



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: 11 July 2017

Report of: Nick Tustian, Planning & Infrastructure Panel, Lead Chief Executive

Subject: Fixing our Broken Housing Market - the Housing White Paper

SUMMARY

The Government published the housing white paper - *Fixing our broken housing market* in February 2017. Consultation on the white paper closed on 2nd May 2017. This paper summarises the content of the draft housing white paper, as it relates to the activities of PUSH, and seeks the Joint Committee's view on how we might respond to the consultation questions.

RECOMMENDATIONS

It is recommended that the Overview and Scrutiny Committee:

- 1) NOTES the contents of the draft housing white paper (see section 2 and Appendix 1);
- 2) NOTES whether it wishes to respond to the consultation (see section 3);
and
- 3) NOTES that if a decision is made to respond the consultation, then the approach outlined in section 3 should be followed using the content in section 3

1) **Background**

1.1 The Government published the white paper [Fixing our Broken Housing Market](#) on 7th February 2017. In her Foreword to the White Paper, the Prime Minister writes *"Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting, the fact is that housing is increasingly unaffordable - particularly for ordinary working class people who are struggling to get by.....I want to fix this broken housing market so that housing is more affordable and people have the security they need to plan for the future"*.

1.2 In his Foreword to the White Paper the CLG Secretary of State writes *"This country doesn't have enough homes. That's not a personal opinion or political calculation. It's a simple statement of fact. The housing market has taken decades to reach the state it's now in. Turning it round won't be quick or easy. But it can be done. It must be done"*. The proposals in the White Paper set out how the Government intends to boost housing supply and, over the longer term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity. Consultation on the White Paper closes on 2nd May 2017.

1.3 **The stated challenges and the response**

1.3.1 The White Paper states that there are three main challenges that need to be addressed if more homes are to be built. These are:

- Over 40% of Local Planning Authorities (LPAs) do not have a plan that meets the projected growth in households in their area
- The pace of development is too slow
- The structure of the housing market makes it harder to increase supply.

1.3.2 In response to these challenges the Government have identified three main themes and these are:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market

The summary for each of these themes is provided below in section 2 and more detail on the proposals (a fuller summary of the White Paper) is attached as Appendix 1. The Government also recognise that there is a need for some immediate activity alongside the longer term strategic approach in the themes and this is covered in Section 2.4 below and Section 4 of Appendix 1.

2) **The Summary list of proposals from the White Paper**

2.1 **Planning for the right homes in the right places**

2.1.1 The White Paper states that *"if we are to build the homes this country needs, we need to make sure that enough land is released in the right places and*

that the best possible use is made of that land, and that local communities have control over where development goes and what it looks like".

2.1.2 The specific proposals from this chapter of the White Paper are:

- Making sure every part of the country has an up-to-date sufficiently ambitious plan so that local communities decide where development should go;
- Simplifying plan-making and making it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- Ensuring that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked;
- Clarifying what land is available for new housing, through greater transparency over who owns land and the options held on it;
- Making more land available for homes in the right places, by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium-sized sites, allowing rural communities to grow and making it easier to build new settlements;
- Maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances when local authorities can demonstrate that they have fully examined all other reasonable options for meeting their identified housing requirements;
- Giving communities a stronger voice in the design of new housing to drive up the quality and character of new development, building on the success of neighbourhood planning; and
- Making better use of land for housing by encouraging higher densities, where appropriate, such as in urban locations where there is high housing demand; and by reviewing space standards.

2.2 **Building homes faster**

2.2.1 The White Paper states that *"Where communities have planned for new homes, we want to ensure those plans are implemented to the timescales expected... As of July 2016 there were 684,000 homes with detailed planning permission granted on sites with had not yet been completed. Of those building has started on just 349,000 homes"*.

2.2.2 The specific proposals from this chapter of the White Paper are:

- Providing greater certainty for authorities that have planned for new homes and reducing the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;

- Boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensuring infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund;
- Securing timely connections to utilities so that this does not hold up getting homes built;
- Supporting developers to build out more quickly by tackling unnecessary delays caused by planning conditions, facilitating the strategic licensing of protected species and exploring a new approach to how developers contribute to infrastructure;
- Taking steps to address skills shortages by growing the construction workforce;
- Holding developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Holding local authorities to account through a new housing delivery test.

2.3 **Diversifying the market**

2.3.1 The White Paper states *"We want to diversify the market to achieve the amount, quality and choice of housing that people want. This includes supporting new and different providers, more innovation in methods of construction and supporting new investors into residential development"*.

2.3.2 The specific proposals from this chapter of the White Paper are:

- Backing small and medium-sized builders to grow, including through the Home Building Fund;
- Supporting custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;
- Bringing in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- Encouraging more institutional investors into housing, including for building more homes for private rent, and encouraging family-friendly tenancies;
- Supporting housing associations and local authorities to build more homes; and
- Boosting productivity and innovation by encouraging modern methods of construction in house building.

2.4 Other activity / Helping people now

2.4.1 The White Paper states *"The long term solution is to build more homes but that will take time to have an impact. This chapter sets out how government will help people now, tackling some of the impacts on ordinary households and communities"*.

2.4.2 The specific proposals from this chapter of the White Paper are:

- Continuing to support people to buy their own home – through Help to Buy and Starter Homes;
- Helping households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Making renting fairer for tenants;
- Taking action to promote transparency and fairness for the growing number of leaseholders;
- Improving neighbourhoods by continuing to crack down on empty homes, and supporting areas most affected by second homes;
- Encouraging the development of housing that meets the needs of our future population;
- Helping the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- Doing more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

3) Implications for PUSH and how should PUSH respond to the Housing White Paper?

3.1 The white paper invites consultation responses against the 38 questions (a number of which have several parts) set out in Appendix 2. Unless the Joint Committee feels otherwise, rather than replying to each question it is proposed that a more limited response should be prepared incorporating the following issues.

3.2 Generally, the white paper should be welcomed as an important step towards helping build the homes that the country needs which is entirely in line with the PUSH Spatial Position Statement. It recognises the important role that local authorities play in achieving the broad aims and promises some levers and tools to help the local authority do its job. However there is a view that the White Paper could be far more ambitious in terms of the support it offers to Local Authorities who, with the right support and flexibility, could do far more to build, or enable, the genuinely affordable homes that the people at the "sharp end" of the housing crisis need. The White Paper makes no reference

to lifting the housing borrowing cap and this one measure could significantly support the local authority role in housing delivery.

- 3.3 It is worth noting that much of the White Paper, as it relates to local authorities, is about the planning system and making the planning system work better to deliver housing. This is an important message for local authorities within the PUSH area and local authorities will need to deliver the new houses that the area needs. However PUSH is also well placed to support the coordinated activity to support the strategic planning of the area and better understanding the infrastructure needed to support development and has a good track record in this area of activity. However as the PUSH priorities paper recognises it is worth investigating whether more can be done to help each other to ensure that the planning teams have sufficient skills and capacity to play a proactive role in the delivery of the right homes in the right place supported by adequate infrastructure creating quality places.
- 3.4 Subject to the proposed methodology making sense, PUSH should welcome the standardised approach to assessing housing need and approaches to simplify the plan making process with additional tools to ensure that development happens. However it is important that local authorities are given the freedom as to how to plan to meet the needs of its population and it is very important that national housing targets are not set on local communities. In terms of joint working across boundaries PUSH has a strong track record in this with the work on the Position Statement satisfactorily evidencing the Duty to Cooperate. It is important that the proposals for areas to produce a Statement of Common Ground is sufficiently flexible to ensure that it shouldn't add a whole new bureaucratic burden.
- 3.5 In terms of making more land available in the right places the proposals to increase the use of brown field land is broadly welcome as are the proposals to increase densities (where this is appropriate in terms of the context of the area). However there is an implication in the White Paper that brown field sites are easier to develop. This is not always the case and there can often be significant infrastructure costs associated with developing brown field sites in terms of, for example, flood defences, contaminated land and access for transport and utilities.
- 3.6 To deliver the housing that meets assessed need will require considerable investment in infrastructure. Local communities are for more likely to support new development if it comes with the infrastructure and services needed to support the development. The Housing Infrastructure Fund should be welcomed as a mechanism to support the delivery of infrastructure led housing but for this to be effective local authorities will need flexibility for how this funding should be used. PUSH can have an important role in terms of coordinating the infrastructure requirements across the area. The recognition in the White Paper that the timely provision, or not, of utilities can have on

development is to be welcomed but it is suggested that the White Paper does not go far enough in terms of helping local authorities to improve the situation.

- 3.7 The additional funding for planning functions though increase in planning fees should be supported as should the proposals to introduce fees for appeals although this fee income should also come to the local authority. However the review of the Section 106 funding the CIL will need to be watched to make sure that it does not significantly detract from the availability of funding to support communities and the infrastructure needed to support development..
- 3.8 It should be recognised that the Housing Delivery Test is reasonable if the local authorities are genuinely given the powers, tools and resources to make sure that housing is delivered. The principles of the White Paper would seem to support this but it will be important to see the detail of how things will actually work in practice before it can definitely be said that the Housing Delivery Test, and the proposed thresholds are relevant.
- 3.9 In terms diversifying the housing market again there is much to be welcomed. Certainty for rental income beyond 2020 is positive and will allow for longer term certainty for the housing revenue account. However the fact that the White Paper is silent on borrowing freedoms and ability to retain 100% of Right to Buy receipts is not positive since this would help local authorities build some of the affordable houses that an area needs. Similarly the recognition that alternative delivery vehicles can play an important role in local housing delivery should be welcomed but the suggestion that tenants may have Right to Buy opportunities is likely to make these approaches less attractive. It is also likely to take a period of time before the market is diversified and as such it is important that local authorities are given the flexibility to build more affordable homes now.

4. Conclusion

It is recommended that the Overview and Scrutiny Committee:

- 1) NOTES the contents of the draft housing white paper (see section 2 and Appendix 1);
- 2) NOTES whether it wishes to respond to the consultation (see section 3);
and
- 3) NOTES that if a decision is made to respond the consultation, then the approach outlined in section 3 should be followed using the content in section 3

APPENDICES

Appendix 1 - Detailed summary of the Housing White Paper

Appendix 2 - Questions for consultation

ENQUIRES: For further information on this report please contact:

Nick Tustian

Lead Chief Executive for Planning & Infrastructure

023 8068 8100