New Economy Briefing: Housing
White Paper: Fixing Our Broken Housing Market

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HOUSING WHITE PAPER: FIXING OUR BROKEN HOUSING MARKET

1.1 Key messages

The language of the introductory parts of the White Paper shows a shift in Government rhetoric – the housing market is ‘broken’, housebuilding is ‘too slow’ and construction is ‘too reliant on a small number of big players’. The problems facing private renters are highlighted alongside the struggle for savers trying to build up deposit to buy. There is a commitment to diversifying the market through support for SME builders and encouraging new methods of construction. Housing associations and local authorities are encouraged to build more, and more ‘honest assessment’ of the need for new homes, and more open data on land ownership promised to help in planning for housing delivery, though there is little sign of relaxation on Green Belt protection.

While much of the messaging is broadly positive, the detail in the remainder of the document is perhaps comparatively underwhelming. There are many hints, promises of consultation or ‘further, consideration’ and tweaks to policies and procedures, as well as a long list of questions to answer in a 38 page Annex of ‘further detail and consultation’. The closing date for that consultation is 2 May. But issues given prominence in press coverage before publication, such as the need to build more homes suitable for an ageing population, or longer tenancies in the private rented sector, are in fact addressed only in relatively limited ways.

1.2 Summary of policy approach

- Maintains a focus on affordable homeownership¹, with measures such as Lifetime ISAs and maximum income limits on Starter Homes supporting this, but adds an acknowledgment of the need to increase affordable renting options, including making the private rented sector more affordable and viable by investment in more units and introducing family friendly tenancies. Changing the definition of affordable housing to include a definition of affordable private rented housing is included as part of the consultation.

- Strong focus on ensuring that Local Authorities are covered by plans, to be reviewed at least once every 5 years. However the consultation indicates that the government is looking to increase flexibility around this, i.e. areas can be covered by a local plan, combined authority statutory plan.

1 Affordable Homeownership ‘includes homes for sale at a cost below market levels provided to eligible households whose needs are not met by the market. There must be provision for the housing to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision’ House of Commons Briefing Paper, ‘What is Affordable Housing?’, November 2016. [http://researchbriefings.files.parliament.uk/documents/CBP-7747/CBP-7747.pdf](http://researchbriefings.files.parliament.uk/documents/CBP-7747/CBP-7747.pdf)

Affordable Housing as currently defined by the National Planning Policy Framework (NPPF): ‘Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision...’ CLG, National Planning Policy Framework, 2012, Annex 2.
The consultation promises a future consultation on options for standardising the methodology for assessing housing requirements in planning. It is intended that this will be used from April 2018 to calculate baseline housing requirements in the absence of an up to date plan.

Intention that spatial development strategies which require ‘unanimous agreement of the members of the combined authority’ will be allowed (by regulations) to allocate strategic sites.

NPPF to be amended to indicate that ‘great weight’ should be attached to the value of using suitable brownfield land within settlements for homes.

Neighbourhood planning and community engagement in the planning process are strengthened, with stronger support to local communities to be involved with identifying sites.

Smaller sites on brownfield land in existing settlements, built at higher densities, are to be encouraged through a variety of measures, including amendments to NPPF.

Increased transparency in terms of land ownership, with government releasing ownership data as well as housing delivery data, and potentially encouraging Local Authorities and large housebuilders to make their data more widely available.

Will consult on powers to enable LAs to dispose of land at less than best consideration and encourage land pooling.

Drive to improve delivery levels and accountability, with Housing Delivery Tests for Local Authorities, as well as potential greater powers of CPO and simplifying completion notice process.

Focus on increasing housing delivery from social landlords, expecting Housing Associations to increase their development capacity through efficiencies, and working with Local Authorities to maximise affordable housing delivery. HCA will become Homes England, a stand-alone body to ensure delivery across all tenures.

Potential for bespoke housing deals with authorities in high demand areas with a ‘genuine ambition to build’

The following pages summarise more detailed proposals thematically.

### Affordable Homeownership

- **Lifetime ISA** - different to current Help to Buy ISA, 25% bonus on savings of up to £4000 per year, can be put towards purchase of first home or withdrawn at age 60
- **Starter Homes income limit** - only households with annual income of up to £80,000 (£90,000 in London) eligible, and must have a mortgage to stop cash buyers
- **Affordable Homes Programme** has been opened up to affordable rent products (not new announcement?)

### Neighbourhood Planning Bill

- Plans need to be reviewed at least once every 5 years
- Every authority covered by a plan, but not necessarily by single local plan - flexibility
- Improve digital planning tools
1.5 Proposed National Planning Policy Framework (NPPF) amendments

- Amend to indicate great weight attached to value of using brownfield land within settlements for homes
- Expect planning authorities to have policies to support small windfall sites- BF first
- Stronger support for sites providing affordable homes to local people
- Highlight opportunities of neighbourhood plans to identify potential housing sites
- Expectation local planning authorities will identify opportunities for villages to thrive
- Amending NPPF to make it clear that 10% of allocated residential development sites should be half a hectare or less
- Work with developers- encourage sub-division large sites
- Green Belt can only be amended when demonstrable that all other reasonable options have been examined fully, any loss offset by environmental/access improvements to remaining green belt- welcome suggestions to other reasonable examinations by planning authorities
- Neighbourhood planning groups obtain housing requirement figure from local planning authority
- Increase design standards but potentially reduce space standards
- Increase efficiency of building- avoid low densities where there is land shortage
- LPEG recommendation- LAs can have annual housing supply agreed, fixed for 1 year
- Planning authorities identify development opportunities afforded by major infrastructure projects at the time that their funding is committed
- Local authorities to take into account how realistic development on a site is when considering applications

1.6 Funds announced

- £25m new funding ‘to help ambitious authorities in areas of high housing need to plan for new homes and infrastructure’- though ‘ambitious’ and ‘high housing need’ are not defined
- Repeating an announcement from the Autumn Statement, £2.3bn Housing Infrastructure Fund- capital grant programme, open to bids 2017- fund transport and utilities to deliver new homes, enable economic development. Joint bids across LA boundaries welcome

1.7 Planning/Development

- Propose to simplify and speed up completion notice process
- CPO guidance to be updated to encourage use of powers to build out stalled sites- after separate consultation
- Housing delivery test- ensure LAs and wider interests are held accountable for their role in ensuring housing delivery- spatial plan will be baseline for assessing delivery,

1.1

2 Local Plans Expert Group (2016) Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning. Available at: http://lpeg.org/
and delivery will be measured using National statistic for net additional dwellings over rolling 3 year average.

- LAs able to increase planning fees by 20% from July 2017 if they commit to investing additional income in planning department
- Legislation will allow New Town Development Corporations to be set up

### 1.8 Data sharing

- Land Registry- comprehensive land registration by 2030- all publicly held land in areas of greatest need by 2020
- Government to release commercial and corporate ownership dataset and overseas ownership dataset free of charge
- DCLG to increase transparency and quality of data on delivery against plan targets and information on development pipeline- published as Open Data

### 1.9 Construction

- Measures to address skills shortages in the industry- Construction Industry Training Board review, launch new route into construction September 2019, encourage developers to deliver more training.
- Accelerated Construction programme- diversifying the market through partnering with small and medium- sized firms and others as development partners and contractors
- Accelerated Construction will support 15,000 housing starts over the Parliament, support offsite manufacturing techniques, share risk and reward in development of government land
- Promote custom build
- Support joint working group lenders, valuers and construction industry to ensure mortgages available over range of tested methods of construction

### 1.10 Housing Associations/Social landlords

- Government to set out ‘in due course’ a rent policy for social landlords for period beyond 2020 to enable borrowing against future income- further discussions with sector first
- HCA to become stand-alone body- Homes England- ambition to get more homes across all tenures, unlock capacity and help to diversify market
- Focus on housebuilding- expect all associations to make the best use of their capacity and make efficiency improvements in order to increase development to meet local housing need
1.11 Consultation

The paper includes consultation on changes to planning policy and legislation in relation to planning for housing, sustainable development and the environment. The consultation is open from 7th February until 2nd May. Some of the key proposals for consultation are outlined below:

- Changing definition of affordable housing to include definition of affordable private rented housing
- Standardised approach to OAN- apply as baseline for 5 year supply from April 2018, but details of that standard approach not included
- Improve transparency of contractual arrangements controlling land (i.e. option)
- Digital infrastructure delivery planning policies required by each LA
- Large housebuilders to have to publish aggregate information on build out rates
- Should applicant’s track record of delivering similar housing schemes be taken into account in planning process
- Shorten timescales for developers to implement planning permission from three to two years
- Separate Build to Rent consultation- Authorities plan proactively for Build to Rent where it is needed, ensuring family-friendly tenancies of 3 years plus available on BtR schemes
- Separate consultation early this year on banning letting agent fees to tenants
- Expectation that housing sites will deliver minimum 10% affordable homeownership units