central***

***government, regional agencies, local government, neighbouring regions and the private sector working effectively to deliver housing in the South East?***

15.1 The establishment of the Homes and Communities Agency has made a big difference in terms of fostering collaborative working across the region. It may have a fairly narrow remit but it seems able to see the big picture and its “single conversation” should be a way forward for housing delivery.

15.2 The risk is that public sector funding cuts will undo the good work that has been done by the Agency over the past 12 months and the various partners will revert to their silos and single issue considerations. All the joint working in the world will not have any impact on housing delivery if it is not backed by the necessary level and continuity of funding to facilitate that delivery and someone to drive it forward.

15.3 PUSH considers it to be very important that strategic land-use planning reflects functional economic areas (which in most cases are largely the same as housing market areas). This is to ensure that perverse effects are not created by administrative boundaries. How this is achieved can and should) vary from area to area according to local circumstances: in South Hampshire, the recognition of the need to work across functional economic areas on issues such as economic development, regeneration and strategic planning was the key driver behind the formation of PUSH.