

SOUTH EAST REGIONAL COMMITTEE INQUIRY ON HOUSING IN THE SOUTH EAST:

**DRAFT SUBMISSION BY THE
SOUTH EAST ENGLAND PARTNERSHIP BOARD**

Executive Summary

- The approach to housing set out in the South East Plan is has been demonstrated to be robust and evidence based.
- It has been subject to extensive testing, including independent examination in public; the resulting document forms an agreed basis on which to develop more detailed plans at the local level
- The impact of the recession has since blown a hole in housing delivery; the scale of it has been such as to fundamentally change the way the house-building sector operates, and even where and when it delivers.
- This is not point in the economic cycle/policy-making process at which to review the approach to housing set out in the South East Plan with any certainty.
- The robust debate on housing in the region produced an outcome which was broadly acceptable to local authorities, the Regional Development Agency and central government. The primary focus now is on delivering that outcome.
- The challenge of delivery has increased significantly as a result of the recession and the consequential implications this has had for investment (both private and public sector). Re-opening the discussion on housing numbers in such an environment will serve only to deflect our shared endeavour to address the housing needs of the region.

1. The South East England Partnership Board

- 1.1 [Brief introductory paragraph required setting out who the Partnership Boar is; what the locus of the Partnership Board is in terms of the Committee's Inquiry – to be added]

2. The South East Plan sets out policies for housing provision in the region.

- 2.1 The South East Plan was approved in May 2009. It is underpinned by an evidence base far more comprehensive than anything assembled for previous regional strategies in the South East. That evidence base was tested and found to be robust by a Government appointed Panel of independent inspectors.
- 2.2 The policies in the Plan were the subject of the most ambitious public consultation programme ever conducted across the South East, seeking the views of every household. It has also been subject to a rigorous Sustainability Appraisal and Habitats Regulation Assessment.
- 2.3 In publishing the final version of the South East Plan (in May 2009) the Government accepted most of what was proposed by the region.

2.4 Together with the policies set out in the Regional Economic Strategy, South East England has an up to date policy framework that forms the basis of facilitating sustainable economic growth. Indeed the two strategies are closely interlocked, and together have now been designated as the Regional Strategy for the South East.

3. Those policies are being reviewed as part of our work on the Regional Strategy

- 3.1 The Partnership Board accepts the need to ensure that the policy framework remains up-to-date; this is achieved by ensuring we have robust monitoring arrangements, the results of which are in turn used by our 'delivery boards' to manage the investment available to facilitate delivery of the South East Plan.
- 3.2 The policies set out in the South East Plan and Regional Economic Strategy remain an appropriate framework for developing more detailed proposals at the local level. However it is clear that there are a number of important drivers for change that will have implications for the longer term development of South East England.
- 3.3 Amongst the drivers for change identified as needing to be considered are:
- The challenge of securing continued economic prosperity across the region;
 - The challenges of moving to a low carbon society and the need to make hard progress in addressing the challenges of climate change;
 - The implications of demographic change and the ageing population;
 - The continuing need to address economic disadvantage within South East England;
 - The on-going need to ensure we increase the supply of affordable housing;
 - The challenges of delivering infrastructure that supports our ambition for planned growth, within an environment of increasingly constrained public sector funding.
- 3.4 The Partnership Board has placed a high priority of moving forward with the development of the Regional Strategy as the means by which to enable proper debate as to the implications of these drivers for change.
- 3.5 Few policy areas are as central to our lives as housing. However it is clear that any debate on housing must first of all consider the need of the entire housing market, and secondly consider the needs of that market within the wider context of the need to ensure our policies support the need to deliver sustainable economic growth.
- 3.6 Consideration of housing needs in isolation of other policy drivers will ultimately serve to undermine our ambition for the region. Decisions about the 'right' level of housing provision – however they are made in future – cannot and should not be made by looking at housing in isolation. Experience shows that centrally driven targets for housing numbers will ultimately become an end in itself. They are not the most appropriate way of ensuring that the right house is provided in the right location.

- 3.7 It is for these reasons that the Partnership Board contends that the appropriate place for any debate on the appropriate level of housing is the work on the Regional Strategy.
- 3.8 In so doing we will draw on a broad range of evidence covering demography, the NHPAU advice on affordability, the capacity of the house building industry, climate change, bio-diversity and landscape, flood risk, water resources and water quality, transport, energy, the relationship with other regions etc.
- 3.9 The *raison d'être* for the Regional Strategy is to ensure that land use planning and economic development planning are brought together into a single framework, thereby enabling the critical relationship between housing and the economy to be taken into account.

4. Planning for Housing Market Recovery

- 4.1 The housing market is in uncharted waters at the moment. It is far from business as usual with continuing uncertainty about the economy and the availability of development finance and public investment. The recession has not yet bottomed out and evidence on house prices remains uncertain. And yet, the picture is not entirely gloomy.
- 4.2 Over the 3 years ending March '09 (i.e. the first 3 years of the Plan period) housing delivery compared favourably with the planned levels of provision: an average of 34,100 homes per year, or 4% higher than planned. In the last of those 3 years four authorities in the region delivered more than 1,000 homes (Basingstoke and Deane, Milton Keynes, Portsmouth and Southampton) with large numbers also being recorded elsewhere, particularly in the other Growth Areas, in a number of the other Growth Points and in several of the other large urban areas.
- 4.3 With housing completions in the South East now having outstripped starts in every quarter since the 3 months to September 2007, we will see lower rates of delivery this year (2009-10). 5,180 homes were started in the South East in third quarter of 2009. This is slightly higher than the same quarter in 2008, but far fewer than the 9,000 homes started in Q3 in 2007.
- 4.4 While the Regional Strategy will look beyond the current down-turn, its impacts are likely to be felt for a long time. Indeed it may be that the scale and nature of the recession has been such that it fundamentally alters the way that the house-building sector operates, and even what it delivers and where.
- 4.5 This makes it a uniquely difficult time to be debating future strategy: the past is unlikely to be a reliable indicator for the future. So, how might things change? Our updating of the regional evidence base suggests one possibility is that the region may see fewer new flats and a return to more traditional new housing away from more risky sites.
- 4.6 What does seem likely is that as the housing market recovers nationally it will do so first in London and the South East. The challenge then is to work to deliver the South East Plan. The land supply is available: permissions for 174,000 homes and land allocated for a further 80,000. Even without 'windfalls' this is equivalent to nearly 8 years' supply at the levels set in the South East Plan.

5. Delivering the South East Plan

- 5.1 It is important to bear in mind that the new housing provision set out in the South East Plan adds less than 1% to the overall housing stock in South East England. Put another way, most of the households living in South East England during the period covered by the Regional Strategy will be living in homes that already exist.
- 5.2 Continuing to invest in maintaining the existing housing stock will be a key investment priority. Indeed as our work on reducing our ecological footprint has shown, investing in the improvement of our existing housing stock has the potential to make one of the most significant contributions towards reducing our carbon footprint. Perhaps more importantly investing in the quality of our existing housing stock brings real benefits to the quality of life for some of our most vulnerable households.
- 5.3 Where there is a need to deliver growth the Partnership Board has consistently emphasised the importance of ensuring that the infrastructure required to support it is available at the right time. Indeed the South East Plan explicitly includes a policy requiring the phasing of development to be closely related to the provision of infrastructure.
- 5.4 The scale and pace of housing delivery is therefore inextricably linked to the availability of infrastructure. Failure to invest in the infrastructure will act as a barrier to housing delivery.
- 5.5 At a time of increasing constraints on the availability of public sector funding, there is a need to accept that the identification of any target for new housing (including that set out within the South East Plan) is meaningless if it is not supported by investment.
- 5.6 The Partnership Board continues to explore and develop opportunities to support and encourage new models of delivery. It has used the flexibility provided by the Government (through the Regional Funding Advice) to establish the Regional Infrastructure Fund as a mechanism for enabling infrastructure to be delivered that in turns unlocks new development. With the initial investment in infrastructure recovered from the private sector through the planning system as development value is realised, the RIF is an example of the public sector using its limited funds to facilitate development and recycle the investment made to the benefit of the wider community.
- 5.7 However, our ability to develop further the scope for such innovative mechanisms remains constrained to a degree by Government departments' over emphasis on the need to deliver centrally driven targets.
- 5.8 The level of investment made by the public sector (originally through the Housing Corporation but more recently through the Homes and Communities Agency) in delivering affordable housing has been welcomed.
- 5.9 In 2008-09 just over 9,400 affordable homes were completed in South East England – equivalent to 29% of the housing completions. Delivery was boosted by additional public sector investment but we also saw an increase in the number of homes provided without public subsidy.
- 5.10 Nevertheless, the level of completions remains substantially below the target set out in the South East Plan. The Regional Housing and Regeneration Board – part of the new governance arrangements

associated with the Partnership Board – has consistently highlighted the inconsistency between the targets for affordable housing set out in the South East Plan and the (lower) targets set for the Homes and Communities Agency by Government.

- 5.11 Through the Regional Housing and Regeneration Board the Partnership Board is actively seeking greater influence over the Business Planning process for the Homes and Communities Agency. We believe that this is essential to ensuring that decisions on the targeting of investment in affordable housing is better aligned with the investment made through other funding streams – in particular transport and economic development.
- 5.12 Improving the alignment of funding in this way should ensure greater synergy in public sector investment thereby realising efficiency savings that could increase the level of investment made. Moreover it will give greater certainty to the private sector as to the priority areas for development.

SOUTH EAST ENGLAND PARTNERSHIP BOARD
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