

HOUSING LIN POLICY BRIEFING

Homes for the Future: More Affordable, More Sustainable HOUSING GREEN PAPER – JULY 2007

INTRODUCTION

This briefing outlines the background to and the contents of the Government's Housing Green Paper¹, published in July 2007. The Government requires responses to the Green Paper by 15 October 2007.

The Green Paper addresses the challenges that face the Government in delivering the number and quality of homes required by the growing number of households in England and sets out the Government's proposals for delivering these homes.

The Green Paper tackles the issues confronting both market and affordable housing and issues in urban and rural areas. It considers how new housing will be funded and the changes that will be required to the planning system and the way housing is delivered.

BACKGROUND

The population of England is ageing and, at the same time, the number of households is increasing. Older people will make up 48% of the new household growth to 2024 and the vast majority of older households will not be living in specialist accommodation. Both the market and affordable sectors have been slow to react to older households' aspirations, preferences and needs. There are and will be more small households, because of relationship breakdown, the death of a partner or personal preferences. More people are able to live independently, but the built environment has not yet been greatly influenced by inclusive design concepts. All of these trends mean more homes are needed and put pressure on the housing market. In some places, the market is not in equilibrium – demand for housing exceeds supply.

The housing market is often viewed as being split between the north and the south, with the north featuring declining markets and the need for market renewal and the south featuring insatiable demand and soaring house prices. In reality, the picture is a bit more complicated.

¹ *Communities and Local Government, Homes for the future: more affordable, more sustainable*, Stationery Office, London, 2007. Available from www.communities.gov.uk

We need more homes for the growing number of households. We need to build more housing and we need to be certain that what we build will be sustainable for future generations. The housing we build needs to meet the reasonable aspirations of households of all ages and needs to be affordable. It needs to be in the right place and the housing itself and the environment within which it stands² need to be appropriate for the people living there. This means that houses need to be accessible and supported by the right infrastructure, so people have access to health, housing, transport and care services as well as to their friends and family and shopping, work and leisure opportunities³. There is evidence that housing is becoming less affordable. Young people are priced out of the market and perhaps can't afford a mortgage, or, if they can, it is only with help from their parents and requires them to stretch themselves financially. Many people cannot afford to buy a home and are looking for good standard rented accommodation; either privately, from a housing association or from the local council. Others don't want to be tied down to a mortgage and are looking for rented housing to match a flexible lifestyle.

Over the last 25 years, equity share or shared ownership housing has entered the market, although we still need to develop better ways to help older people, in particular, to find a safe way to release the equity they have built up in their housing.

We need more accessible housing and modern standard housing for people who want to live independently and for those who need support and care. We need more specialised housing that is able to cope with the needs of people with dementia.

Carbon emissions from housing are a major contributor to global warming and we need to make our housing greener.

Traditional building techniques are still common. Housing can take a very long time to procure and there can be endless scope for delays between identifying a need for new housing and residents moving in. In recent years, the government has pioneered new, modern techniques of building and has begun to overhaul the planning system. While the planning system has sometimes been blamed for the slow pace of housing development, it is an essential cog in the wheel. The planning system is there to get the right housing in the right place and to take account of a broad array of interests of the people living nearby. The government has reformed the planning system with the objective of streamlining the process, although developers still complain about delays. The planning system is required to consider ageing issues at regional and local level. There are opportunities here for useful engagement from housing, health and social care agencies and commissioners⁴. The aim must be for the planning system to achieve the delivery of appropriate housing in a sustainable environment that enables everyone to address the wide range of issues that they encounter in their daily lives.

² Burton E. And Mitchell L, *Inclusive Urban Design – Streets for Life*, Architectural Press, Oxford, 2007 addresses the design needs of older and disabled people in the built environment.

³ See Disabled Persons Transport Advisory Committee (DPTAC) *Commitment to Inclusive Design* at www.dptac.gov.uk/inclusive/commitment/index.htm.

⁴ The Housing LIN and the Royal Town Planning Institute are going to produce a planning advisory note in autumn 2007.

MORE HOMES TO MEET GROWING DEMAND

Delivering homes where they are needed

The Government plans to deliver 2 million new homes by 2016 and 3 million by 2020. 1.6 million homes have already been identified in Regional Spatial Strategies⁵ and 50,000 are planned for growth areas like the Thames Gateway or Milton Keynes. The Green Paper sets out plans to increase this supply still further. A further 29 growth points in places like Thetford and Bristol have already been identified and these will contribute 100,000 new homes and be eligible for extra support and infrastructure funding.

The Government plans five new eco-towns, each with between 5,000 and 20,000 new homes and these will combine learning from the successes of the new towns we have already with the highest environmental and zero carbon standards. Nearly one fifth of England's population lives in rural areas. Restricted land supply and rising house prices mean that many local people can't find a home they can afford near to where they work or would like to live. In the countryside, affordable housing accounts for a smaller proportion of the housing stock than it does in urban areas. The Government has asked the Housing Corporation to propose innovative ways of delivering more affordable rural housing.

Speeding up the process

The Government has already reviewed and reformed the planning system to improve the flow of new housing and the Green Paper proposes further action. The current round of Regional Spatial Strategies will fall short of meeting expectations of household growth and need in all regions, so the Government is encouraging the early review of these plans with the aim of achieving 240,000 homes a year by 2016.

An adequate supply of housing is important to underpin a successful economy and the Government will require a single strategy for each region that embraces the current Regional Spatial and Economic Strategies. These strategies will have to set out the level of housing needed to address the projected housing growth in the region.

Land availability can be a constraint on the delivery of housing and new guidance on land availability assessments was published alongside the Green Paper. There will also be new incentives for authorities to maximise the supply of building land in the form of a new Housing and Planning Delivery Grant that will reward authorities for new housing on the ground and for the allocation of five years worth of development sites ready to go then a further ten years in plans.

PUBLIC SECTOR LAND

The Government has calculated that at present central government and local authorities together hold surplus land with the potential for building 160,000 homes. By 2016, the Government wants 200,000 homes on surplus public sector

⁵ Regional Spatial Strategies are published by Regional Assemblies. *Planning Policy Statement 11* from Communities and Local Government provides guidance.

land. Government departments like the Department of Health⁶ have agreed to release land to the Government's development agency, English Partnerships, and other organisations, including NHS Trusts, are identifying their surplus holdings. It is important that local authorities take an active part in the process of identifying and developing surplus land. The Government proposes that local authorities might want to form joint venture local housing companies with English Partnerships and use these as a vehicle to invest their surplus land.

Making better use of existing buildings and maximising the use of brownfield sites

The national target of 60% of new homes to be built on brownfield land will continue, but local authorities will be expected to set their own targets and will be supported and trained in their work by English Partnerships (and eventually the Government's new homes agency⁷) and the Academy for Sustainable Communities. The Green Paper encourages local authorities to bring long term empty homes into use. Authorities can use Empty Dwelling Management Orders⁸ as part of their strategy.

CREATING PLACES AND HOMES THAT PEOPLE WANT TO LIVE IN

Infrastructure

People want to live in homes that enable good access to shops, schools and transport and the planning process has an important role to play in getting the right infrastructure in place. The process begins at the top and the Government has promised a more co-ordinated approach to housing growth across departments. For instance, the Department of Health has reviewed revenue allocations to Primary Care Trusts to account for the impact of growth areas and the Home Office has ensured that police authority planning assumptions take account of planned housing growth. Other departments have made relevant commitments.

Local Planning Authorities will retain discretion over the form infrastructure planning takes, but will be required to demonstrate sound proposals in their Local Development Framework⁹.

Infrastructure is funded by the public sector (through Communities and Local Government or the Community Infrastructure Fund, for instance) and the private sector through developer contributions. There has been considerable debate about the best form for developers' contributions particularly since the publication

⁶ 13 sites in the Department of Health's case

⁷ The Government is setting up a new agency (Communities England) to deliver regeneration and housing. It will bring together the functions of English Partnerships, The Housing Corporation and some work currently carried out by Communities and Local Government.

⁸ Empty Dwelling Management Orders allow a local authority to, in certain circumstances, to take management control of an empty dwelling. See Communities and Local Government, *'Empty Dwelling Management Orders'*, London, 2006. Available from www.communities.gov.uk

⁹ The Local Development Framework comprises a suite of development documents that together comprise the essential framework for planning in a local authority area. For more information see Communities and Local Government, *'Planning Policy Statement 12'*, London, 2004.

of the Barker report¹⁰ that proposed a planning gain supplement¹¹. The Government indicated to Parliament that there will provisionally be a Planning Gain Supplement Bill in the next legislative programme, but has, in the Green Paper, given key stakeholders another opportunity to make representations on other options.

Design

We do not just need more homes; we need better homes and good design in and around the home is vital to making housing work for the people who live in it. Planning Policy Statement 3¹² has already given local authorities more flexibility in building mixed and sustainable communities. The Green Paper makes particular reference to housing suitable in an ageing society and a national strategy¹³ on these issues is due out in the autumn. There is a particular mention of Lifetime Homes¹⁴. There are emphases on green spaces and designing houses that are more resilient to the effects of climate change. A range of supporting tools is already available.

GREENER HOMES

A quarter of the UK's carbon emissions arise from heating, lighting and running housing. The Green Paper supports the targets that the Government has already set for reducing carbon emissions, ending up with all new homes to be zero carbon rated from 2016. Support is provided by the 2016 Zero Carbon Homes Task Force¹⁵ and The Code for Sustainable Homes¹⁶. The Carbon Challenge¹⁷ is disseminating lessons about skills and technologies to the house building industry.

Existing homes offer more of a challenge and the Government will be supporting consumers to increase the energy efficiency of their homes.

Water efficiency is ever more important and a companion paper¹⁸ sets out the Government's plans.

There are a number of topical issues about flood risk and, later in the year, practice guidance and a review of the 2007 floods will be published.

¹⁰ Barker K., *Review of Housing Supply*, HM Treasury, London, 2004.

¹¹ Communities and Local Government, *Changes to Planning Obligations: a Planning-Gain Supplement Consultation*, London, 2006. A planning gain supplement is a new way of capturing a proportion of the uplift in land value accruing to landowners as a result of granting planning permission.

¹² Communities and Local Government, *Planning Policy Statement 3: Housing*, London, 2006

¹³ Communities and Local Government, *National Strategy for Housing in an Ageing Society – a pre-strategy document*

¹⁴ See www.jrf.org.uk/housingandcare/lifetimehomes. Lifetime homes have sixteen accessibility and design features that ensure new housing will meet the needs of most households.

¹⁵ A joint initiative between The House Builders Federation and the Government

¹⁶ The Code measures the sustainability of a new home against categories of sustainable design. See www.communities.gov.uk

¹⁷ The Carbon Challenge is run by English Partnerships with the aim of creating a number of zero and near zero carbon communities. See www.englishpartnerships.co.uk/carbonchallenge.htm

¹⁸ *Water Efficiency in New Buildings* is available from www.communities.gov.uk

MAKING HOUSING MORE AFFORDABLE

More Social Housing

The Green Paper proposes a major programme of building new social housing. Over the next three years, the Government will invest at least £6.5 billion through the Housing Corporation and the proposed new homes agency. By 2010- 2011, the target will be at least 45,000 new homes a year.

Housing Associations

Housing associations have been the main delivery vehicle in recent years and their development work is generally funded by a mixture of public funding and private loans. The Housing Corporation is refining its investment processes to increase value for money and, eventually, to incentivise higher borrowing against housing associations' existing businesses.

Private Sector

Local authorities will continue to seek social housing through the planning system as part of the private developer contribution. Private sector organisations can already bid for Housing Corporation social housing grant. The Government would like to see innovations from the private sector.

Local Authorities

The Government wants local authorities to play a greater role in facilitating the supply of affordable housing and is considering ways in which local authorities can take a more direct role in the building of new homes. There are a variety of proposals:

Local authorities can access social housing grant through a special venture vehicle or Arms Length Management Organisation¹⁹. This would also allow the properties to be held outside the local authority's Housing Revenue Account (HRA) and the full rent can be used to finance the development costs and the capital investment can be recovered if a property is sold.

Some local authorities still develop their own housing within the HRA and the Government is looking for views as to whether councils should be also allowed to keep income and capital returns in these circumstances. In the longer term, the government wants to review the redistributive formula that underpins the current HRA and the rules governing the treatment of housing capital receipts. The Government will also look to identify good practice across a range of partnership models that might help local authorities to take the lead in delivering new housing supply.

First Time Buyers

There are many people who cannot afford to buy a home, who are helped to get their foot on the ladder through low cost home ownership programmes. The Government plans to deliver 25,000 low cost homes each year over the next three years through the Housing Corporation's programmes.

¹⁹ A company set up by a local authority to manage and improve its housing stock. The company is owned by the local authority and operates under the terms of a management agreement.

The Government is also interested in other funding models, including extending the provision that can be achieved through developer contributions in the planning system. The Government is also looking at extending provision in rural areas and is looking at the possibilities of community land trusts²⁰, land swap levies²¹ and community bonds²². Proposals will be announced later in the year to widen the opportunities for social tenants to buy a share in their own home through social homebuy.

The Government wants the private sector to have a greater role and will be reviewing proposals from a competition announced by the Housing Corporation earlier this year.

Improving the mortgage market

The Government has been taking forward the recommendations of the David Miles Review²³ on developing a longer term fixed interest mortgage market. At the same time, a review is looking at the advice that is available to consumers. The Treasury is investigating any barriers that might exist to lenders wanting to raise funds in wholesale markets.

DELIVERY

Skills and construction

To meet the housing targets identified in the Green Paper, there will have to be enough appropriately skilled workers and there are significant obstacles to overcome. Plans to reform the adult skills system were announced in July 2007 and a range of other initiatives led by various Government Departments are going forward. There is also a shortage of qualified planners that needs to be tackled.

Efficient and Sustainable Construction

There has already been considerable success in promoting modern methods of construction. A forward looking strategy for sustainable construction is also being planned.

Implementation

Local people need to be involved in the debate on housing in their area and there is a particular issue about working through people's concerns about new developments. One of the better ways of dealing with this issue is making sure that new homes and developments are built to the highest standards. The Government plans to bring information and evidence together in one place in the form of a toolkit that will make sure that local communities will be able to resolve the problems of housing locally.

²⁰ An independent or non-profit trust that can own or control land or facilities in perpetuity for the good of the community, See www.communitylandtrust.org.uk

²¹ A levy at point of planning permission on another parcel(s) of land. The levy can be retained to provide low price land in perpetuity.

²² An investment at a guaranteed rate where the investor can choose how much of the interest is paid to community projects

²³ Miles D., *The UK Mortgage Market: Taking A Longer-Term View*, HM Treasury, London, 2004

Strong local leadership is required to respond to housing needs and the local authority is at the heart of the place shaping role. As housing markets do not respect local authority boundaries, sub-regional working should be the norm.

Local area agreements²⁴ will inevitably be important and particular housing issues may be priorities for inclusion.²⁵

Local authorities have set up delivery vehicles that they can use to work together with the local stakeholders. These include urban regeneration companies and special venture vehicles. They can be used to combine land assets, public funding streams and private finance. Other possible models include local housing companies, community land trusts and limited liability partnerships.

Developers need to be encouraged to bring forward land more quickly. Changes have already been made to the planning system to achieve this objective, but the Government will consider whether other measures are necessary in the light of the findings of the Callcutt Review of the Housebuilding Delivery²⁶ and the Office of Fair Trading Study of the Housebuilding Market²⁷ due to be published in summer 2008.

The new housing body will play an important role in supporting local authorities in their place making role, and will be expected to deliver a range of core outcomes.

²⁴ A three year agreement between a local area and central government. The agreement describes how local priorities will be met by delivering local solutions, while also contributing to national priorities. The agreement is negotiated by a local strategic partnership that brings together partners from the public, private and voluntary sectors.

²⁵ See also Housing LIN Policy Briefing – ‘*Local Area Agreements : Maximising the Potential for Housing for Older People*’, available at www.icn.csip.org.uk/housing under Briefings.

²⁶ See www.callcuttreview.co.uk

²⁷ See www.of.gov.uk

Other Policy Briefings published by the Housing LIN:

All documents are available from the Housing LIN website at www.icn.csip.org.uk/housing, under Briefings in the Resources section.

1. Department of Health's White Paper - Our health, our care, our say; a new direction for community services
2. Individual Budgets
3. Wanless Social Care Review - Telecare and older people
4. Long Term Conditions and the Wider Policy Context
5. Disabled Persons (Independent Living) Bill
6. Learning Disability & Housing
7. Local Government White Paper – 'Strong and Prosperous Communities'
8. Disabled Facilities Grant – Department for Communities and Local Government consultation
9. Mental Capacity Act: An Introduction
10. Commissioning Framework for Health and Well-Being
11. Prevention of Homelessness: the role of health and social care
12. Improving Access to Health and Social Care Services by People who are Homeless or Living in Temporary or Insecure Accommodation
13. New Health & Social Care Structures – What are the Opportunities for Housing?
14. Local Area Agreements: Maximising the Potential for Housing for Older People