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Contact: Sophie Butcher

Committee Services

01483 444056

9 February 2018

Dear Councillor

Your attendance is requested at a meeting of the **BOROUGH, ECONOMY AND INFRASTRUCTURE EXECUTIVE ADVISORY BOARD** to be held in Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **MONDAY 19 FEBRUARY 2018 at 7.00 pm.**

Yours faithfully

James Whiteman
Managing Director

MEMBERS OF THE EXECUTIVE ADVISORY BOARD

Chairman: Councillor Jenny Wicks

Vice-Chairman: Councillor Angela Goodwin

Councillor Nils Christiansen
Councillor Andrew Gomm
Councillor Liz Hogger
Councillor Gordon Jackson
Councillor Nigel Kearse

Councillor Julia McShane
Councillor Bob McShee
Councillor Mike Parsons
Councillor Mike Piper
Councillor Matthew Sarti

Authorised Substitute Members:

Councillor Adrian Chandler
Councillor Colin Cross
Councillor David Goodwin
Councillor Murray Grubb Jnr
Councillor Gillian Harwood
Councillor Christian Holliday
Councillor Jennifer Jordan

Councillor Dennis Paul
Councillor Tony Phillips
Councillor David Quelch
Councillor Caroline Reeves
Councillor Tony Rooth
Councillor Pauline Searle

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QUORUM: 4



THE COUNCIL'S STRATEGIC FRAMEWORK

Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

Five fundamental themes that support the achievement of our vision:

- **Our Borough** – ensuring that proportional and managed growth for future generations meets our community and economic needs
- **Our Economy** – improving prosperity for all by enabling a dynamic, productive and sustainable economy that provides jobs and homes for local people
- **Our Infrastructure** – working with partners to deliver the massive improvements needed in the next 20 years, including tackling congestion issues
- **Our Environment** – improving sustainability and protecting our countryside, balancing this with the needs of the rural and wider economy
- **Our Society** – believing that every person matters and concentrating on the needs of the less advantaged
-

Your Council – working to ensure a sustainable financial future to deliver improved and innovative services

Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

Mission – for the Council

A forward looking, efficiently run Council, working in partnership with others and providing first class services that give the community value for money, now and in the future.

AGENDA

ITEM NO.

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 **LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS**

In accordance with the local Code of Conduct, a councillor is required to disclose at the meeting any Disclosable Pecuniary Interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.
- 3 **MINUTES** (Pages 1 - 4)

To confirm the minutes of the Executive Advisory Board meeting held on 16 October 2017.
- 4 **LOCAL ENTERPRISE PARTNERSHIP'S (LEP'S) - ENSURING A SUSTAINABLE ECONOMY**

To consider the co-ordination of the LEP and how to maximise funding opportunities to support Guildford as a smart growth hub. More specifically to look at the structure of the LEP, how it operates, as well as funding streams and accountability.

Chris Burchell – Local Economy Manager for Guildford Borough Council, Kathy Slack – Executive Director and Kevin Travers – Transport Lead for Enterprise M3 Local Enterprise Partnership will be in attendance to facilitate a discussion.

<https://www.enterprisem3.org.uk/>
- 5 **WHAT CAN WE DO TO SPEED UP HOUSING DELIVERY IN GUILDFORD?** (Pages 5 - 262)

A broad discussion on what can be done to speed up housing delivery in Guildford.

Some briefing papers have been attached for the Board's information and background reading.

Tim Dawes, Planning Development Manager and Nick Molyneux Housing Development Manager will be in attendance to facilitate the discussion.
- 6 **PROGRESS WITH ITEMS PREVIOUSLY CONSIDERED BY THE EAB** (Pages 263 - 266)

To consider the progress with items previously considered by the EAB.
- 7 **EAB WORK PROGRAMME** (Pages 267 - 272)

To consider and approve the EAB's draft work programme. Details of future Executive decisions are included.

**Please contact us to request this document in an
alternative format**

16 OCTOBER 2017

BOROUGH, ECONOMY AND INFRASTRUCTURE EXECUTIVE ADVISORY BOARD

16 October 2017

- * Councillor Jenny Wicks (Chairman)
- * Councillor Angela Goodwin (Vice-Chairman)

- | | |
|--|---|
| * Councillor Nils Christiansen
Councillor Andrew Gomm | * Councillor Julia McShane
* Councillor Bob McShee |
| * Councillor Liz Hogger
Councillor Gordon Jackson | * Councillor Mike Parsons
* Councillor Mike Piper |
| * Councillor Nigel Kearse | * Councillor Matthew Sarti |

*Present

Councillors Philip Brooker, Lead Councillor for Housing and Environment, Nikki Nelson-Smith, Lead Councillor for Social Welfare, Heritage and the Arts, and Caroline Reeves were also in attendance.

BEI14 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS
An apology for absence was submitted on behalf of Councillor Gordon Jackson.

BEI15 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS
There were no declarations of Disclosable Pecuniary Interests.

BEI16 MINUTES
The minutes of the Board meeting held on 13 September 2017 were approved. The Chairman signed the minutes.

BEI17 PUBLIC ARTS STRATEGY
The Lead Councillor for Social Welfare, Heritage and the Arts explained that the Public Art Strategy would identify its key priorities for 2018-23. The process of developing and installing public art involve consultation with communities, facilitated by Arts Officers, with the potential to reach a broad range of people. This process enhanced community cohesion, ownership of the piece, and a sense of place. Most people who responded to the Public Arts Strategy consultation thought they understood how public art was funded, but were not aware of the mechanism for doing so: developers funded the majority of public art projects as part of the planning process. Many artists were keen to work on commissions with communities in Guildford and this Council was keen to attract good local, national and international artists to the Borough, as well as new and early career artists.

The Board received a presentation on the Public Arts Strategy consultation from the Arts Officer, who reported that a cross-party Project Board had been responsible for the development of the draft strategy. Public consultation took place between 23 June and 28 July 2017 using a flexible approach to engage with as many people as possible. Most respondents agreed that the content was suitable, and all agreed on the strategy's themes, priorities and vision. As a result of the consultation process, the strategy was amended to incorporate a statement on how public art could raise the profile of wider issues and diversity. There would also be mentoring for new and early career artists, as well as opportunities for commissioning as part of commercial development. A panel would be set

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up to monitor actions set out in yearly action plans. The strategy was due to be launched in January 2018.

The Arts Officer informed the Board that artist mentoring would be on a project-by-project basis, with more experienced/established artists being commissioned for larger scale projects. There would also be opportunities for local or early career artists to work on smaller projects. Arts Officers would be able to support communities wanting to fund their own initiatives, but appropriate funding streams for such projects would need to be found from other funders and were extremely tight and very competitive.

The Board heard that the cross party group had taken a key role in developing the strategy, and the process had been interesting and thorough. Feedback from the consultation process had suggested that it was as important to have small pieces of local art as it was to have larger statement pieces.

The Board asked to receive an update on progress after two years, and commended the strategy to the Executive.

BEI18 DESIGN GUIDE

The Lead Councillor for Housing and Environment informed the Board that the current design guide dated from the 2003 Local Plan. Changes to the National Planning Policy Framework (NPPF) meant that a new document was needed to complement the new Local Plan. It was proposed that a phased approach should be used to drafting the new design guide, with the first element being the section on residential extensions, as the majority of planning applications in Guildford were from householders. That section of the design guide could then be implemented in 2018.

The Design and Conservation Team Leader reminded the Board that it had received examples of good design guides at a previous meeting, since which time a review of the proposals had been undertaken. The Board received a presentation on the review from the Principal Urban Design Officer, who provided an outline of the proposed Supplementary Planning Document (SPD) and the draft schedule leading to its adoption in 2018.

The Board heard that there was a new planning policy context, with an emphasis on sustainable development and good design, which meant that an update to the design guide would give a strong basis for encouraging good design, and refusing poor design. The residential extensions guidance would sit under current design policy and complement the new local plan. An internal review of the design guide had already been undertaken to see if it remained fit for purpose, which had included a review of existing and emerging design guidance. The review had identified a number of key priority areas, including the residential extensions guidance, and this was being addressed first in order to bring it in line with current and national policy. The new residential extensions guidance would need to be concise and accessible to the public, whilst promoting good design.

The Principal Urban Design Officer went on to explain the key stages involved: the project brief had already been laid out, and internal working groups set up, whilst the next stage would be to develop the guidance. A Planning Committee workshop had been organised for 07 December as part of this process. The aim would be to have the residential extensions guidance adopted by March 2018, and officers were confident of meeting this target.

The Board noted that, whilst 96% of applications were for household development, it was the remaining 4% of applications that had the biggest effect on the borough. Concerns were raised about the prioritisation of the residential extensions design guidance over the more general design guide. Following the adoption of the local plan, the Board felt there might be

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a rush of applications for larger developments, and it was therefore important that the wider design guide was complete at that point. Gosden Hill was cited as an example where pre-application discussions were already taking place.

The Board pointed out that the timetable for adopting the residential design guidance was extremely ambitious, particularly if radical changes were made to the document, and concerns were raised that slippage to this timetable would impact on the delivery of the wider design guide. The Board suggested that, since the residential extensions guidance would sit beneath the wider design guide, the latter document should be the one to be completed first.

The Board heard that the residential extensions guidance was needed, and officers hoped that in completing this first, they would achieve a quick win that would set a benchmark for quality of materials, scale and form, and other details. There would be resource implications in completing the wider design guide first, and if the work was done externally, this could take up to a year.

The Design and Conservation Team Leader agreed to look again at proposed timescales, however the Board's main concern remained around the impact of the prioritisation of the residential extension guidance over the wider design guide. The Design and Conservation Team Leader also agreed that a flexible approach was needed, as the design guide would have to meet the needs of councillors, officers, the public and agents. The Design and Conservation Team Leader noted the Board's concerns and agreed to discuss them with officers.

The Lead Councillor for Housing and Environment agreed to speak to the Lead Councillor for Planning and Regeneration to determine whether additional resources could be put into place to ensure that the design guide, including the residential extensions guidance, was complete by the time the new local plan came into force.

The Board expressed an urgent wish to have a task group, so that elected members could have input into the process. Members were keen and willing to be involved in this. The suggestion was fully endorsed by the Chair.

BEI19 PROGRESS WITH ITEMS PREVIOUSLY CONSIDERED BY THE EAB

The update report was noted.

BEI20 EAB WORK PROGRAMME

The work programme was noted by the Board.

The meeting finished at 8.28 pm

Signed

Date

Chairman

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Department for
Communities and
Local Government

Fixing our broken housing market

Fixing our broken housing market

Presented to Parliament
by the Secretary of State for Communities and Local Government
by Command of Her Majesty

February 2017



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Foreword from the Prime Minister

The Government is determined to build a stronger, fairer Britain where people who work hard are able to get on in life. That means breaking down barriers to progress by taking the big, difficult decisions that are right for Britain in the long term.

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.

Today the average house costs almost eight times average earnings – an all-time record. As a result it is difficult to get on the housing ladder, and the proportion of people living in the private rented sector has doubled since 2000.

These high housing costs hurt ordinary working people the most. In total more than 2.2 million working households with below-average incomes spend a third or more of their disposable income on housing.

This means they have less money to spend on other things every month, and are unable to put anything aside to get together the sums needed for a deposit. Those who do own their own home are finding it increasingly difficult to keep up with the mortgage, and struggle to save for later life. And many worry about the ability of their children and grandchildren to afford their own home and to have access to the same chances in life that they have enjoyed.

I want to fix this broken market so that housing is more affordable and people have the security they need to plan for the future.

The starting point is to build more homes. This will slow the rise in housing costs so that more ordinary working families can afford to buy a home and it will also bring the cost of renting down.

We need to build many more houses, of the type people want to live in, in the places they want to live. To do so requires a comprehensive approach that tackles failure at every point in the system.

First, we need more land for homes where people want to live. All areas need a plan to deal with the housing pressures they face and communities need a say in the homes that are built. We will require all areas to have up-to-date plans in place and ensure that communities are comfortable with how new homes look.

Second, we need to ensure that homes are built quickly once planning permissions are granted. We will invest in making the planning system more open and accessible, improve the co-ordination of public investment in infrastructure, support timely connections to utilities, and tackle unnecessary delays. We're giving councils and developers the tools they need to build more swiftly.

Third, we will diversify the housing market, opening it up to smaller builders and those who embrace innovative and efficient methods. We will encourage housing associations and local authorities to build more, and we will work to attract new investors into residential development including homes for rent.

Finally, because building the homes we need will take time, we will also take more steps to continue helping people now, including by improving safeguards in the private rented sector, and doing more to prevent homelessness and to help households currently priced out of the market.

By building the homes Britain needs and giving those renting a fairer deal, we will give those growing up in society today more chance of enjoying the same opportunities as their parents and grandparents. It will ensure that the housing market is as fair for those who don't own their own homes as it is for those that do. This is a vital part of our Plan for Britain and a critical step along the road towards fulfilling the mission I have set out to make Britain a country that works for everyone.



The Rt Hon Theresa May MP
Prime Minister



Foreword from the Secretary of State

This country doesn't have enough homes. That's not a personal opinion or a political calculation. It's a simple statement of fact.

For decades, the pace of house building has been sluggish at best. As a result, the number of new homes has not kept pace with our growing population. And that, in turn, has created a market that fails to work for far too many people.

Soaring prices and rising rents caused by a shortage of the right homes in the right places has slammed the door of the housing market in the face of a whole generation.

Over the years, the response from politicians has been piecemeal. Well-intentioned initiatives have built more homes here and there but have skirted around the edges of a growing problem. Other schemes have helped to tackle the symptoms without addressing the root cause.

That has to change. We need radical, lasting reform that will get more homes built right now and for many years to come. This White Paper explains how we will do just that.

It covers the whole house building process, from finding sites to securing local support and permission as well as getting homes built quickly and sold on fair terms. But it also goes further, seeking to build consensus for a new, positive, mindset to house building. A can-do approach that simply does not tolerate failure.

The housing market has taken decades to reach the state it's now in. Turning it around won't be quick or easy. But it can be done. It must be done. And, as this White Paper shows, this Government is determined to do it.

A handwritten signature in black ink, appearing to read 'S. Javid'.

The Rt Hon Sajid Javid MP
Secretary of State for Communities
and Local Government



Introduction

Our housing market is broken

The housing market in this country is broken, and the cause is very simple: for too long, we haven't built enough homes.

Since the 1970s, there have been on average 160,000 new homes each year in England.¹ The consensus is that we need from 225,000 to 275,000 or more homes per year to keep up with population growth and start to tackle years of under-supply.²

This isn't because there's no space, or because the country is "full". Only around 11 per cent of land in England has been built on.³

The problem is threefold: not enough local authorities planning for the homes they need; house building that is simply too slow; and a construction industry that is too reliant on a small number of big players.

The laws of supply and demand mean the result is simple. Since 1998, the ratio of average house prices to average earnings has more than doubled.⁴ And that means the most basic of human needs – a safe, secure home to call your own – isn't just a distant dream for millions of people. It's a dream that's moving further and further away.

In 21st century Britain it's no longer unusual for houses to "earn" more than the people living in them. In 2015, the average home in the South East of England increased in value by £29,000,⁵ while the average annual pay in the region was just £24,542.⁶ The average London home made its owner more than £22 an hour during the working week in 2015⁷ – considerably more than the average Londoner's hourly rate. That's good news if you own a property in the capital, but it's a big barrier to entry if you don't.

1 DCLG Live Table 104.

2 For example: Barker (2004), "Review of Housing Supply - Delivering Stability: Securing our Future Housing Needs" Final Report; House of Lords Select Committee on Economic Affairs (2016), "Building more homes", July 2016; KPMG and Shelter (2015) "Building the Homes We Need".

3 DCLG Local authority green belt statistics for England: 2015 to 2016, page 2, available at <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2015-to-2016>

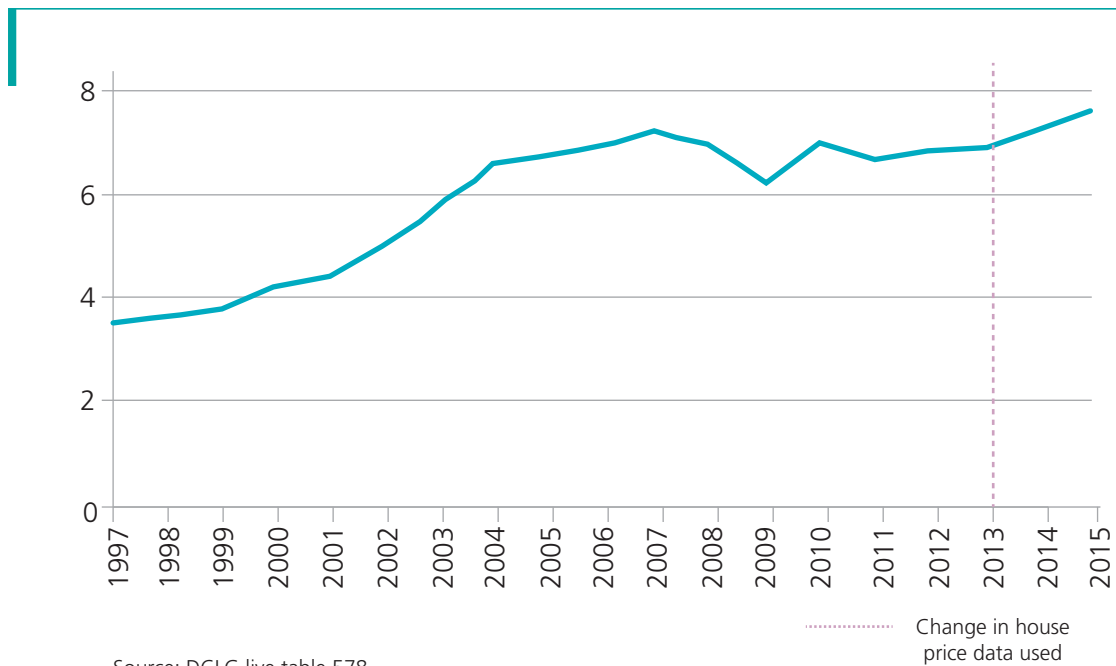
4 DCLG Live Table 577.

5 ONS House Price Statistics for Small Areas, Table 1a.

6 ONS Annual Survey of Hours and Earnings 2016, table 3.7a, median annual gross pay, all employee jobs.

7 ONS House Price Statistics for Small Areas, Table 1a.

Figure 1: Ratio of median house price to median earnings, England



The Council of Mortgage Lenders predicts that by 2020 only a quarter of 30-year-olds will own their own home. In contrast, more than half the generation currently approaching retirement were homeowners by their 30th birthday.⁸ This is not because young people are not trying hard enough, it's because it is much harder for them to get a foot on the property ladder than their parents and grandparents.

As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after just three years. Today it would take them 24 years.⁹ It's no surprise that home ownership among 25- to 34-year-olds has fallen from 59 per cent just over a decade ago to just 37 per cent today¹⁰.

Without help from the "Bank of Mum and Dad", many young people will struggle to get on the housing ladder. As demand for homes outstrips supply, they're faced with ever-increasing rents – the average couple in the private rented sector now send roughly half their salary to their landlord each month¹¹ making it nigh on impossible to save for a deposit.

In areas where the housing shortage is most acute, high demand and low supply is creating opportunities for exploitation and abuse: unreasonable letting agents' fees, unfair terms in leases, landlords letting out dangerous, overcrowded properties. In short, it's becoming harder to rent a safe, secure property. And more and more people can't find a place to rent at all: the loss of a private sector tenancy is now the most common cause of homelessness.¹²

8 Council of Mortgage Lenders (2015) The challenge facing first-time buyers.

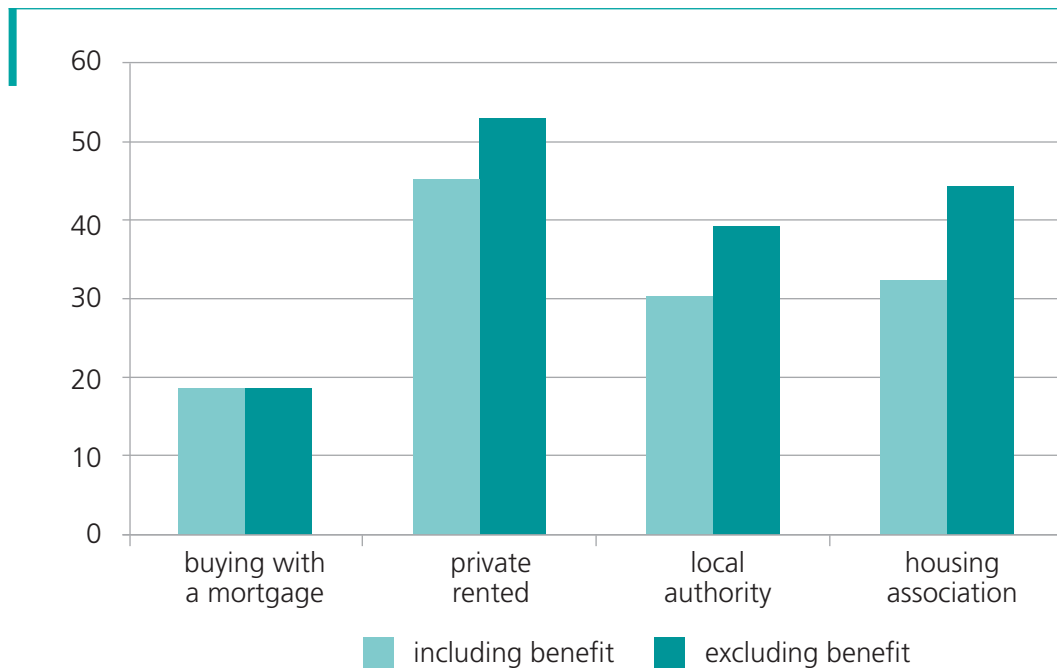
9 Resolution Foundation (2015) – Dealing with the housing aspiration gap.

10 English Housing Survey 2014/15.

11 English Housing Survey 2014/15.

12 DCLG Live Table 774.

Figure 2: Mean mortgage/rent payments as a percentage of weekly household income, by tenure, 2014-15¹³



Source: English Housing Survey, full household sample

Notes:

1. based on gross income from HRP and partner only

2. Housing benefit or Local Housing Allowance (LHA) or Universal Credit received by the householder to help pay for all or part of their rent. This only applies to households that rent their home.

Britain’s broken housing market hurts all of us. Sky-high property prices stop people moving to where the jobs are. That’s bad news for people who can’t find work, and bad news for successful companies that can’t attract the skilled workforce they need to grow, which is bad news for the whole economy.

Low levels of house building means less work for everyone involved in the construction industry – architects, builders, decorators and manufacturers of everything from bricks to kitchen sinks. If people must spend more and more to keep a roof over their head they’ll inevitably cut back elsewhere – meaning less money gets spent in the wider economy.

High rents are bad news for all taxpayers including those who own their own home. If rents are too high, then private renters struggle to pay - and the taxpayer has to foot the bill with more Housing Benefit. That’s money that could be spent on schools, hospitals and other frontline services.

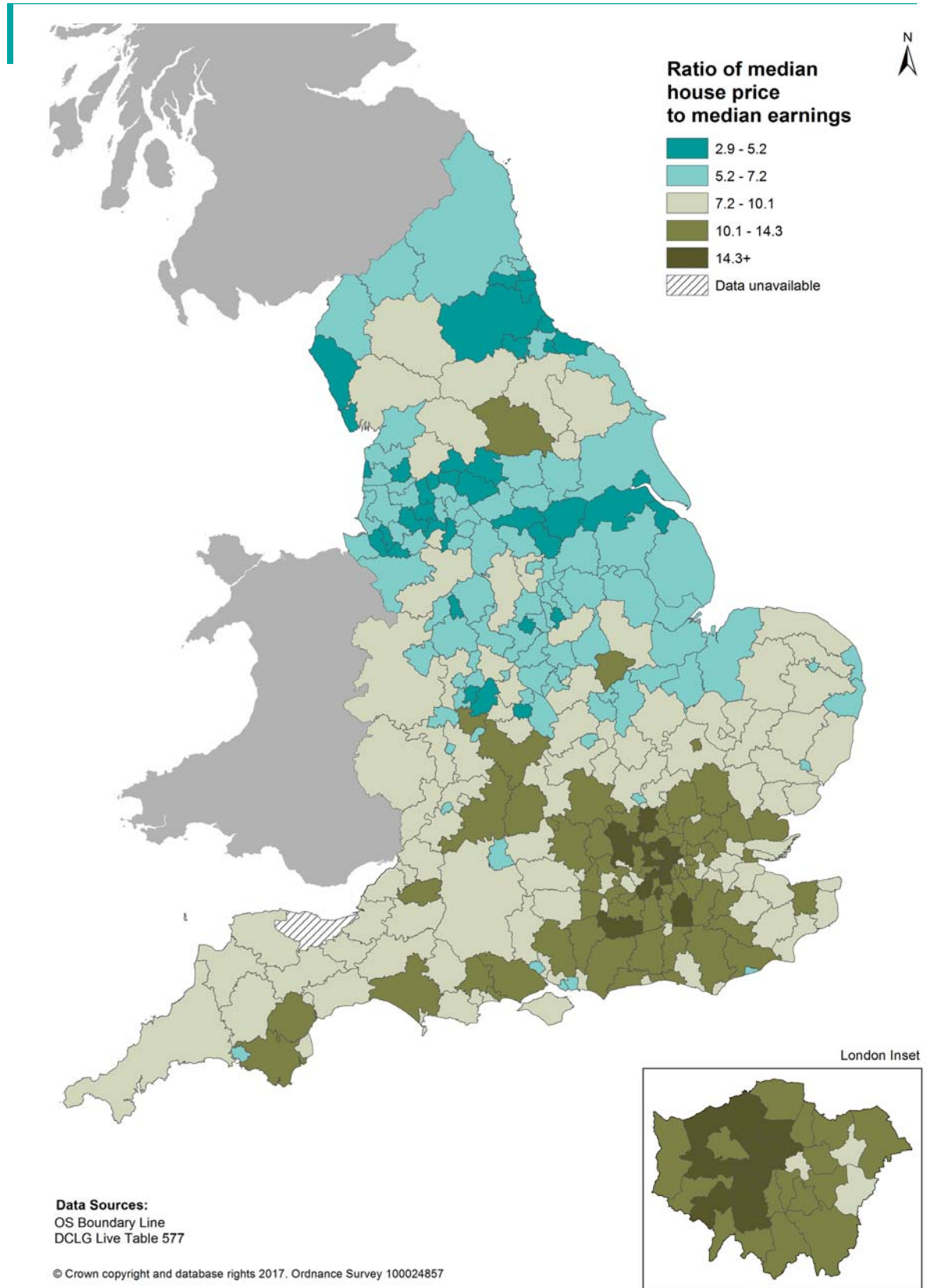
Nor is this just a London problem. While the situation is particularly acute in and around the capital, it is also getting worse right across the country. Since 1997 house prices relative to earnings have more than doubled in Lancaster, Manchester and Boston.¹⁴

This is a national issue that touches every one of us. Everyone involved in politics and the housing industry has a moral duty to tackle it head on.

13 English Housing Survey 2014/15; statistic refers to the income of the household reference person (the person in whose name the dwelling is owned or rented) plus that of a partner (including income from benefits).

14 DCLG Live table 577.

Figure 3: Affordability ratio by local authority, 2015



The challenges we face

Building more homes will depend on our dealing with three major problems.

First, **over 40 per cent of local planning authorities do not have a plan that meets the projected growth in households in their area.**¹⁵ There are many reasons for this, but one of the most significant is the way local decision-makers respond to public attitudes about new housing.

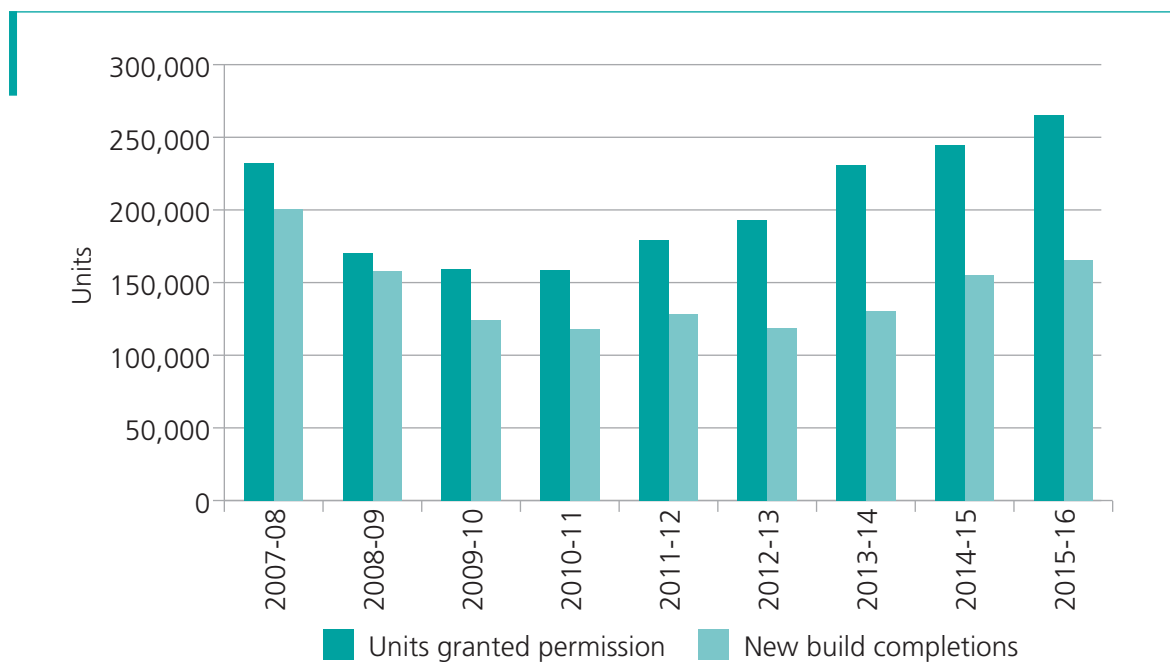
Quite reasonably, people often have concerns about the impact new housing will have on their community. That is why it is so important that people have a say over where new homes go and what they look like through the planning process. People are more likely to support new mansion blocks or mews houses on a derelict strip of land than a new estate in countryside. Many councils work tirelessly to engage their communities on the number, design and mix of new housing in their area. But some duck difficult decisions and don't plan for the homes their area needs.

Without an adequate plan, homes can end up being built on a speculative basis – with no co-ordination and limited buy-in from local people. The uncertainty this creates about when and where new homes will be built is both unpopular and affects the entire house building process – slowing it right down.

And that's the second big problem: **the pace of development is too slow.** This Government's reforms have led to a large increase in the number of homes being given planning permission. But there is a large gap between permissions granted and new homes built. More than a third of new homes that were granted planning permission between 2010/11 and 2015/16 have yet to be built.¹⁶

There can be various reasons for these delays. If there isn't a robust local plan, permission may be contested and it stops infrastructure and utility companies planning ahead. Changes to market conditions and onerous planning conditions can also be factors. But there is also concern that it may be in the interest of speculators and developers to snap up land for housing and then sit back for a while as prices continue to rise.

Figure 4: Annual completions versus permissions



Source: Glenigan planning permissions data; DCLG Live Table 120

¹⁵ DCLG data collected on local plans; DCLG Live tables on household projections, 2016 to 2026.

¹⁶ Glenigan planning permissions data; DCLG Live Table 120 (new build completions).

Finally, **the very structure of the housing market makes it harder to increase supply**. Housing associations have been doing well – they’re behind around a third of all new housing completed over the past five years¹⁷ – but the commercial developers still dominate the market.

And within that sector, a handful of very big companies are responsible for most new building. Britain’s 10 largest housebuilding firms build around 60 per cent of our new private homes.¹⁸

Homes are typically bought with debt, so a slight change in interest rates can have a big impact on people’s ability to afford a new home. This government has kept spending under control, avoiding the dangers of higher mortgage rates.

But building at scale still exposes commercial developers to significant financial risk. So, there is little incentive to invest in innovative methods of construction which could deliver many more homes. Over the past 25 years, productivity across the whole economy has grown by 41 per cent as new technology and new ways of working make business and industry more efficient and effective. In construction, it has grown by just 11 per cent – almost four times slower.¹⁹

What we’re going to do about it

The cause of our housing shortage is simple enough – not enough homes are being built. Fixing it is more complex. This is a problem that has built up over many decades, and solving it requires a radical re-think of our whole approach to home building.

First, **we need to plan for the right homes in the right places**. This is critical to the success of our modern industrial strategy. Growing businesses need a skilled workforce living nearby, and employees should be able to move easily to where jobs are without being forced into long commutes.

But at the moment, some local authorities can duck potentially difficult decisions, because they are free to come up with their own methodology for calculating ‘objectively assessed need’. So, we are going to consult

on a new standard methodology for calculating ‘objectively assessed need’, and encourage councils to plan on this basis.

We will insist that every area has an up-to-date plan. And we will increase transparency around land ownership, so it is clear where land is available for housing and where individuals or organisations are buying land suitable for housing but not building on it. This will put communities back in charge of getting the attractive homes they want and need – for young professionals, older people, growing families, people on low incomes, people with disabilities and more. It will reduce speculative development, and support our villages, towns and cities to develop in a way that preserves the unique character of their communities, and protects precious countryside.

Second, **we need to build homes faster**. We will invest in making the planning system more open and accessible, and tackle unnecessary delays.

Development is about far more than just building homes. Communities need roads, rail links, schools, shops, GP surgeries, parks, playgrounds and a sustainable natural environment. Without the right infrastructure, no new community will thrive – and no existing community will welcome new housing if it places further strain on already stretched local resources.

We’re giving councils and developers the tools they need to build more swiftly, and we expect them to use them. Local authorities should not put up with applicants who secure planning permission but don’t use it. And they will have nowhere to hide from this government if they fail to plan and deliver the homes this country needs.

Third, **we will diversify the housing market**, opening it up to smaller builders and those who embrace innovative and efficient methods. We set out how we will support housing associations to build more, explore options to encourage local authorities to build again, encourage institutional investment in the private rented sector and promote more modular and factory built homes. We will also make it easier for people who want to build their own homes.

17 DCLG Live tables on house building; DCLG Live tables on affordable housing supply.

18 NHBC Market Intelligence report 2015; DCLG Live Table 209.

19 ONS Labour Productivity statistics.

These measures will make a lasting, positive impact on housing supply, but they will inevitably take time to have an effect. So, finally, **we will help people now** – from investing in affordable housing to banning unfair letting agent fees to preventing homelessness.

A problem that won't solve itself

The housing shortage isn't a looming crisis, a distant threat that will become a problem if we fail to act. We're already living in it. Our population could stop growing and net migration could fall to zero, but people would still be living in overcrowded, unaffordable accommodation. Infrastructure would still be overstretched. This problem is not going to go away by itself.

If we fail to build more homes, it will get ever harder for ordinary working people to afford a roof over their head, and the damage to the wider economy will get worse.

This isn't a new problem. Its roots stretch back decades, with house building well below what was needed under successive governments. And it's not a problem we can afford to ignore any longer.

Tackling the housing shortage won't be easy. It will inevitably require some tough decisions. But the alternative is a divided nation, with an unbridgeable and ever-widening gap between the property haves and have-nots. A country where only those with wealthy parents can get a foot on the property ladder and where elderly people are forced to keep working in order to pay off their mortgage.

We want this to be a country that works for everyone, where people who work hard can afford a place of their own. This White Paper is an important step in delivering just that.

Executive summary

The proposals in this White Paper set out how the Government intends to boost housing supply and, over the long 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.

The challenge of increasing supply cannot be met by government alone – it is vital to have local leadership and commitment from a wide range of stakeholders, including local authorities, private developers, housing associations, lenders and local communities.

We have listened to concerns expressed by many within the housing and planning sector that the pace of change in policy and legislation can make local delivery more difficult. The White Paper addresses this issue by providing a long-term strategy to build the homes the country needs.

However we also need to help people now to find the right home while our strategy takes effect. So this White Paper sets out how we will address people's housing needs and aspirations in the shorter term. This includes supporting people to buy or rent their own home, preventing homelessness, improving options for older people and protecting the most vulnerable. Central to making our long term strategy work is the partnership between central and local government and developers. This White Paper sets out the support the Government will provide to enhance the capacity of local authorities and industry to build the new homes this country needs. In return we expect professions and institutions to play their part and turn these proposals into reality:

- For **local authorities**, the Government is offering higher fees and new capacity funding to develop planning departments, simplified plan-making, and more funding for infrastructure. We will make it easier for local authorities to take action against those who do not build out once permissions have been granted. We are interested in the scope for bespoke housing deals to make the most of local innovation. In return, the Government asks local authorities to be as ambitious and innovative as possible to get homes built in their area. All local authorities should develop an up-to-date plan with their communities that meets their housing

requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met), decide applications for development promptly and ensure the homes they have planned for are built out on time. It is crucial that local authorities hold up their end of the bargain. Where they are not making sufficient progress on producing or reviewing their plans, the Government will intervene. And where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken.

- For **private developers**, the Government is offering a planning framework that is more supportive of higher levels of development, with quicker and more effective processing and determination of planning applications, and is exploring an improved approach to developer contributions. In line with the industrial strategy, we will boost productivity, innovation, sustainability and skills by encouraging modern methods of construction in house building. We will encourage greater diversity of homebuilders, by partnering with smaller and medium-sized builders and contractors in the Accelerated Construction programme, and helping small and medium-sized builders access the loan finance they need. In return, the Government expects developers to build more homes, to engage with communities and promote the benefits of development, to focus on design and quality, and to build homes swiftly where permission is granted. Critically, we also expect them to take responsibility for investing in their research and skills base to create more sustainable career paths and genuinely bring forward thousands of new skilled roles.

- For **local communities**, the Government is offering a simpler and clearer planning process that makes it easier for them to get involved and shape plans for their area. We will ensure they see the benefits of housing growth and have greater say over the design of local developments. In return, the Government asks communities to accept that more housing is needed if future generations are to have the homes they need at a price they can afford.
- For **housing associations and other not-for-profit developers**, the Government has already announced funding worth a total of £7.1 billion through an expanded and more flexible Affordable Homes Programme. We will provide clarity over future rent levels. In return, we expect them to build significantly more affordable homes over the current Parliament.
- For **lenders, institutional investors and capital market participants**, the Government is offering a clear and stable long-term framework for investment, including products for rent. In return we call upon lenders and investors to back developers and social landlords in building more homes.
- For **utility companies and infrastructure providers**, the Government is offering a clear framework and simpler plans to help them understand the demands made on them, and is exploring an improved approach to developer contributions to help pay for new infrastructure. In return, the Government expects infrastructure providers to deliver the infrastructure that new housing needs in good time so that development is not delayed.

At the heart of the White Paper is the acknowledgement that the housing market is very different in different parts of the country. The Government is already putting in place devolution deals and large-scale strategies, such as the Northern Powerhouse, the Midlands Engine and our modern industrial strategy, that bring together public and private sector leaders across different regions.

However, we need a better understanding of the specific local issues that are holding back housing development and economic growth. We need to back mayors and local leaders to deliver in their areas for their communities. We will work with local authorities to understand all the options for increasing the supply of affordable housing.

The policies and proposals set out in this White Paper apply to England only. In Scotland, Wales and Northern Ireland, housing and planning policy is the responsibility of the Scottish Government, Welsh Government and Northern Ireland Executive respectively. The UK Government retains responsibility for housing and planning policy in England, including funding for England-only bodies such as the Homes and Communities Agency (HCA). The Mayor of London is responsible for the functions of the HCA in London.

List of proposals

Step 1: Planning for the right homes in the right places

- 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.

Step 2: Building homes faster

- 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.

Step 3: Diversifying the market

- 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.

Step 4: Helping people now

- 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.



Planning for the right homes in the right places



Summary

If we are to build the homes this country needs, we need to make sure that enough land is released in the right places, 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.

This chapter sets out our proposals to:

- make sure every part of the country has an up-to-date, sufficiently ambitious plan so that local communities decide where development should go;
- simplify plan-making and make it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- ensure 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;
- clarify what land is available for new housing, through greater transparency over who owns land and the options held on it;
- make 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;
- maintain existing strong protections for the Green Belt, and clarify 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;
- give 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
- make 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.

More details of these proposals, and questions for consultation, can be found in the annex.

The case for change

1.1 Up-to-date plans are essential because they provide clarity to communities and developers about where homes should be built and where not, so that development is planned rather than the result of speculative applications. At present too few places have an up-to-date plan: at the end of January 2017, 34 local planning authorities had not published a local plan for consultation, despite having had over twelve years to do so; and only a third of authorities had adopted a plan since the National Planning Policy Framework was published in March 2012.²⁰ Even where plans are in place they may not be fulfilling their objective to recognise and plan for the homes that are needed.

1.2 Plan-making remains slow, expensive and bureaucratic, with arguments about the number of homes to be planned for often being a particular cause of delay – something not helped by the lack of a standard methodology for assessing housing requirements. We want to ensure that every area has an effective, up-to-date, plan – by making it easier for plans to be produced and understood, and simpler to identify the homes that are required. Effectiveness means plans meeting as much of that housing requirement as possible, in ways that make good use of land and result in well-designed and attractive places to live.

1.3 In spite of the progress being made to bring more brownfield land back into use, plans don't always encourage a sufficiently wide range of sites to come forward to meet local housing requirements. Often, there is also scope to involve the community earlier in the design of schemes, and to do more with the land which is identified, so homes can be accommodated efficiently. We remain committed to our manifesto promise to protect the Green Belt.

1.4 In response, this chapter sets out our proposals to reform plan-making, identify sufficient land in the right locations and make the most of development opportunities; with more community involvement to secure the best outcomes for both people and places.

1.5 A number of the proposals build on consultations and reviews conducted over the last year: the report of the Local Plans Expert Group; consultations on changes to the National Planning Policy Framework,²¹ technical changes to planning and 'building up' in London; and the Rural Planning Review call for evidence.²² The Government has taken account of responses to these consultations in deciding the way forward. A summary of the responses to each consultation is being published alongside this White Paper.

Getting plans in place

Making sure every community has an up-to-date, sufficiently ambitious plan

1.6 We are legislating through the Neighbourhood Planning Bill to put beyond doubt the requirement for all areas to be covered by a plan. Authorities that fail to ensure an up-to-date plan is in place are failing their communities, by not recognising the homes and other facilities that local people need, and relying on ad hoc, speculative development that may not make the most of their area's potential.

1.7 Our proposals in this White Paper will make plans easier to produce, and we will provide authorities with the support they need. But, as we have indicated previously,²³ **we will, when necessary, intervene to ensure that plans are put in place, so that communities in the areas affected are not disadvantaged by unplanned growth.** New powers proposed in the Neighbourhood Planning Bill will strengthen our ability to do so.

20 Monitoring by DCLG and the Planning Inspectorate

21 The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

22 Local Plans Expert Group (2016) *Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning*. <http://lpeg.org/>; DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes; DCLG (2016) *Technical consultation on implementation of planning changes*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507019/160310_planning_consultation.pdf; DCLG (2016) *Consultation on upward extensions in London*. Available at: www.gov.uk/government/consultations/upward-extensions-in-london; DCLG (2016) *Rural Planning Review: Call for Evidence*. Available at: www.gov.uk/government/consultations/rural-planning-review-call-for-evidence.

23 Written Statement made by the Minister of State for Housing and Planning, 20 July 2015. Available at: <https://www.parliament.uk/documents/commons-vote-office/July%202015/21%20July/8-Communities-and-Local-Government-Local-Plans.pdf>

1.8 We also want to strengthen expectations about keeping plans up-to-date. Plans should be reviewed regularly, and are likely to require updating in whole or in part at least every five years. The Neighbourhood Planning Bill proposes to allow the Secretary of State to require local planning authorities to review local plans and other local development documents at prescribed intervals. **We will set out in regulations a requirement for these documents to be reviewed at least once every five years.**

An authority will need to update their plan if their existing housing target can no longer be justified against their objectively assessed housing requirement, unless they have agreed a departure from the standard methodology with the Planning Inspectorate.

1.9 Where an authority has demonstrated that it is unable to meet all of its housing requirement, it must be able to work constructively with neighbouring authorities on how best to address the remainder. The duty to co-operate already places a legal requirement on local planning authorities to collaborate where cross-boundary issues arise during plan-making. However in some parts of the country this has not been successful. To address this **we will consult on changes to the National Planning Policy Framework, so that authorities are expected to prepare a Statement of Common Ground**, setting out how they will work together to meet housing requirements and other issues that cut across authority boundaries.

Making plans easier to produce

1.10 Plan-making remains expensive and bureaucratic, and can appear inaccessible to local communities. Building on measures in the Neighbourhood Planning Bill we propose to:

- **ensure that every authority is covered by a plan, but remove the expectation that they should be covered by a single local plan. Instead, we will set out the strategic priorities that each area should plan for, with flexibility over how they may do so.** The changes will also make clear that documents should not duplicate one another unless clearly justified; amend the tests for assessing whether a plan is 'sound'; and make the evidence needed to support plans more proportionate;

- **enable spatial development strategies, produced by new combined authorities or elected Mayors, to allocate strategic sites;**²⁴ and
- **improve the use of digital tools to make plans and planning data more accessible, and review the consultation and examination procedures for all types of plan** to ensure they are proportionate.

1.11 Further details of our proposals are set out in the annex.

Assessing housing requirements

1.12 The current approach to identifying housing requirements is particularly complex and lacks transparency. The National Planning Policy Framework (NPPF) sets out clear criteria but is silent on how this should be done. The lack of a standard methodology for doing this makes the process opaque for local people and may mean that the number of homes needed is not fully recognised. It has also led to lengthy debate during local plan examinations about the validity of the particular methodology used, causing unnecessary delay and wasting taxpayers' money. The Government believes that a more standardised approach would provide a more transparent and more consistent basis for plan production, one which is more realistic about the current and future housing pressures in each place and is consistent with our modern Industrial Strategy. This would include the importance of taking account of the needs of different groups, for example older people.

1.13 **The Government will, therefore, consult on options for introducing a standardised approach to assessing housing requirements.** We will publish this consultation at the earliest opportunity this year, with the outcome reflected in changes to the National Planning Policy Framework.

1.14 We want councils to use the new standardised approach as they produce their plans and will incentivise them to do so. We expect councils that decide not to use the new approach to explain why not and to justify to the Planning Inspectorate the methodology they have adopted in their area. We will consult on what constitutes a reasonable justification for deviating from the standard methodology, and make this explicit in the National Planning Policy Framework.

²⁴ Where these strategies require unanimous agreement of members of the combined authority concerned.

1.15 To incentivise authorities to get plans in place, in the absence of an up-to-date local or strategic plan **we propose that by April 2018 the new methodology for calculating objectively assessed requirement would apply as the baseline for assessing five year housing land supply and housing delivery**. In specific circumstances where authorities are collaborating on ambitious proposals for new homes, the Secretary of State would be able to give additional time before this new baseline applies. We will consult on these proposals.

1.16 Whatever the methodology for assessing overall housing requirements, we know that more people are living for longer. **We propose to strengthen national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people.**

Making land ownership and interests more transparent

1.17 It can be difficult to establish the identity of all persons with an interest in land. The Government would like to make data about land ownership, control and interests more readily available to all. This will help identify land that may be suitable for housing, allow communities to play a more active role in developing plans, support digital plan-making, help new entrants to the market and offer wider benefits. We are therefore launching an ambitious programme to improve the availability of land and property data.

1.18 **HM Land Registry is committed to becoming the world's leading land registry for speed, simplicity and an open approach to data and will aim to achieve comprehensive land registration by 2030.** This will include all publicly-held land in the areas of greatest housing need being registered by 2020, with the rest to follow by 2025. It will aid better data sharing across government for the purposes of supporting development, ensuring financial stability, tax collection, law enforcement and the protection of national security.

1.19 Alongside the improved registration of land, the Government proposes to improve the availability of data about wider interests in land. There are numerous ways of exercising control over land, short of ownership, such as through an option to purchase land or as a beneficiary of a restrictive covenant. There is a risk that because these agreements are not

recorded in a way that is transparent to the public local communities are unable to know who stands to benefit fully from a planning permission. They could also inhibit competition because SMEs and other new entrants find it harder to acquire land. There is the additional risk that this land may sit in a 'land bank' once an option has been acquired without the prospect of development.

1.20 **The Government will consult on improving the transparency of contractual arrangements used to control land.** Following consultation, any necessary legislation will be introduced at the earliest opportunity. We will also consult on how the land register can better reflect wider interests in land with the intention of providing a 'clear line of sight' across a piece of land setting out who owns, controls or has an interest in it.

1.21 **The Government also proposes to improve the availability of data about wider interests in land by:**

- releasing, free of charge, its commercial and corporate ownership data set, and the overseas ownership data set, and
- publishing a draft Bill to implement the Law Commission's proposals for the reform of restrictive covenants and other interests.

Making enough land available in the right places

1.22 Local planning authorities have a responsibility to do all they can to meet their housing requirements, even though not every area may be able to do so in full. To strengthen expectations, **the Government is proposing to amend the National Planning Policy Framework** so that when preparing plans:

- authorities should have **a clear strategy to maximise the use of suitable land** in their area, so it is clear how much development can be accommodated; and
- their identified housing requirement should be accommodated **unless there are policies elsewhere in the National Planning Policy Framework that provide strong reasons for restricting development, or the adverse impacts of meeting this requirement would significantly and demonstrably outweigh the benefits.**

1.23 What this means in practice will depend on the housing requirements and opportunities in each area, but we are proposing a number of changes to underline particular priorities that should be pursued.

Bringing brownfield land back into use

1.24 We must make as much use as possible of previously-developed ('brownfield') land for homes – so that this resource is put to productive use, to support the regeneration of our cities, towns and villages, to support economic growth and to limit the pressure on the countryside. The Government is already pursuing a number of reforms to make this happen, as set out in the annex.

1.25 Going further, the presumption should be that brownfield land is suitable for housing unless there are clear and specific reasons to the contrary (such as high flood risk). To make this clear, we will **amend the National Planning Policy Framework to indicate that great weight should be attached to the value of using suitable brownfield land within settlements for homes**, following the broad support for this proposal in our consultation in December 2015.²⁵

More homes on public sector land

1.26 We have a particular responsibility to make the most of surplus land which is already in public ownership. The Government has an ambition to release surplus public land with capacity for 160,000 homes during this Parliament. We are operating our Accelerated Construction programme on some of this land. Local authorities are working on parallel proposals to use surplus public land for a further 160,000 homes over the Parliament. **We are providing further support for local authorities by launching a new £45m Land Release Fund and have already had a large number of expressions of interest for participation in the Accelerated Construction programme** outlined in Chapter 3.

1.27 In addition, we propose to **ensure all authorities can dispose of land with the benefit of planning permission which they have granted to themselves**. We will also **consult on extending**

their flexibility to dispose of land at less than best consideration and welcome views on **what additional powers or capacity they need to play a more active role in assembling land for development** (including whether additional powers are needed to prevent 'ransom strips' delaying or preventing development, especially in brownfield regeneration). For example, in many countries local authorities regularly work with local landowners to assemble land for housing (see case study from Bonn below).

1.28 In support of the Government's national strategy on estate regeneration,²⁶ we also propose to amend national policy to **encourage local planning authorities to consider the social and economic benefits of estate regeneration, and use their planning powers to help deliver this to a high standard**.

Supporting small and medium sized sites, and thriving rural communities

1.29 Policies in plans should allow a good mix of sites to come forward for development, so that there is choice for consumers, places can grow in ways that are sustainable, and there are opportunities for a diverse construction sector. Small sites create particular opportunities for custom builders and smaller developers. They can also help to meet rural housing needs in ways that are sensitive to their setting while allowing villages to thrive.

1.30 Reflecting proposals set out in the Government's previous consultation on changes to the National Planning Policy Framework,²⁷ we will:

- amend national policy to **expect local planning authorities to have policies that support the development of small 'windfall' sites** (those not allocated in plans, but which come forward on an ad hoc basis); and
- **indicate that great weight should be given to using small undeveloped sites within settlements for homes**, where they are suitable for residential development.²⁸

25 National Planning Policy: Consultation on proposed changes. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes.

26 DCLG (2016) *Estate Regeneration National Strategy*. Available at: <https://www.gov.uk/guidance/estate-regeneration-national-strategy>

27 DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes

28 Small sites for this purpose are those capable of accommodating fewer than 10 units, or which are smaller than 0.5ha.

1.31 These changes apply to all types of area. Together with the additional weight that national policy will place on the benefits of developing brownfield land, they will ensure there is a clear presumption that residential development opportunities on small sites should be treated positively. We will ensure councils can continue to protect valued areas of open space and the character of residential neighbourhoods, and stop unwanted garden grabbing.

1.32 There are opportunities to go further to support a good mix of sites, meet rural housing needs

and increase the supply of land available to small and medium sized house builders.

1.33 We are proposing a number of additional changes to the National Planning Policy Framework to:

- **give much stronger support for sites that provide affordable homes for local people;**²⁹
- **highlight the opportunities that neighbourhood plans present for identifying and allocating sites that are suitable for housing,** drawing on the knowledge of local communities;

Case Study: Roettgen, Bonn



Images © roettgen-online.com

Bonn city council has made extensive use of land pooling and typically has several pooling processes running concurrently. One of its most recent projects has involved the assembly of a 25 hectare site in Roettgen on the edge of Bonn to build 300 homes along with local infrastructure. The 'Am Hoelder' site was formerly low-grade agricultural land, owned by 80 different landowners, including the council. After local consultation and negotiations with the landowners the council resolved to use land pooling to plan a new urban extension to accommodate much needed local housing. This involved the council assembling all land ownerships, then preparing a masterplan, obtaining outline planning permission and using local contractors to create serviced plots ready for housing development. Each landowner then received one or more of the 186 building plots according to their share of either the original land value or land area, minus public administration and infrastructure costs.

As the Council was also a landowner in the area it was able to deliver 52 council-owned plots for family housing and apartments, some of which it sold at reduced prices to younger families and first time buyers that live in the wider Bonn area. Others were sold directly to local builders for the construction of apartments according to council specifications.

²⁹ In relation to 'rural exception sites' which are small sites used to provide affordable housing for local communities on land which would not normally be released for homes, as defined in the National Planning Policy Framework. Local Authorities can set a 'local connection' test to ensure the home goes to those local people who need them most.

- expect local planning authorities to identify opportunities for villages to thrive, especially where this would support services and help meet the need to provide homes for local people who currently find it hard to live where they grew up;
- make clear that on top of the allowance made for windfall sites, **at least 10% of the sites allocated for residential development in local plans should be sites of half a hectare or less;**
- expect local planning authorities to **work with developers to encourage the sub-division of large sites;** and
- **encourage greater use of Local Development Orders and area-wide design codes** so that small sites may be brought forward for development more quickly.

1.34 We are also supporting communities to take the lead in building their own homes in their areas. The new Community Housing Fund will support community-led housing projects such as community land trusts in many rural areas affected by a high number of second homes. Almost £20 million of the fund has been allocated to the South West, where this issue is particularly acute

Case study: Bicester Garden Town

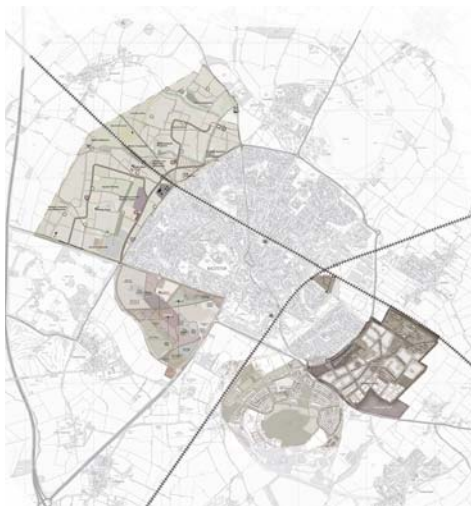


Photo credit: Bluesky World International Ltd/ Cherwell District Council

Over the next 15 years, Bicester will be transformed, with more than 13,000 new homes, 18,500 jobs, significant transport improvements and a regenerated town centre.

Bicester Garden Town is based on a clear vision, grounded in close community engagement. Extensive consultation has been undertaken to understand what people like about the town; what they hope to see improved; and how they picture Bicester in the future.

A comprehensive masterplan has been commissioned and home building is well under way:

- At Graven Hill, the UK’s largest custom-build scheme for 2,000 homes on former Ministry of Defence land, the first 52 custom-build plots have been released for sale. People with a local connection have the opportunity to purchase first.
- At North West Bicester, 6,000 homes are being built to the highest standards of sustainability. The first 87 new homes have been completed and new residents are moving in.

Bicester is also part of NHS England’s Healthy New Towns programme. This is exploring opportunities to use the built environment to promote healthy lives, alongside new models of health and care services, to improve the community’s physical health, mental wellbeing and independence.³⁰

30 Further information at: <https://www.england.nhs.uk/ourwork/innovation/healthy-new-towns/>

A new generation of new communities

1.35 We need to make the most of the potential for new settlements alongside developing existing areas. Well-planned, well-designed, new communities have an important part to play in meeting our long-term housing needs. Provided they are supported by the necessary infrastructure, they are often more popular with local communities than piecemeal expansion of existing settlements. Policy Exchange, for example, have highlighted the benefits of garden villages.³¹

1.36 The Government is already supporting a new wave of garden towns and villages, and will work with these and any future garden communities to ensure that development and infrastructure investment are as closely aligned as possible. **We will also legislate to allow locally accountable New Town Development Corporations** to be set up, enabling local areas to use them as the delivery vehicle if they wish to. The Government will also explore what opportunities garden cities, towns and villages might offer for bringing large-scale development forward in ways that streamline planning procedures and encourage locally-led, high quality environments to be created. The Centre for Policy Studies proposed the idea of ‘pink zones’ with this goal in mind and we are looking carefully at their recommendations.³²

Green Belt land

1.37 Our Manifesto commits ours to be the first generation to leave the natural environment better than we found it – which we will take forward through our 25 Year Environment Plan. The Green Belt is highly valued by communities, particularly those on the edge of urban areas. The fundamental aim of Green Belt, since its introduction in the 1950s, has been to prevent urban sprawl by keeping land permanently open. It has been largely successful in this aim – the percentage of land covered by Green Belt has remained at around 13% since at least 1997.³³ However parts of it are not the green fields we often picture, and public access can be limited, depending on ownership and rights of way.

1.38 In the last Parliament, the Government increased Green Belt protection by abolishing the unpopular and counter-productive Regional

Strategies that sought to delete areas of Green Belt. Our manifesto reiterated our commitment to protecting the Green Belt. The National Planning Policy Framework is already clear that Green Belt boundaries should be amended only “in exceptional circumstances” when plans are being prepared or revised, but does not define what those circumstances are. The Government wants to retain a high bar to ensure the Green Belt remains protected, but we also wish to be transparent about what this means in practice so that local communities can hold their councils to account.

1.39 Therefore **we propose to amend and add to national policy to make clear that:**

- **authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other reasonable options** for meeting their identified development requirements, including:
 - making effective use of suitable brownfield sites and the opportunities offered by estate regeneration;
 - the potential offered by land which is currently underused, including surplus public sector land where appropriate;
 - optimising the proposed density of development; and
 - exploring whether other authorities can help to meet some of the identified development requirement.
- **and where land is removed from the Green Belt, local policies should require the impact to be offset** by compensatory improvements to the environmental quality or accessibility of remaining Green Belt land. We will also explore whether higher contributions can be collected from development as a consequence of land being released from the Green Belt.

1.40 **We welcome other suggestions for what reasonable options local authorities should be expected to examine before amending Green Belt boundaries.**

31 Policy Exchange, *Garden Villages: Empowering localism to solve the housing crisis* <https://policyexchange.org.uk/wp-content/uploads/2016/09/garden-villages.pdf>

32 Boyfield K and Greenberg D (2014) *Pink Planning*. Available at: <http://www.cps.org.uk/publications/reports/pink-planning-diluting-the-red-tape/>

33 DCLG Local authority green belt statistics for England: 2015 to 2016 <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2015-to-2016>

Strengthening neighbourhood planning and design

1.41 New development affects us all, whether by providing a place to live or as something that affects the look and feel of where we live. That's why we want communities to have a more direct say over development in their area.³⁴ The neighbourhood planning movement has already been successful in encouraging communities to play a more active role in shaping their place, in terms of both how much and what gets built. Over 270 neighbourhood plans have come into force since 2012. Analysis suggests that giving people more control over development in their area is helping to boost housing numbers in plans. Those plans in force that plan for a housing number have on average planned for approximately 10% more homes than the number for that area set out by the relevant local planning authority.³⁵

1.42 **The Neighbourhood Planning Bill contains a number of measures to encourage the preparation of neighbourhood plans**, by giving them full weight in the planning process as early as possible; introducing a streamlined procedure for modifying neighbourhood plans and areas; and requiring local planning authorities to set out how they will help neighbourhood planning groups and involve communities in their wider plan-making activity.

1.43 To further support the process:

- **the Government will make further funding available to neighbourhood planning groups from 2018-2020**, so they can access the additional support they might need, for example where they allocate sites for housing and in planning for better design;
- **we propose to amend planning policy so that neighbourhood planning groups can obtain a housing requirement figure** from their local planning authority, to help avoid delays in getting a neighbourhood plan in place.

1.44 We want to ensure that communities can influence the design of what gets built in their area.

Local people want new developments to reflect their views about how their communities should evolve, whether it is in keeping with the traditional character of their area or a beautiful contemporary design that adds to the existing built environment. Good design is also fundamental to creating healthy and attractive places where people genuinely want to live, and which can cater for all members of the community, young or old.

1.45 73 per cent of people say they would support the building of more homes if well designed and in keeping with their local area.³⁶ That's why the National Planning Policy Framework is clear about the importance of good design, but too often local people hear about schemes late in the day, after a planning application has been submitted. Many places lack clear design guidance or codes that set early expectations for both developers and the community. Inadequate community involvement and insufficient certainty can fuel objections, cause delays and increase the risk of poor quality outcomes.

1.46 To improve the approach to design, the Government proposes to amend the National Planning Policy Framework to:

- **expect that local and neighbourhood plans (at the most appropriate level) and more detailed development plan documents (such as action area plans) should set out clear design expectations** following consultation with local communities. This will provide greater certainty for applicants about the sort of design which is likely to be acceptable – using visual tools such as design codes that respond to local character and provide a clear basis for making decisions on development proposals;
- **strengthen the importance of early pre-application discussions** between applicants, authorities and the local community about design and the types of homes to be provided;
- **make clear that design should not be used as a valid reason to object to development where it accords with clear design expectations set out in statutory plans;**

34 For example research by the Prince's Foundation has highlighted how effective community involvement is essential for creating successful places and securing public support for new development: <http://www.housing-communities.org/>

35 DCLG (2016) *Neighbourhood Planning – progress on housing delivery*. Available at: <http://mycommunity.org.uk/resources/progress-on-housing-delivery-through-neighbourhood-planning/>

36 National Housing and Planning Advice Unit (2010) *Public Attitudes to Housing*. Available at: <http://webarchive.nationalarchives.gov.uk/20110203064124/http://www.communities.gov.uk/documents/507390/nhpau/pdf/16127041.pdf>

- **recognise the value of using a widely accepted design standard**, such as Building for Life,³⁷ in shaping and assessing basic design principles. These principles are crucial to the success of a scheme, but often get less attention than what a house looks like. They should be reflected in plans and be given sufficient weight in the planning process.

1.47 The Government intends to collaborate with planning authorities and the development industry to ensure that effective policies and processes for securing good design locally are identified and publicised. New funding to boost the capacity and capability of local authorities will also help communities develop policies and frameworks for securing better design in their areas.

1.48 To really feel involved in the process, we need to help local people to describe what good design and local character looks like in their view. The longer-term ambition is that the Government will support the development of digital platforms on design, to create pattern-books or 3D models that can be implemented through the planning process and used to consult local people on potential designs for their area.

Building good quality homes

1.49 An effective system of Building Regulations and building control is essential to ensuring that homes are built to good quality standards, are safe, highly energy efficient, sustainable, accessible and secure. The fundamentals of the Building Regulations system remain sound and important steps were taken in the last Parliament to rationalise housing standards.

Case study: The Avenue, Saffron Walden



Photo credit: © Tim Crocker

The Avenue in Saffron Walden, by housebuilder Hill, a medium-sized builder, is an example of delivering sensitive design that responds well to its context and optimises development on a suburban infill site.

A total of 76 new homes are inserted into a conservation area in a historic market town and a semi-rural landscape. The project takes its cue from the fabric and grain of Saffron Walden and the Essex countryside. The layout is made up of a tree lined avenue and series of intimate courtyards that preserve sensitive local landscape features and engenders a sense of community.

New detached houses for market sale, affordable family houses and smaller homes for the over-55 market are provided to address local housing need. The layout avoids the use of standard type plans and each home responds to its location, aspect and its relationship to its neighbours, creating individuality and variety. Building forms and the palette of materials draws from local traditional references without resorting to pastiche.

The development won a RIBA National Award in 2016.

³⁷ Birkbeck D and Kruczkowski S (2015) *Building for Life 12: The sign of a good place to live*. Available at: www.designcouncil.org.uk/resources/guide/building-life-12-third-edition.

The All Party Parliamentary Group for Excellence in the Built Environment has since looked into the quality and workmanship of new build housing in England³⁸. The Government will keep requirements under review, to ensure that they remain fit for purpose and meet future needs. This includes **looking at further opportunities for simplification and rationalisation while maintaining standards.**

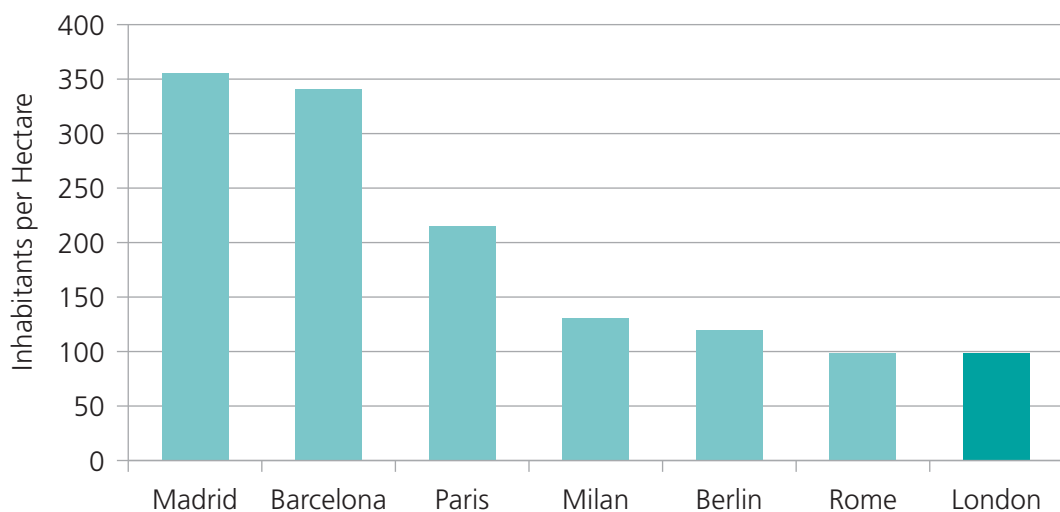
1.50 Since 1990, we have seen a significant improvement in the quality of Britain’s new build homes that has helped keep bills as low as possible and cut carbon emissions. But there is more to do, particularly if we want to avoid consumers having to carry out expensive, inconvenient retrofit at a later date. We have started work on a review of the cost effectiveness of current energy performance standards, which will have due regard to our domestic fuel poverty and climate change targets. We will **consult on improving**

requirements on new homes this Parliament if evidence suggests that there are opportunities to do so without making homes less affordable for those who want to buy their own home. More detail will be set out in the Government’s forthcoming Emissions Reduction Plan.

Using land more efficiently for development

1.51 Not all development makes good use of land, especially in areas where demand is high and available land is limited. London, for example, is a relatively low-density city especially in its suburbs. When people picture high-density housing, they tend to think of unattractive tower blocks, but some of the most desirable places to live in the capital are in areas of higher density mansion blocks, mews houses and terraced streets.³⁹

Figure 5: Average population weighted density in urban areas for selected European cities⁴⁰



38 APPG for Excellence in the Built Environment (2016) *More Homes, fewer complaints: report from the Commission of Inquiry into the quality and workmanship of new housing in England*. Available at: <http://cic.org.uk/services/reports.php>

39 Create Streets have looked at the potential for high-density housing at Mount Pleasant, London: http://www.academia.edu/10797484/Mount_Pleasant_Circus

40 Lavalle, Carlo; Aurambout, Jean-Philippe (2015) UI - Population weighted density (LUISA Platform REF2014). European Commission, Joint Research Centre (JRC). Available at: <http://data.europa.eu/89h/jrc-luisa-ui-population-weighted-density-ref-2014>

1.52 A locally led approach is important to ensure that development reflects the character and opportunities presented by each area. At the same time, authorities and applicants need to be ambitious about what sites can offer, especially in areas where demand is high and land is scarce, and where there are opportunities to make effective use of brownfield land.

1.53 To help ensure that effective use is made of land, and building on its previous consultations,⁴¹

the Government proposes to amend the National Planning Policy Framework to make it clear that plans and individual development proposals should:

- **make efficient use of land and avoid building homes at low densities** where there is a shortage of land for meeting identified housing requirements;
- **address the particular scope for higher-density housing in urban locations** that are well served by public transport (such as around many railway stations); that provide scope to replace or build over low-density uses (such as retail warehouses, lock-ups and car parks⁴²); or where buildings can be extended upwards by using the 'airspace' above them;
- **ensure that the density and form of development reflect the character, accessibility and infrastructure capacity of an area**, and the nature of local housing needs; and
- **take a flexible approach in adopting and applying policy and guidance that could inhibit these objectives** in particular circumstances; for example, avoiding a rigid application of open space standards if there is adequate provision in the wider area.

1.54 The Government would welcome ideas on how planning policy can further encourage more innovative uses of land in areas of high housing need, including considering new permitted development rights. Consultation questions are set out in the annex.

1.55 The use of minimum space standards for new development is seen as an important tool in delivering quality family homes. However the Government is concerned that a one size fits all approach may not reflect the needs and aspirations of a wider range of households. For example, despite being highly desirable, many traditional mews houses could not be built under today's standards. We also want to make sure the standards do not rule out new approaches to meeting demand, building on the high quality compact living model of developers such as Pocket Homes.⁴³ **The Government will review the Nationally Described Space Standard to ensure greater local housing choice**, while ensuring we avoid a race to the bottom in the size of homes on offer.

41 *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes; DCLG (2016); *Consultation on upward extensions in London*. Available at: www.gov.uk/government/consultations/upward-extensions-in-london; DCLG (2016)

42 JLL (2017) *Driving Innovation* Available at: <http://www.jll.co.uk/united-kingdom/en-gb/news/2906/car-parks-could-provide-four-hundred-thousand-new-uk-homes>

43 <https://www.pocketliving.com>



Building homes faster

Summary

Where communities have planned for new homes, we want to ensure those plans are implemented to the timescales expected.

This chapter sets out proposals to:

- Provide greater certainty for authorities that have planned for new homes and reduce the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;
- Boost local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensure 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;
- Secure timely connections to utilities so that this does not hold up getting homes built;
- Support 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;
- Take steps to address skills shortages by growing the construction workforce;
- Hold developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Hold local authorities to account through a new housing delivery test.

More details of these proposals, and questions for consultation, can be found in the annex.

The case for change

2.1 Where communities have planned for new homes, we want to ensure those plans are implemented to the timescales expected. At the moment there are often significant lags between plans being developed, full permissions for new homes being granted, and those homes being built. As of July 2016 there were 684,000 homes with detailed planning permission granted on sites which had not yet been completed. Of these, building had started on just 349,000 homes.⁴⁴

2.2 This chapter sets out a package of proposals to give communities, local authorities and developers the support and backing to build homes more quickly. Tackling these challenges will require a partnership between all the actors in the market – from developers, local authorities, central government and its agencies, and utility providers – to identify and tackle blockages at every stage of the development process.

2.3 Slow building of new homes undermines local and neighbourhood plans. Where an authority cannot demonstrate a five-year supply of land against the housing target in its local plan, it is vulnerable to speculative development. This means the local community can lose a significant degree of control over where new housing is built, which undermines public confidence in the plan-led system.

2.4 Strong leadership, transparent data on delivery of housing and a systematic approach to addressing blockages is vital to keeping home-building on track. Local authorities and developers have told us about a range of issues that slow down the building of new homes, such as local planning authority capacity to handle applications; too many applications going to appeal; the time taken to discharge planning conditions or address planning obligations; a lack of infrastructure; problems securing the necessary utility connections; excessive bureaucracy in protecting species like great crested newts; and skills shortages.

2.5 This chapter sets out our proposals to tackle delays. Alongside taking action to address the issues that developers and local authorities tell us are holding up home building, it is only reasonable to ask them to up their game.

2.6 Areas that rise to the challenge, put robust plans in place and deliver on those plans will be in a strong position to resist proposals that do not accord with their plan. But this chapter also outlines proposals to hold developers and local authorities to account, if they fail to deliver the homes people need.

Providing greater certainty

2.7 At present, where an authority cannot demonstrate a five-year supply of land to cater for its housing need, it is vulnerable to its plan being undermined. This is because in these circumstances their plan is deemed to be out of date and the presumption in favour of sustainable development applies.

2.8 This policy has been effective but is also a blunt tool and has had some negative effects on local planning, including:

- increased rates of appeal, particularly in areas with a marginal five-year land supply, which creates uncertainty for applicants and communities alike;
- increased cost and time, as local planning authorities and developers argue over whether a five-year land supply is in place; and
- neighbourhood plans being undermined, by leaving them vulnerable to speculative applications where the local planning authority does not have a five-year housing land supply.

⁴⁴ Of the remaining 335,000 homes with permission, we understand that 90% of these are progressing towards a start and 18,000 (5%) units are on sites that are 'on hold or shelved', the remaining 15,000 units are on sites that have been sold or for which there is no information available. This includes only those units that have been granted detailed planning permission, or approval of reserved matters, on sites with ten or more homes. Source: DCLG analysis of Glenigan data.

2.9 The Local Plans Expert Group⁴⁵ recommended that whether a five-year housing land supply exists or not should be capable of agreement on an annual basis, through discussion between authorities and development interests (both large and small builders) and key infrastructure providers in each area, and subject to consultation and examination. Having considered responses to that proposal, the **Government will amend the National Planning Policy Framework to give local authorities the opportunity to have their housing land supply agreed on an annual basis, and fixed for a one-year period.**

2.10 The Government also wishes to provide more certainty for those neighbourhoods that have produced plans but are at risk of speculative development because the local planning authority has failed to maintain a five year land supply. Through a Written Ministerial Statement of 12 December 2016, we made clear that **where communities plan for housing through a neighbourhood plan, these plans should not be deemed out-of-date unless there is a significant lack of land supply for housing in the wider local authority area.**

2.11 The revised policy will ask neighbourhoods to demonstrate that their site allocations and housing supply policies will meet their share of housing need. To ensure that housing is being delivered across the wider local authority area, we propose that the protection for neighbourhood plans will not apply where delivery in the local planning authority is less than 65% from the year 2020 (25% in 2018; 45% in 2019) as measured by the housing delivery test set out later in this White Paper.

2.12 These proposals offer areas that have robust plans in place, which take account of historic build out rates for sites, greater protection and certainty in implementing local policies agreed in consultation with local communities. Further detail about the proposal can be found in the annex.

Boosting local authority capacity and capability to deliver

2.13 Developers consistently tell us that the lack of capacity and capability in planning departments is restricting their ability to get on site and build.⁴⁶ Alongside funding, local authorities also report difficulties in recruiting and retaining planners and others with specialist skills. There may also be wider capacity and skills issues for local authorities.⁴⁷

2.14 We will take steps to secure the financial sustainability of planning departments; ensure that the planning system has the skilled professionals it needs to assess and make the tough decisions we expect; and provide targeted support to address areas of specialist weakness.

2.15 We will **increase nationally set planning fees**. Local authorities will be able to increase fees by 20% from July 2017 if they commit to invest the additional fee income in their planning department. We are also minded to allow an increase of a further 20% for those authorities who are delivering the homes their communities need and we will consult further on the detail. Alongside we will keep the resourcing of local authority planning departments, and where fees can be charged, under review.

45 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/>

46 For example almost three quarters of firms responding to the annual Knight Frank house building survey supported increased resources for planning departments. Knight Frank (2016) *Housebuilding Report 2016* Available at: <https://kfcontent.blob.core.windows.net/research/297/documents/en/2016-3851.pdf>

47 The House of Lords Economic Affairs Committee highlighted the under-resourcing of planning departments in its report *Building More Homes*, p.41: <http://www.publications.parliament.uk/pa/ld201617/ldselect/ldeconaf/20/20.pdf>

2.16 **We will make available £25m of new funding to help ambitious authorities in areas of high housing need to plan for new homes and infrastructure.** This funding will support local authorities to engage their communities on the design and mix of new homes, as well as where they should go. And it will enhance their capacity to manage delivery.

Deterring unnecessary appeals

2.17 An applicant's right to appeal to the Planning Inspectorate if they are unhappy with the decision of their local planning authority is a fundamental part of our planning system. However, unnecessary appeals can be a source of delay and waste taxpayers' money. **We will consult on introducing a fee for making a planning appeal.** We are interested in views on this approach and in particular whether it is possible to design a fee in such a way that it does not discourage developers, particularly SMEs, from bringing forward legitimate appeals. One option would be for the fee to be capped, for example at a maximum of £2000 for the most expensive route (full inquiry). All fees could be refunded in certain circumstances, such as when an appeal is successful, and there could be lower fees for less complex cases.

Ensuring infrastructure is provided in the right place at the right time

2.18 Previous governments have failed to align new infrastructure with new housing. The result has been delays in build out and increased opposition to house building as existing communities find that a new housing development down the road means more congestion on local roads and pressure on places at the local school. We will take a more coordinated approach across government to make sure the right infrastructure is provided in the right places at the right time to unlock housing delivery. We need to work with mayors and local leaders, taking a place-based approach, to better empower them to drive delivery of homes, jobs and shared prosperity for their areas.

2.19 **We will target the £2.3bn Housing Infrastructure Fund at the areas of greatest housing need.** We will open this capital grant programme to bids in 2017, with money available over the next four years. We expect to fund a variety of infrastructure projects (including transport and utilities)

National Infrastructure Commission interim report into the Cambridge – Milton Keynes – Oxford corridor

In May 2016, the Government asked the National Infrastructure Commission (NIC) to make recommendations on the measures required to maximise the potential of the Cambridge – Milton Keynes – Oxford corridor as a single, knowledge-intensive cluster that competes on the global stage, whilst protecting the area's high quality environment and securing the homes and jobs the area needs.

In its interim report in November 2016, the NIC found that a shortage of housing represents a fundamental risk to the success of the area, and that in order to tackle this, the challenges of poor east-west connectivity needed to be addressed. It said that:

“Investment in infrastructure, including enhanced east-west transport links, can help to address these challenges, but it must be properly aligned with a strategy for new homes and communities, not developed in isolation. This means local authorities working in partnership, and with national government, to plan places, homes and transport together. Current governance mechanisms are not sufficient to deliver the step-change in strategic leadership and collaboration needed.”

Recognising this opportunity to align infrastructure delivery with the housing challenge in this corridor, the Government has responded to the NIC's report by committing £137m of new or accelerated funding to support development and delivery of East-West Rail and the Cambridge-Oxford Expressway, and will continue to work with NIC and local partners on ways to secure housing delivery ahead of the NIC's final report.

where these will unlock the delivery of new homes, enabling economic development across the area. We would also welcome joint bids from across local authority boundaries where a strategic project could open up new homes on a wide-scale. Our decision-making is likely to factor in whether authorities intend to apply the new standardised approach to assessing housing requirements. We will fund those bids that unlock the most homes in the areas of greatest housing need.

Strategic infrastructure investment

2.20 It is essential that when the Government does invest in new infrastructure (such as High Speed 2), local planning authorities make the most of the opportunities for new housing it unlocks. Consequently **we propose to amend national policy so that local planning authorities are expected to identify the development opportunities that such investment offers at the time funding is committed**, and make it clear that when they review their plans they should seek to maximise the potential capacity unlocked by major new infrastructure.

Digital infrastructure

2.21 In line with the Government's strong commitment to achieving full fibre connectivity, **we are consulting on requiring local authorities to have planning policies setting out how high quality digital infrastructure will be delivered in their area**.

2.22 We also want to consider how we can capitalise on new developments, and the digital infrastructure attached to them, to enhance broadband coverage for local communities and nearby residents. At 2016 Autumn Statement, the Government announced over £1 billion of new funding to boost the UK's digital infrastructure. This includes £400m of funding for a new Digital Infrastructure Investment Fund to support access to commercial finance for providers to invest in new fibre networks, and £740m to support the market to roll out full fibre networks and to deliver a programme of 5G and integrated fibre trials in local areas. **In assessing bids for these trials from local authorities, we will take account of which areas can demonstrate that they have policies setting out how high quality digital infrastructure will be delivered in their area**. Furthermore, the Local Government Finance Bill published on 13 January 2017 will give a business rates tax break worth £60 million to incentivise telecommunications companies to lay new full fibre broadband.

Utilities

2.23 In December 2014, the Government published *Better Connected*, setting out the process for securing utility provision for developments from initial scoping to post-development. It provides a shared expectation for utility connections from companies and developers. It also sets out the statutory performance measures already in place, and introduces new voluntary standards for water and sewerage and telecoms.

We will now work together across government and the sector to review Better Connected, assessing its impact so far, and how existing performance standards and penalties are working to support house building at all scales from small and medium sized developments to major sites delivering many thousands of homes.

2.24 The **Government will review what more we could do to ensure that utilities planning and delivery keeps pace with house building and supports development across the country**: aligning investment in utilities provision with local development plans that set out where and, crucially, when houses will be built is likely to be key in achieving this, speeding up timely connections for new homes. As part of this review, and depending on progress made by the sector, the **Government will closely monitor performance to ensure house building is not being delayed and, if necessary, will consider obligating utility companies to take account of proposed development**.

Supporting developers to build out more quickly

2.25 Once detailed planning consent has been granted, a range of factors may cause delays to development. These might include the time taken to discharge planning conditions or address planning obligations; and the need to protect species like great crested newts. Construction skills shortages particularly in London and the South East can also bring work on site to a hold. The Government will take action to address these barriers.

Tackling unnecessary delays caused by planning conditions

2.26 **We will tackle unnecessary delays caused by planning conditions** by taking forward proposals, through the Neighbourhood Planning Bill, to allow the Secretary of State to prohibit conditions that do not meet the national policy tests, and to ensure that pre-commencement conditions can only be used with the agreement of the applicant. We introduced a new deemed discharge mechanism for planning conditions in 2015 and we are keen to hear more from developers, local authorities and other interested parties about how this is working and if we can streamline the process further.

A strategic approach to the habitat management of protected species

2.27 House-builders have identified the licensing system for protected species such as great crested newts as a significant impediment to timely housing delivery. Natural England and Woking Borough Council have piloted a new strategic approach which streamlines the licensing system for managing great crested newts – the species which particularly affects development. **The Government will roll out this approach to help other local authorities speed up the delivery of housing and other development.**

Simplifying developer contributions

2.28 We continue to support the existing principle that developers are required to mitigate the impacts of development in their area, in order to make it acceptable to the local community and pay for the cumulative impacts of development on the infrastructure of their area. This principle currently operates through a system of developer contributions, secured via Section 106 planning obligations under the Town and Country Planning Act 1990 and additionally, since 2010, via the Community Infrastructure Levy (CIL).

2.29 The independent review of CIL and its relationship with Section 106 planning obligations, published alongside this White Paper,⁴⁸ found that the current system is not as fast, simple, certain or transparent as originally intended. **The Government will examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent review and make an announcement at Autumn Budget 2017.**

Strategic licencing for great crested newts pilot – Woking, Surrey

Great crested newts are strictly protected by legislation and currently site by site licencing is carried out where great crested newts are affected by development. This commonly requires developers to commission site surveys, put in place mitigation measures where necessary and obtain a licence from Natural England after planning permission is granted. This can add considerable costs, delays (e.g surveys can only be undertaken at certain times of the year) and uncertainty to bringing development forward. Mitigation and habitat compensation can also restrict the level of development on an individual site.

Woking Borough Council and Natural England have piloted a new strategic approach to streamline licencing which focusses conservation where it will bring maximum benefits to great crested newts. The approach replaces site by site licencing with a new system of plan level licencing; with surveys and habitat compensation undertaken proactively at the district level by Natural England and the local authority. Developers can buy into the strategic mitigation at local authority level, rather than seeking to undertake individual site surveys, provide on-site mitigation and seek an individual site licence from Natural England.

2.30 In addition to considering longer-term reform, the Government believes there is scope to make changes to s106 agreements in the short term to address practical issues in the operation of agreements raised by local planning authorities and developers. This will include consulting on standardised open book Section 106 agreements, to reduce disputes and delays, and on how data on planning obligations could be monitored and reported on to increase transparency. The Housing and Planning Act 2016 includes provision for a Section 106 dispute resolution process. The Government will consider dispute resolution further, in the context of longer term reform.

48 Available here: <https://www.gov.uk/government/collections/housing-white-paper>

Addressing skills shortages

2.31 The construction sector relies heavily on sub-contracted and self-employed labour, and has low levels of investment in skills and new technologies. This has contributed to skills shortages now facing the industry in some key trades and in some regions. This situation is likely to worsen if left unchecked, with many workers due to retire over the next 10 years. The 2016 Farmer Review of the UK Construction Model, *Modernise or Die*, sets out several challenges for industry, which we have considered.

2.32 The industry committed in 2016 to bring 45,000 new skilled workers into the sector by 2019/20. Some progress has been made but we now need industry to step up and increase the number of people trained on site, including through apprenticeships for workers of all ages. Industry should look at policy on retention to make best use of the skills of their existing workers and avoid unnecessary early exit from the labour market. Industry should work with local colleges to ensure that the future skills they need are being brought forward through the education and training sector. This will also help industry to address concerns it has raised about reliance on migrant labour in some areas, such as London and the South East, as we prepare to leave the European Union. This is an important moment and we should make the most of the opportunity for industry to invest in its workforce, alongside tackling the issues raised by the Farmer Review. The larger companies need to take responsibility for ensuring that they have a sustainable supply chain, working with contractors to address skills requirements.

2.33 Alongside this, the Government needs to play its part. We will:

- **change the way the Government supports training in the construction industry** so that we have the best arrangements to ensure strong industry leadership to address the skills challenge, improve retention and ensure that training courses cover the right skills to the right standards. We will start by reviewing the Construction Industry Training Board's purpose, functions and operations. The review will report in the Spring and ensure that developers benefitting from public funding use the projects to train the workforce of the future;

- **launch a new route into construction in September 2019** – as announced in the Skills Plan,⁴⁹ this will streamline the number of courses available and improve quality and employability; We have already announced the apprenticeship levy which will come into effect from April 2017; and
- **work across Government, with the Construction Leadership Council**, to challenge house builders and other construction companies to deliver their part of the bargain. We want to see developers investing more in training to secure future needs, supporting retention and will work with industry to better understand any barriers to delivering this.

2.34 We have used the opportunity of major construction programmes, such as Crossrail, to help train the workforce of the future. Crossrail alone has created over 600 apprenticeships across the project and enrolled over 17,500 people at the Tunnelling and Underground Construction Academy in Ilford. More than 1,000 people who were previously unemployed have gained work on the project. **We will explore whether this successful approach can be applied more broadly in the construction sector.**

Holding developers and local authorities to account

2.35 Strong local leadership is vital if the homes that local areas have planned for are to be built. We need to hold local authorities more closely to account for the delivery of homes that they have planned for, and enable them to hold developers to account. We also need to improve transparency of the end-to-end house building process, so there is clarity about the delivery of new homes and where blockages lie. We propose to improve transparency, certainty and accountability for authorities and developers.

49 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/536043/Post-16_Skills_Plan.pdf

Greater transparency through planning and build out phases

2.36 We will **require more information to be provided about the timing and pace of delivery of new housing**, building on the commitment made by the Home Builders Federation to improve transparency on build out on a site by site basis. Local authorities will be able to consider this information when planning to meet their housing need.

2.37 **The Department for Communities and Local Government will increase the transparency and quality of data** it publishes on delivery against plan targets, and better information on the development pipeline, so timely support can be provided. This information will be published as open data. This will empower councils and communities to challenge developers on their performance and consider what if any further action is necessary.

2.38 **Subject to further consultation, we are also proposing to require large housebuilders to publish aggregate information on build out rates.**

Sharpening local authority tools to speed up the building of homes

2.39 To strengthen the scrutiny and focus on the delivery of sites, we propose **to amend national planning policy to encourage local authorities to consider how realistic it is that a site will be developed, when deciding whether to grant planning permission for housing development, on sites where previous permissions have not been implemented.** We want to discourage proposals where the failure to implement previous permissions suggests that there is no intention to build, or where there are insurmountable barriers to delivery on the site.

2.40 **We are interested in views on whether an applicant's track record of delivering previous, similar housing schemes should be taken into account by local authorities when determining planning applications for housing development.** If this proposal were taken forward, we would intend for it to be only used in considering applications for large scale sites, where the applicant is a major developer, as we don't want to deter new entrants but would like to explore whether an applicant's track record of strong or poor delivery may potentially be relevant.

2.41 Where planning permission is granted, we want development to start as soon as possible. Our proposals to tackle points of delay and provide

more support should allow developers and local authorities to be more ambitious on start dates. **We are considering the implications of amending national planning policy to encourage local authorities to shorten the timescales for developers to implement a permission for housing development from the default period of three years to two years, except where a shorter timescale could hinder the viability or deliverability of a scheme. We would particularly welcome views on what such a change would mean for SME developers.**

2.42 We want to ensure local planning authorities have more effective tools to deal with circumstances where planning permission has been granted but no substantive progress has been made. We propose to **simplify and speed up the completion notice process**, whereby if development on a site has stopped and there is no prospect of completion, the local authorities can withdraw planning permission for the remainder of the site. This would make it easier for local authorities to serve a completion notice, helping to stimulate building or clear unused permissions from their planned supply of land.

2.43 Compulsory purchase law gives local authorities extensive powers to assemble land for development. Through the Housing and Planning Act 2016 and the Neighbourhood Planning Bill currently in Parliament we are reforming compulsory purchase to make the process clearer, fairer, and faster, while retaining proper protections for landowners. Local planning authorities should now think about how they can use these powers to promote development, which is particularly important in areas of high housing need.

2.44 We propose to encourage more active use of compulsory purchase powers to promote development on stalled sites for housing. **The Government will prepare new guidance to local planning authorities following separate consultation, encouraging the use of their compulsory purchase powers to support the build out of stalled sites.** We will investigate whether auctions, following possession of the land, are sufficient to establish an unambiguous value for the purposes of compensation payable to the claimant, where the local authority has used their compulsory purchase powers to acquire the land.

2.45 In addition, the Homes and Communities Agency (HCA), will take a more proactive role on compulsory purchase, by working closely with local

authorities, and other parties where appropriate, to use their compulsory purchase powers to support the development and regeneration of land for housing, where this is consistent with the HCA's objectives and powers.

2.46 **We will keep compulsory purchase under review and welcome any representations for how it can be reformed further to support development.**

Housing delivery test

2.47 Having given local authorities stronger tools to ensure developers build homes quickly, the Government will introduce **a new housing delivery test to ensure that local authorities and wider interests are held accountable for their role in ensuring new homes are delivered in their area.**

This test will highlight whether the number of homes being built is below target, provide a mechanism for establishing the reasons why, and where necessary trigger policy responses that will ensure that further land comes forward. The first assessment period will be for financial years April 2014 – March 2015 to April 2016 – March 2017.

2.48 To transition to a housing delivery test we propose to use an area's local plan (or, where relevant, the figure in the London Plan or a statutory Spatial Development Strategy) where it is up-to-date (less than 5 years old) to establish the appropriate baseline for assessing delivery. If there is no up-to-date plan we propose using published household projections for the years leading up to, and including, April 2017 - March 2018 and from the financial year April 2018 - March 2019, subject to consultation, the new standard methodology for assessing housing need.

2.49 In line with responses to our previous consultation, housing delivery will be measured using the National Statistic for net additional dwellings over a rolling three year average. Where under-delivery is identified, the Government proposes a tiered approach to addressing the situation that would be set out in national policy and guidance, starting with an analysis of the causes so that appropriate action can be taken:

- **From November 2017, if delivery of housing falls below 95% of the authority's annual housing requirement, we propose that the local authority should publish an action plan, setting out its understanding of the key reasons for the situation and the actions that it and other parties need to take to get home-building back on track.**

- **From November 2017, if delivery of housing falls below 85% of the housing requirement, authorities would in addition be expected to plan for a 20% buffer on their five-year land supply, if they have not already done so.**
- **From November 2018, if delivery of housing falls below 25% of the housing requirement, the presumption in favour of sustainable development in the National Planning Policy Framework would apply automatically** (by virtue of relevant planning policies being deemed out of date), which places additional emphasis on the need for planning permission to be granted unless there are strong reasons not to.
- **From November 2019, if delivery falls below 45% the presumption would apply.**
- **From November 2020, if delivery falls below 65% the presumption would apply.**

2.50 The phased introduction of the housing delivery test consequences will give authorities time to address under delivery in their areas, taking account of issues identified in their action plans and using the 20% buffer to bring forward more land.

2.51 The Government is looking at options to support local planning authorities seeking to increase delivery in their area, including requests for planning freedoms which were introduced in the Housing and Planning Act 2016. The National Planning Policy Framework is clear that Green Belt is among the areas where development should be restricted.

Keeping the delivery of land with planning permission under review

2.52 Our efforts to streamline and speed up the planning system should in the medium term reduce the need for house builders to keep such a significant 'stock' of land. The improvements to transparency proposed will ensure more comprehensive and up to date information is available on the delivery of land with planning permission at both a local and (in aggregate) national level. **We will monitor the situation closely, and will not hesitate to take further action if required.**



Diversifying the market



Summary

The way in which the house-building market operates constrains the supply of new homes, because there is insufficient competition and innovation. 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.

We will:

- back small and medium-sized builders to grow, including through the Home Building Fund;
- support custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;
- bring in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- encourage more institutional investors into housing, including for building more homes for private rent, and encourage family-friendly tenancies;
- support housing associations and local authorities to build more homes;
- ensure the public sector plays its part, by encouraging and making possible more building by councils and changing the way the Homes and Communities Agency operates; and
- boost productivity and innovation by encouraging modern methods of construction in house building.

The case for change

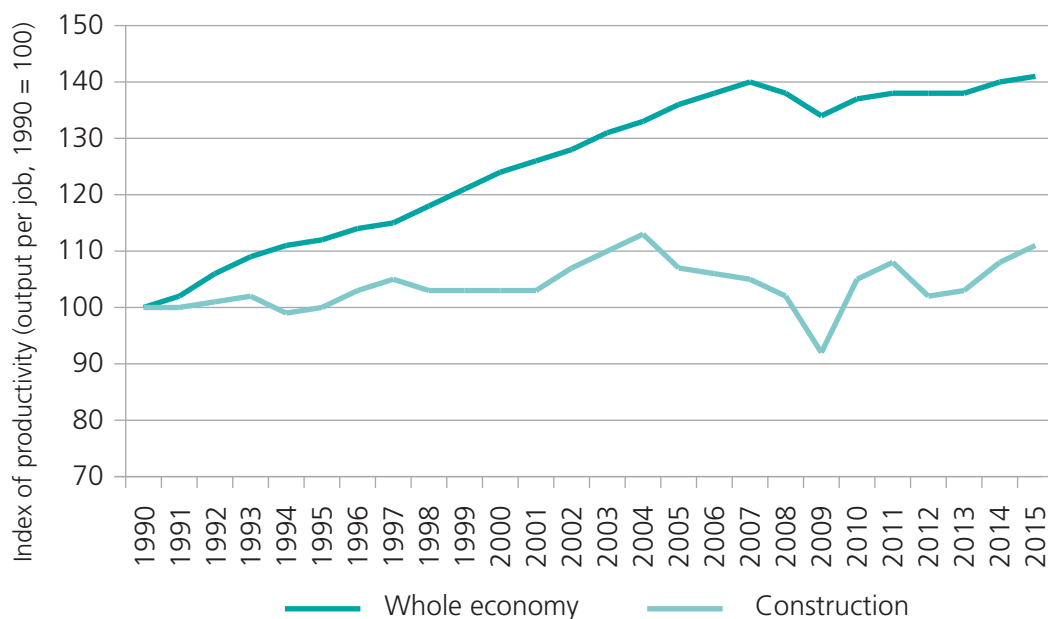
3.1 The housing market needs to operate differently if we are to start to address affordability issues and deliver the step change in house building that is required.

3.2 There is a lack of competition. We increasingly depend on the major house builders to build most housing. Smaller firms bore the brunt of the recession and their output still falls far short of pre-recession levels. Other parts of the market have the potential to grow. Housing associations build around a third of all new homes⁵⁰ but could build more with the right ambition and support. Investment in building homes for private rent is increasing, but we have an opportunity to go much further to drive up supply. Custom built homes remain a niche product and are underexploited compared to many other countries.

3.3 The business model for many commercial developers limits the number of homes that are built. The 2007 recession reinforced cautious behaviours at all stages of the house-building process. Major builders rely on sub-contracting, which pushes innovation and risk down the supply chain to those least equipped to respond. House-building methods have barely changed in over 100 years; productivity in the construction sector is lower than most other sectors of the economy.⁵¹

3.4 The Government therefore proposes to support different parts of the market, including new entrants, to help boost productivity and innovation. This should help to support a more diverse and vibrant market that is more responsive to demand and gets more homes built. We want to ensure that new homes are built to a good standard, are energy efficient and so reduce fuel bills for home owners, and are accessible, sustainable and secure. We will also identify what more can be done to reduce delays and fees resulting from conveyancing to help ensure the market works better for home buyers.

Figure 6: Productivity indices (1990 = 100): whole economy vs construction



Source: ONS 2016, Labour productivity statistics

50 DCLG Live tables on house building; DCLG Live tables on affordable housing supply

51 ONS 2016, Labour productivity statistics, output per hour worked.

New players: a diverse and vibrant group of housebuilders

Small and medium-sized builders

3.5 Small builders have been declining and were hit hard by the recession. The number of homes registered by small builders is down from 44,000 in 2007 to 18,000 in 2015 demonstrating the potential for growth.⁵²

3.6 The Government will help this sector to grow and develop again. Small and medium-sized housebuilders regularly cite land, planning and finance as the major barriers to expansion.

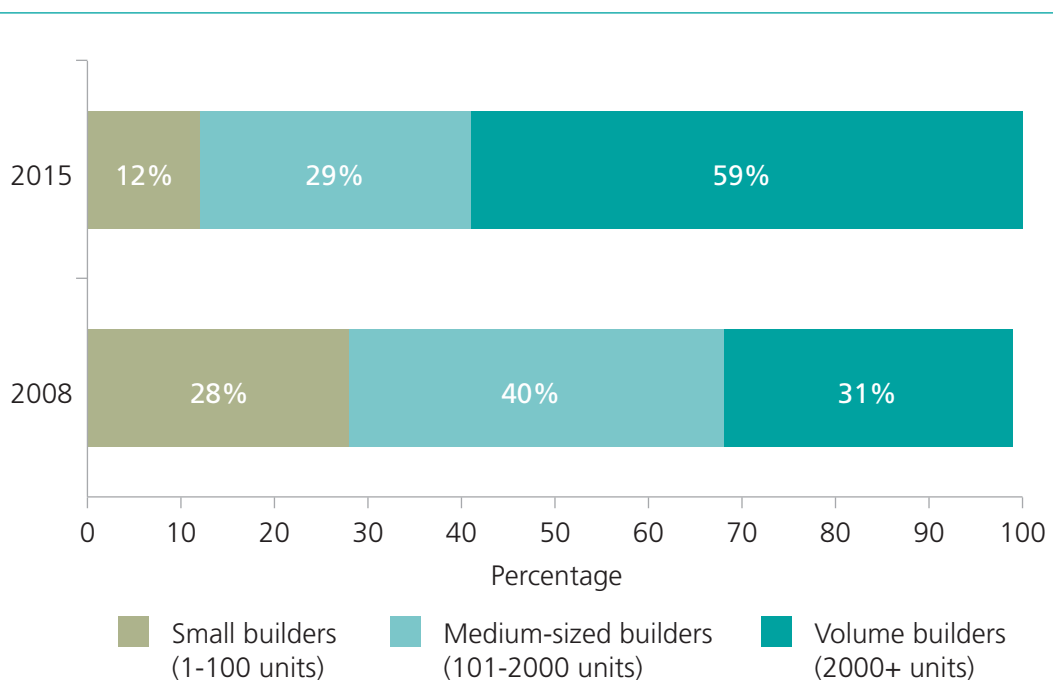
3.7 We have already simplified planning processes, and changes such as the introduction of permission in principle will remove some of the uncertainty for smaller builders when considering land options. Chapter 1 sets out our proposals to go further and bring more small sites forward for development that are more easily accessed by these firms. In light of these proposals, and to minimise the burdens on local

authorities, **we have decided not to introduce a requirement for local authorities to keep a small sites register at this time, following the consultation last year.**

3.8 The Government **launched the £3 billion Home Building Fund** on 3 October 2016, and continues the Housing Growth Partnership with Lloyds Banking Group. The Home Building Fund will provide £1 billion of short-term loan finance targeted at SMEs, custom-builders and innovators to deliver up to 25,000 homes this parliament; and a further £2 billion of long-term loan funding for infrastructure and large sites, unlocking up to 200,000 homes.

3.9 Our **new Accelerated Construction programme will support us in diversifying the market through partnering with small and medium-sized firms and others as development partners and contractors.** We will continue to work with the British Business Bank to encourage current and potential lenders and investors to invest in SMEs. We will **publicise our Help to Buy equity loan scheme to small and medium-sized builders** to encourage uptake.

Figure 7: Market share by housebuilder size



Source: NHBC Registrations, Great Britain. Numbers may not add up to 100% due to rounding.

52 These figures relate to the number of registrations received by NHBC and therefore do not reflect all housebuilding firms. A builder is required to register a home with NHBC at least 21 days before building starts. After registration, builders may decide not to build on a particular plot. Small builders are defined here as firms registering between 1 and 100 units.

Case study: Latis



Latis is an ambitious SME aiming to become a major player in the house-building market. The Government has supported two of Latis's projects.

Conduit Lane in Hoddesdon, Hertfordshire, consists of the refurbishment of a Grade II listed building, alongside the construction of a new-build block of apartments to the rear of the site. The project had started on site but, due to lack of funding, was stalled. Latis sought funding from the Government. We are providing a loan of £4.6 million and, as a direct result, Latis will deliver 43 new homes and two retail units.

At the time of completing the Conduit Lane transaction, Latis was preparing another much larger project at the Kitchener Barracks site in Chatham, Kent, consisting of 267 units plus commercial space. Traditional lenders were again unwilling to support the project, but this was the landmark site that Latis needed to act as a launch pad for its growth plans. The Government has offered a loan of £14.4 million on the scheme. This will help Latis achieve its ambitions for growth and get homes built where this otherwise would not happen.

Accelerated Construction

3.10 The Government is taking direct action through the Accelerated Construction programme. We will help diversify the house-building sector and see homes built quickly by partnering with small and medium-sized builders, contractors and others to build out surplus public sector land.

3.11 Accelerated Construction will:

- see up to 15,000 housing starts over the Parliament, through building out public sector sites faster than traditional disposal routes;
- catalyse changes in the wider housing market, through supporting offsite manufacturing techniques and increasing the number of participants in house-building; and
- generate higher receipts for the taxpayer through sharing risk and reward in the development of our land.

3.12 Through this programme, the Government will work harder to make public land available and ready to build on. Alongside land from central government, we will work with local authorities to help them bring forward their own sites. The Government will partner directly with innovative private sector partners. Through sharing risk and reward, we will lower developer risk and help overcome issues with access to finance and build out sites up to twice the rate a large developer might. We will also support the development of modern methods of construction, generating the confidence for the private sector to invest in new capacity. In doing so, we will aim to bring forward as many genuinely additional homes as possible.

3.13 For all sites, we will consider the most appropriate development route based on the appetite of those we partner with, the characteristics of the site (including its size and viability), and requirement for enabling works, such as land remediation or

basic infrastructure provision. Sites will be tendered individually, or as part of a portfolio of sites to spread risk, providing the confidence to invest, and obtain best value for the taxpayer. Where appropriate, we will obtain or provide ourselves with outline permission and undertake the costs of some remediation work to reduce development risks.

Custom build

3.14 Alongside smaller firms, the Government wants to support the growth of custom built homes. These enable people to choose the design and layout of their home, while a developer finds the site, secures planning permission and builds the property. Custom built homes are generally built more quickly and to a higher quality than other homes, and tend to use more productive, modern methods of construction. They present a less risky business model for builders, as the house has been effectively sold before it has been built. Fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people.⁵³

3.15 The main barriers to custom built homes are access to land and finance. Mortgages for custom and self-built homes represent a very small proportion of the overall lending market.⁵⁴ We have already taken steps to improve access to land. The new 'Right to Build' requires local planning authorities to find land for those seeking a custom built home in their area, and they must keep a register of those wanting to build their own home. And the Home Building Fund will help custom build firms.

3.16 To build on this we will:

- **promote the National Custom and Self Build Association's portal for Right to Build**, so that people seeking to build their own home can easily access the local authority register in their area;
- **ensure the exemption from the Community Infrastructure Levy for self build remains in place while longer term reforms to the system of developer contributions are being explored;**⁵⁵
- **support custom build through our Accelerated Construction programme;**

Case study: French Fields, St Helens



The Government loaned £291,000 to help a local small developer, Westward (UK) Ltd, to prepare 18 plots specifically for custom build in French Fields, a derelict industrial site close to St Helens.

Working with a specialist custom-build housing supplier, Pottions, and mortgage brokers BuildStore, Westward has put all the services into the site and obtained outline planning permission from the local authority. The resulting 18 'shovel ready' sites have all been sold, and 5 homes are already being built on the site the way that their owners want them. We hope to support many more schemes like French Fields through the Home Building Fund.

53 According to successive Ipsos MORI polls, more than a million people across the UK expect to buy a building plot, secure planning permission or start/complete construction work on their new home; *PlotSearch* has more than 100,000 live subscribers; and *Rightmove* has an average 400,000 monthly searches on land.

54 In 2016, lending on custom and self build projects totalled less than £1 billion compared to £10 billion in mortgage lending in just one month overall (figures drawn from BuildStore and the Council of Mortgage Lenders).

55 This will also continue to apply for extensions and residential annexes.

- **work with lenders** to ensure they have plans in place to increase their lending in line with consumer demand. We are delighted that Virgin Money plans to start lending on custom build projects in the summer.

3.17 The Government also welcomes the establishment of the Right to Build Taskforce by the National Custom and Self Build Association.

3.18 If we do not believe local authorities are taking sufficient action to promote opportunities for custom-building and self-building, we will consider taking further action including possible changes to legislation.

Expanding the contribution from other parts of the housing market

Attracting institutional investment: building more homes for private rent

3.19 We need to support other parts of the market to deliver the step change in house building that is required. We want institutional investors to invest more widely in housing, including shared ownership. Pension schemes are increasingly regarding housing as an appropriate investment. The pooling of local government pension funds will increase opportunities for their assets to be used to support infrastructure projects, including housing. This could generate promising returns for scheme members while maintaining value for money for national and local taxpayers.

3.20 Alongside affordable homes, we need more good quality privately rented homes. This sector has doubled over the last decade but rising rents suggest that demand is still growing. Following the 2012 review of barriers to institutional investment in the private rented sector, the government's Private Rented Sector Task Force made major early in-roads to establish the "Build to Rent" model in the UK, and to stimulate initial investor interest. The Government has supported this through the £3.5 billion Private Rented Sector Housing Guarantee Scheme, and the £1bn Build to Rent Fund.

3.21 We want to build on this and attract major institutional investment in new large-scale housing which is purpose-built for market rent. This will drive up overall housing supply, and increase choice and standards for people living in privately rented homes. These developments tend to be built out more quickly, adopt modern methods of construction and help regenerate local economies by attracting a skilled labour force.

3.22 Purpose-built market rent also has the potential to help provide more stable rented accommodation for families. As access to ownership has become more challenging, increasing numbers of families with children are making their home in the private rented sector. The proportion of households in the private rented sector with dependent children has increased from 29% in 2003-04 to 37% in 2014-2015.⁵⁶ We are therefore keen to see more family-friendly tenancies in new build private rented sector schemes.

3.23 The Government is separately consulting on a range of measures to support more Build to Rent developments. Our key proposals are to:

- **change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes** instead of other types of affordable housing;
- **ensure that family-friendly tenancies of three or more years are available** for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.

⁵⁶ English Housing Survey 2014/15

Case study: Creekside Wharf, Greenwich



This project, developed by Essential Living, is being constructed using offsite modular construction. It will comprise 249 apartments in two towers, one of which will be exclusively for families and features an on-site nursery.

As part of the arrangements with the London Borough of Greenwich, a quarter of the homes will be available at discounted market rents, at 55%, 65% and 75% of market rent. These homes will be spread across the development to create a balanced community living in a tenure-blind development.

Housing associations

3.24 Housing associations have a vital role to play if we are to build the homes we need. They already build the vast majority of new affordable homes, in addition to increasing numbers of homes for market rent and sale. Investment in affordable housing is a tried and tested way of getting new homes built, and it is normally more resilient than market house-building to changing housing market conditions. 193,000 homes were built under our 2011–15 Affordable Homes Programme⁵⁷ – exceeding its target by 23,000. Building new affordable homes also helps kick start other house-building, as it can help make sites viable and bring in investment.

3.25 The Government launched the Affordable Homes Programme for 2016–21 last year, and announced at Autumn Statement new funding and greater flexibility so that it now funds a range of affordable homes for rent as well as home ownership. Further details are in chapter 4. Alongside this, the Affordable Housing Guarantee Scheme has enabled housing associations to raise finance from both the debt capital markets to support the building of over 28,000 new affordable homes.

3.26 To support housing associations to build more, the Government will:

- **set out, in due course, a rent policy for social housing landlords (housing associations and local authority landlords) for the period beyond 2020 to help them to borrow against future income, and will undertake further discussions with the sector before doing so.** Our aim is to ensure that they have the confidence they need about their future income in order to plan ahead. The Government also confirms that the 1% rent reduction will remain in place in the period up to 2020;
- **put social housing regulation on a more independent footing.** We will make the Social Housing Regulator a stand-alone body (as recommended by the Tailored Review of the Homes and Communities Agency⁵⁸);
- reiterate its position that **housing associations belong in the private sector** and we are committed to implementing the necessary deregulatory measures to allow them to be classified as private sector bodies;

⁵⁷ DCLG Affordable Housing Supply, 2014-15 (02 December 2015); Affordable housing starts and completions funded by the HCA and GLA, 2014/15 (03 December 2015).

⁵⁸ <https://www.gov.uk/government/publications/tailored-review-of-the-homes-and-communities-agency>

Case study: L&Q

L&Q is a housing association and a leading residential developer. It merged with East Thames housing association last year and now has more than 74,000 homes across London and the South East. Alongside the merger, L&Q committed to a vision of creating 100,000 new homes across a range of tenures. To support this ambition, L&Q is shifting its focus towards strategic land deals that will give it greater access to larger sites, with more control over the speed of delivery. An example is Barking Riverside in East London, where L&Q is helping to create a community of 10,800 new homes. L&Q recently completed the acquisition of Gallagher Estates, in a deal that will give it control of plots to deliver 42,500 new homes in the south of England and south Midlands.

- **urge housing associations to explore every avenue for building more homes.** We welcome the sector's aim to deliver many more homes each year and some housing associations are rising to meet this challenge. However, many housing associations undertake little or no development, and we expect all associations to make the best use of whatever development capacity they have to help meet local housing need;
- **expect housing associations to make every effort to improve their efficiency, in order to release additional resources for house-building.** In some cases, housing associations will be able to drive efficiency through mergers or partnerships with other associations. We welcome the efforts being made by some in the sector to create a single set of metrics to make it easier to compare housing associations' efficiency. We expect the sector to implement this agenda and deliver measurable improvements in efficiency.

Backing local authorities to build

3.27 Local authorities' role in delivering new housing goes beyond using their planning powers. They also have an important role in delivering homes themselves. We want to make sure that they have the tools they need to get homes built where the market isn't coming forward with enough.

3.28 Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations, local

housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that end we will seek to address the issues that hold them back. However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home.

3.29 Support is already available to give local authorities access to the right skills and capacity when needed. This includes our Garden Towns and Villages programme, the Planning Advisory Service, and estates regeneration funding. The Government will ensure these funds support the priorities set out in this White Paper and consider whether additional support – for instance commercial and financial experts working on the ground – is necessary.

3.30 We are offering tailored support packages to councils who want to build on their own land at pace, through our new Accelerated Construction programme. As stated in chapter 1, we have also announced a new £45m Local Authority Land Release fund for land remediation and small-scale infrastructure, with priority given to innovative delivery models as well as areas of high housing need. Chapter 2 also sets out the range of measures we want to put in place to better equip local authorities to get homes built.

3.31 Alongside new delivery models, there has been a long tradition of council housebuilding. This continues to provide a small, but important and growing source of new homes. Twice as many council homes were built in England in the last five years than were from 1997 to 2010.⁵⁹

3.32 We will work **with local authorities to understand all the options for increasing the supply of affordable housing.**

3.33 Housing markets are different right across the country, and **we are interested in the scope for bespoke housing deals with authorities in high demand areas, which have a genuine ambition to build.**⁶⁰ We will look seriously at any request from local authorities for Government powers to be used to support delivery in their local area, and will be prepared to consider all the levers at our disposal to do so, so long as this results in genuinely additional housing being delivered. Through these deals we will also look to promote the alignment of decisions on infrastructure and housing at higher spatial levels, including through joint local planning and statutory spatial plans. This includes the powers of the Homes and Communities Agency, support from the HCA on the use of Compulsory Purchase Orders, new permission in principle and brownfield registers, the use of the planning freedom powers taken in the Housing and Planning Act, and use of public sector land.

3.34 Together with other measures in this White Paper – the increases in planning fees, strengthened tools to drive build out and land assembly powers, our new Housing Infrastructure Fund and place-based approach to delivery – this will give local authorities the tools they need to get building.

The Homes and Communities Agency

3.35 Earlier this year, the Department for Communities and Local Government carried out a comprehensive Tailored Review of the Homes and Communities Agency (HCA), the Government's housing delivery body. It concluded that the HCA continues to have a central role to play in delivering more homes across the country but needs to do more to increase the scale and pace of house-building. To respond to the housing challenge, the HCA should do some things differently by getting homes built directly on public sector land, encouraging more competition and embracing partnerships, working innovatively with local and combined authorities, LEPs and other partners.

3.36 **This summer, therefore, the Homes and Communities Agency will be relaunched as Homes England** with a clear, unifying purpose: 'To make a home within reach for everyone'. At the heart of this renewed purpose will be the ambition to get more homes for communities across all housing tenures, put in infrastructure to unlock housing capacity and attract small builders and new players to diversify the market on a sustainable basis.

⁵⁹ DCLG Live table 244

⁶⁰ IPPR make the case for a deal-making process: <http://www.ippr.org/publications/closer-to-home>

Boosting productivity and innovation: modernising the housebuilding sector

3.37 The housebuilding industry is less productive than the wider economy, partly because it has been slow to modernise and make use of more efficient and faster ways of building. By increasing innovation and making greater use of modern methods of construction⁶¹ we can change this. Industry reports suggest homes constructed offsite can be built up to 30% more quickly than traditional methods and with a potential 25% reduction in costs.⁶² They are high quality, reliable, more productive and can be highly energy efficient. They are high quality, reliable, more productive and can be highly energy efficient. They can require fewer people on site, helping to mitigate the skills shortage. Some firms are increasing their use of these methods, but we need to go further.

3.38 The industry has the potential to expand significantly, but a lack of demand from house-builders means that large firms tend to focus on manufacturing hotels, student accommodation and schools. Firms have told us that the most significant barrier to growth is the lack of a pipeline. A forward view of future orders and more information about the land available for development would allow them to secure investment to scale up production. International evidence suggests that as production increases the cost per unit falls.⁶² Scaling up production would allow industry to explore and deliver efficiencies, driving down costs. In turn this will encourage more builders to use these methods as it becomes economically sensible for them to do so.

3.39 To underpin the growth of this sector we must ensure that homes built offsite can access finance on the same basis as traditionally built homes. The Buildoffsite Property Assurance Scheme, which provides assurance to lenders on methods of construction, has existed for some time but there is limited take-up among lenders, partly because of a lack of data to support them in making decisions.

3.40 We will:

- **stimulate the growth of this sector through our Accelerated Construction programme and the Home Builders' Fund.** This will create new opportunities for the use of modern methods of construction to encourage investors into the sector and give current suppliers confidence to expand into the housing market. It will also support the delivery of high quality, energy efficient homes through these programmes;
- **support a joint working group with lenders, valuers and the industry** to ensure that mortgages are readily available across a range of tested methods of construction. This will include encouraging industry and lenders to develop a stronger set of core data to measure the use and performance of different technologies to encourage good decision-making;
- **consider how the operation of the planning system is working for modern methods of construction (MMC) developments;**
- **work with local areas** who are supportive of this type of manufacturing to deliver growth, provide jobs, and build local housing more quickly; and
- **alongside the Home Building Fund, consider the opportunities for offsite firms to access innovation and growth funding and support for them to grow.**

61 Modern methods of construction include homes that are built offsite or can be rapidly assembled or use other building techniques that increase productivity.

62 Davies G (2013) Design for Manufacture and Assembly is helping revolutionise construction, making it faster, cleaner, cheaper and more reliable. *Engineering Excellence Journal* (Laing O'Rourke). And Woetzel J, Ram S, Mischke J, Garemo N and Sankhe S (2014) *A blueprint for addressing the global affordable housing challenge*. McKinsey Global Institute.



Helping people now

Summary

The broken market is creating challenges for households across the country. 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 of the housing shortage on ordinary households and communities. We will:

- continue to support people to buy their own home – through Help to Buy and Starter Homes;
- help 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;
- make renting fairer for tenants;
- take action to promote transparency and fairness for the growing number of leaseholders;
- improve neighbourhoods by continuing to crack down on empty homes, and support areas most affected by second homes;
- encourage the development of housing that meets the needs of our future population;
- help the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- do more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

The case for change

4.1 England has some of the highest house price inflation and worst affordability in the OECD. An average home now costs almost 8 times the average earnings, and nearly 30% of local authorities have house prices over 10 times average earnings. This is not just a London and the South East problem: in parts of Greater Manchester, prices are nearly 9 times the average earnings.⁶³

4.2 This makes it a rational choice for many people to keep their money in bricks and mortar; either buying a second home, or maintaining a bigger home than they need, particularly as they grow older. However, the additional demand for housing as an investment product pushes up prices further. And it makes the economy as a whole more sensitive to any shock that results in a change in interest rates. This is because housing is one of the few investment goods that people can buy with debt. The UK's ratio of residential mortgage debt to GDP has fallen from 79% in 2009, but at 68% it is still the fourth highest in the EU.⁶⁴

4.3 Rising prices are particularly tough on younger people trying to get onto the housing ladder, or wanting to move into their first family home. Some young people have no choice but to continue to live with their parents, friends or strangers to make ends meet.⁶⁵ Renters are seeing their rents rise; some are only just about managing to cover their costs. For the average couple in the private rented sector, rent now takes up roughly half of their gross income.⁶⁶ This makes it harder to save. Around half of all households in the private rented sector have no savings.⁶⁷

4.4 Where housing shortages are most acute, it is creating opportunities for exploitation and abuse – unreasonable letting agents' fees, unfair terms in leases, and landlords letting out dangerous, overcrowded properties. Increasing numbers of people find themselves unable to find a home – homelessness is rising and the loss of a private sector tenancy is now the most common cause.⁶⁸ Meanwhile, in some neighbourhoods some homes remain empty and unused.

4.5 While we focus our long-term strategy on increasing overall supply, there is clearly also a need to intervene to help households now who are struggling as a result of the immediate symptoms of our broken market which are causing anxiety, hardship and unfairness for many households and communities.⁶⁹ This chapter sets out the steps we will take to tackle these pressures.

Helping people afford a home

4.6 Home ownership among younger people has declined sharply in recent years. Low interest rates have kept the costs of mortgages down for first time buyers and existing home owners, but rising house prices and high rents mean that many people cannot afford a deposit without help from friends and family. In 2014/15, 27% of first time buyers had help from friends or family to raise their deposit.⁷⁰

4.7 The Government will help people save for a deposit, buy with a smaller deposit, buy at 20% below the market price, buy the home they are renting from a social landlord, buy a share of a home or save a deposit while paying a below market rent. We will also target more investment into homes for Affordable Rent.

63 DCLG Live Table 577.

64 European Mortgage Federation – Hypostat 2016: A review of Europe's mortgage and housing markets.

65 A review by Pete Redfern, Chief Executive of Taylor Wimpey, looked at changes to home ownership including among young people: <http://www.redfernreview.org/>

66 English Housing Survey 2014/15; statistic refers to the income of the household reference person (the person in whose name the dwelling is owned or rented) plus that of a partner

67 2014-15 Family Resources Survey, unpublished DWP ad hoc analysis. Savings data from the FRS should be treated with caution due to underreporting and a high number of imputed cases, see here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/531243/family-resources-survey-background-note-and-methodology-2014-15.pdf for further information.

68 DCLG Live Table 774

69 Priced Out have highlighted the need to take action to support ordinary working people: <http://www.pricedout.org.uk/manifesto>

70 English Housing Survey 2014-15

Saving for a deposit

4.8 In 2015 the Government introduced the Help to Buy ISA to boost the savings of prospective first-time buyers. It offers a 25% savings bonus, up to a maximum of £3,000, towards the purchase of a first home. More than 720,000 accounts have been opened to date and over 38,000 bonuses worth £20.5 million have been paid to September 2016, supporting over 27,000 home purchases.⁷¹

4.9 **In April 2017, the Government will also introduce the Lifetime ISA.** This will support younger adults to save flexibly for the long term, giving them a 25% bonus on up to £4,000 of savings a year. Savings and the bonus can be put towards the purchase of a first home, or withdrawn once they reach the age of 60.

Help to Buy: Equity Loan

4.10 The Government has already helped over 200,000 households to buy a new home through its package of Help to Buy products.⁷² This includes the Help to Buy Equity Loan scheme which has helped more than 100,000 households, 81% of whom were first-time buyers, to purchase a new property, with a deposit as low as 5%.

4.11 Help to Buy Equity Loan was originally established in 2013 to support homebuyers and boost housing supply after the recession, in particular to give developers confidence to start building again. The evaluation of Help to Buy Equity Loan in 2015 indicated that the scheme had contributed 14% to total new build housing output since the introduction of the policy.⁷³ It also found that the scheme had not had an inflationary effect on house prices and had instead helped to stabilise the market.

4.12 **We have committed £8.6 billion for the scheme to 2021, ensuring it continues to support homebuyers and stimulate housing supply. We also recognise the need to create certainty for prospective home owners and developers beyond 2021, so will work with the sector to consider the future of the scheme.**

Starter Homes

4.13 For young aspiring home owners who would be unable to get a mortgage for the full market price of a home, the Government is committed to ensuring there is a range of affordable homes to support their aspiration to buy, including discounted starter homes.

4.14 Starter homes will be targeted at first time buyers who would otherwise be priced out of the market. **We intend to make clear through the NPPF that starter homes, like shared ownership homes, should be available to households that need them most, with an income of less than £80,000 (£90,000 for London). Eligible first time buyers will also be required to have a mortgage** in order to buy starter homes to stop cash buyers.

4.15 **There will also be a 15 year repayment period for a starter home** so when the property is sold on to a new owner within this period, some or all of the discount is repaid. This, along with the mortgage requirement, will reduce the risk of speculation, ensure there will be more affordable homes built whilst allowing home owners to move onwards when the time is right.

4.16 We have listened to concerns that our original plans for a mandatory requirement of 20% starter homes on all developments over a certain size will impact on other affordable homes. We want local authorities to deliver starter homes as part of a mixed package of affordable housing that can respond to local needs and local markets. We will commence the general duty on councils to promote the supply of starter homes.

4.17 However, in keeping with our approach to deliver a range of affordable homes to buy, rather than a mandatory requirement for starter homes, **we intend to amend the NPPF to introduce a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units.** It will be for local areas to work with developers to agree an appropriate level of delivery of starter homes, alongside other affordable home ownership and rented tenures.

71 HM Treasury Help to Buy: ISA scheme Quarterly Statistics, (15 December 2016), UK

72 DCLG Help to Buy (equity loan scheme) and Help to Buy: NewBuy statistics: April 2013 to 30 September 2016, (15 December 2016), England;

HM Treasury Help to Buy mortgage guarantee scheme quarterly statistics: October 2013 to 30 September 2016, (15 December 2016), UK

73 DCLG 2016, Evaluation of the Help to Buy Equity Loan Scheme

4.18 Following our consultation in December 2015, **we will also change the NPPF to allow more brownfield land to be released for developments with a higher proportion of starter homes by:**

- a) bringing forward more vacant, unviable and unused employment land by introducing new rules for retaining employment land. We will make it clear that any proposal on employment land that has been vacant, unused or unviable for a period of five years, and is not a strategic employment site, should be considered favourably for starter home-led development.
- b) extending the current starter home exception site policy to include other forms of underused brownfield land – such as leisure centres and retail uses – while retaining limited grounds for refusal;
- c) allowing development on brownfield land in the Green Belt, but only where it contributes to the delivery of starter homes and there is no substantial harm to the openness of the Green Belt.

4.19 **We will clarify that starter homes, with appropriate local connection tests, can be acceptable on rural exception sites.**

4.20 **The £1.2 billion Starter Home Land Fund will be invested to support the preparation of brownfield sites to support these developments.**

Where we are investing, these sites will include both starter homes and other types of affordable home ownership products such as shared ownership and other products that help people onto the housing ladder such as Rent to Buy. We will also look to support starter home development in rural areas by working in partnership with Councils to bring forward land for locally supported development. 30 partnerships with local authorities were announced on 3 January 2017. Further partnerships will be developed in due course.

4.21 The result of these changes means we will change our focus from starter homes to a wider range of affordable housing. **Through this wider range of Government programmes, we expect to help over 200,000 people become homeowners by the end of the Parliament.** Starter homes will be an important part of this offer alongside our action to build other affordable home ownership tenures like shared ownership and to support prospective homeowners through Help to Buy and Right to Buy.

Extending Right to Buy discounts to housing association tenants

4.22 Since the 1980s, the Right to Buy scheme has helped nearly two million social tenants to buy their home. The reinvigoration of the scheme in 2012 increased discounts considerably, to provide further assistance so tenants could afford to buy. Since then, over 60,000 local authority tenants have bought their homes⁷⁴.

4.23 Most housing association tenants do not currently have access to the Right to Buy scheme. Our manifesto committed to extend the Right to Buy to housing association tenants, and in October 2015 we agreed an historic deal with the sector to give the tenants the chance to buy their home.

4.24 Since then, we have worked closely with the National Housing Federation and housing associations to design the voluntary Right to Buy. Ground-breaking pilots with five housing associations have tested systems and processes while giving up to 600 households the opportunity to buy their home.

4.25 At the Autumn Statement we announced funding for an expanded regional pilot of the Right to Buy for housing association tenants. The regional pilot will allow over 3,000 housing association tenants to buy their own home with Right to Buy discounts.

⁷⁴ DCLG, Right to Buy Sales, July to September quarter 2016 (8 December 2016); DCLG, Social Housing Sales, 2015-16 (20 October 2016)

New homes for Shared Ownership, Affordable Rent and Rent to Buy

4.26 The Government is committed to building more affordable homes to boost house-building and support households who are locked out of the market.

At Autumn Statement we announced an extra £1.4bn for our Affordable Homes Programme, taking total investment in this programme to over £7bn to build around 225,000 affordable homes in this Parliament.

4.27 This investment will help families to find a decent home that is right for them. The 2016-21 Affordable Homes Programme was originally designed to focus on delivering shared ownership. **Now we have opened up the programme, relaxing restrictions on funding so providers can build a range of homes including for affordable rent.**

4.28 This includes Rent to Buy homes alongside shared ownership, which will enable thousands of households to access home ownership through a product that fits their circumstances. Rent to Buy will help hard-working households to benefit from a discounted rent set flexibly at levels to make it locally affordable so they can save for a deposit to purchase their home.

4.29 For grant-funded shared ownership we have made changes to simplify the product in response to concerns from lenders, developers and prospective buyers. Alongside funding, this will enable the tenure to expand and help more households get a foot on the ladder where they would otherwise have been unable to.

4.30 **We remain supportive of institutional investment in shared ownership and welcome suggestions for how we could assist the growth of this sector.**

A fairer deal for renters and leaseholders

4.31 Over 4 million households now rent their home from a private landlord – nearly twice as many as ten years ago⁷⁵ – and there are around 4 million leasehold homes in England.⁷⁶ Standards in the private rented sector remain below those in the social and owner occupied sectors, but are improving: just 28% of homes are now non-decent compared to 37% in 2010. An increasing number of private tenants (65%) are happy with their tenure, compared to 48% in 2004-05.⁷⁷

4.32 Where there are concerns, these tend to focus on affordability and security. In the long term, building more homes will help with affordability, but renters often face upfront costs including fees charged by letting agents to tenants. Tenants have no control over these fees because the agent is appointed by and works for the landlord. This is wrong. The Government has already introduced transparency on fees. **We will consult early this year, ahead of bringing forward legislation as soon as Parliamentary time allows, to ban letting agent fees to tenants.** This will improve competition in the market and give renters greater clarity and control over what they pay.⁷⁸

75 English Housing Survey 2014/15

76 DCLG 2014, Residential leasehold dwellings in England: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/342628/Residential_Leasehold_dwellings_in_England.pdf

77 English Housing Survey 2014/15

78 Several groups have called for letting agent fees to be banned, including Shelter and Priced Out: https://england.shelter.org.uk/__data/assets/pdf_file/0006/671649/Letting_agencies_-_The_price_you_pay.pdf?_ga=1.89436061.760196451.1486382458;http://www.pricedout.org.uk/manifesto

4.33 The Government will continue to drive up safety and standards in the private rented sector, and drive out the rogue landlords. **The Government will implement measures introduced in the Housing and Planning Act 2016, which will introduce banning orders to remove the worst landlords or agents from operating, and enable local councils to issue fines as well as prosecute.**

4.34 We are working with industry experts to consider whether we should take action to mandate electrical safety checks for rented properties and client money protection for letting agents as part of our efforts to raise standards and will set out next steps on this shortly. We have also set out our plans to extend mandatory licensing of Houses in Multiple Occupation (HMOs) which will ensure greater protection for thousands of vulnerable tenants.

4.35 The predominant use of 6 and 12 month contracts can mean that families who are renting need to move home before they had planned to, which can mean children moving school, alongside the uncertainty and costs associated with taking on a new rental property. According to a Shelter report last year an estimated 65,000 families say that they were forced to move their child's school the last time they moved within the private rented sector.⁷⁹ **We are proposing to make the private rented sector more family-friendly by taking steps to promote longer tenancies on new build rental homes, as set out in chapter 3.** We are working with the National Housing Federation and the British Property Federation to encourage longer-term tenancies in private rental homes delivered by housing associations and institutional investors. We will be speaking to the Local Government Association about local authorities' appetite to do the same, where they are delivering market private rented housing through local housing companies. Further to this we will consider what more we can do to support families already renting privately, while encouraging continued investment in the sector.

Leaseholders

4.36 The Government will act to promote fairness and transparency for the growing number of leaseholders. Leasehold has been a traditional part of the housing market in this country but there are areas where urgent reform may be needed, particularly when buying a house on a leasehold basis. New leasehold houses can be marketed at a reduced price compared to freehold. But some purchasers are not aware at the point of sale that the associated costs of buying a new leasehold house can make it more expensive in the long run. Some freeholds and ground rents of leasehold houses are sold on and traded, with leaseholders left in the dark, and facing increasing and onerous payments. This is not in consumers' best interests.

4.37 In particular, ground rents with short review periods and the potential to increase significantly throughout the lease period may not be offering a fair deal. We are absolutely determined to address this. **We will therefore consult on a range of measures to tackle all unfair and unreasonable abuses of leasehold.**

4.38 We will consider further reforms through the consultation to improve consumer choice and fairness in leasehold, and whether and how to reinvigorate Commonhold. We will also work with the Law Commission to identify opportunities to incorporate additional leasehold reforms as part of their 13th Programme of Law Reform, and will take account of the work of the All-Party Parliamentary Group on Leasehold and Commonhold.⁸⁰

79 Shelter, 2016. The need for stable renting in England. https://england.shelter.org.uk/_data/assets/pdf_file/0010/1236484/The_need_for_stability2.pdf

80 Register of the All-Party Parliamentary Group on Leasehold and Commonhold: <http://www.publications.parliament.uk/pa/cm/cmllparty/161124/leasehold-reform.htm>

Improving neighbourhoods and making best use of existing homes

4.39 As we focus on increasing overall housing supply we want to make sure that best use is made of both new and existing homes, benefitting local communities and supporting growing economies. Some communities are particularly concerned about second homes, and others about properties being left empty and abandoned. It can be deeply frustrating for local people to see homes under-used in their neighbourhood when they themselves might be struggling to afford to meet their housing needs.

4.40 People are entitled to own a second home, but in the context of significant pressures on the supply of homes it is right that they make an additional contribution to help meet housing need. From last April, higher rates of Stamp Duty Land Tax have been payable on purchases of additional residential properties, including second homes. Some of the additional receipts are being used to form **our new Community Housing Fund, which is supporting communities to take the lead in developing homes, including in areas particularly affected by second homes. We will consider whether any additional measures are needed.**

Empty homes

4.41 **We will also continue to support local authorities to encourage efficient use of our existing stock, making best use of homes that are long-term empty.** Local authorities have powers and incentives to tackle empty homes. Through the New Homes Bonus they earn the same financial reward for bringing an empty home back into use as building a new one. They also have flexibility to impose a council tax premium of up to 50% (on top of the council tax bill), on properties that have been empty and substantially unfurnished for more than two years. Great progress has been made in recent years and the number of empty homes stands at its lowest since records began. At May 2010 over 300,000 homes in England had been standing empty for longer than 6 months. As of October 2015 the number of long-term empty properties had fallen to 204,000.⁸¹

Housing for our future population

4.42 Offering older people a better choice of accommodation can help them to live independently for longer and help reduce costs to the social care and health systems. We have already put in place a framework linking planning policy and building regulations to improve delivery of accessible housing. To ensure that there is more consistent delivery of accessible housing, **the Government is introducing a new statutory duty through the Neighbourhood Planning Bill on the Secretary of State to produce guidance for local planning authorities on how their local development documents should meet the housing needs of older and disabled people.** Guidance produced under this duty will place clearer expectations about planning to meet the needs of older people, including supporting the development of such homes near local services⁸². It will also set a clear expectation that all planning authorities should set policies using the Optional Building Regulations to bring forward an adequate supply of accessible housing to meet local need. In addition, we will explore ways to stimulate the market to deliver new homes for older people.

4.43 Helping older people to move at the right time and in the right way could also help their quality of life at the same time as freeing up more homes for other buyers. However there are many barriers to people moving out of family homes that they may have lived in for decades. There are costs, such as fees, and the moving process can be difficult. And they may have a strong emotional attachment to their home which means that where they are moving to needs to be very attractive to them and suitable for their needs over a twenty to thirty year period. There is also often a desire to be close to friends and family, so the issues are not straightforward.

4.44 The Government is committed to exploring these issues further and finding sustainable solutions to any problems that come to light. To do this we will draw on the expertise of a wide range of stakeholders including housebuilders (both specialist and mainstream); mortgage lenders; clinical commissioning groups; housing associations and

81 DCLG Live Table 615 - All long-term vacant dwellings by local authority district, England, from 2004

82 The Local Government Association is looking at these issues: http://www.local.gov.uk/documents/10180/7632544/5.5+Housing+commission_v12_compressed+WEB.pdf/ea3bad67-4c85-423f-aa45-f07888ff0fc5

local authorities; and most importantly older people and the groups that represent them. **We want to build on the evidence that already exists to help deliver outcomes that are best for older people.**⁸³

This conversation will generate a range of ideas for incentives and other innovations for the Government to consider: improved information and advice for older people about housing choices, including advice on adaptations; supporting custom build for older people; looking at how community living could work; as well as innovative models of housing with support available. These will sit alongside the Government commitments to fund and develop supported housing, including sheltered, step down and extra care housing, ensuring that the new supported housing funding model continues to provide the means for older people to live independently for longer while relieving pressure on the adult social care system.

Supported housing

4.45 Supported housing plays an important role in helping hundreds of thousands of vulnerable people to live independently or turn their lives around. The Government is committed to encouraging further development to meet future demand.

4.46 At the Spending Review, the Government committed £400 million for a further 8,000 supported housing units. Over £200 million more is being invested through the Department of Health's Care and Support Specialised Housing Fund to develop 6,000 more supported homes over the next few years.

4.47 The Government is committed to developing a sustainable and workable approach to funding supported housing which provides value for money and works for those who use it as well as those who pay for it. That is why we have deferred the application of the Local Housing Allowance (LHA) rates for supported housing until 2019/20, at which point we will bring in a new funding model which will ensure that supported housing continues to be funded at the same level it would have otherwise been in 2019/20, taking account of our plans on social rents.

4.48 We are committed to working with the sector to get the detail right and have published a consultation paper to work up the detailed design of the new funding model. The consultation is running for 12 weeks until 13th February 2017. **The detailed arrangements for implementing the new model and approach to short term accommodation will be set out in a subsequent Green Paper which we will publish this Spring.**

Preventing homelessness

4.49 There are multiple and complex reasons why people become homeless. However, we know that high and increasing costs in the private rented sector can impact upon tenants who struggle to pay, and these households are more likely to be at risk of becoming homeless. Losing a private sector tenancy is now the main cause of homelessness.⁸⁴

4.50 We have a strong safety net, with legislation to support families and the most vulnerable when they become homeless. Our focus now is on ensuring that more people get the help they need before they become homeless, to prevent a crisis from happening in the first place. That is why **the Government is supporting Bob Blackman MP's Homelessness Reduction Bill** which will significantly reform England's homelessness legislation, placing a duty on local authorities to take steps to prevent the homelessness of anyone eligible and threatened with homelessness.

4.51 The legal framework is just one part of the support for households at risk, and we also have an ambitious programme of reform to enable local authorities to prevent or relieve homelessness. Since 2010, we have invested more than £500 million which has helped prevent or relieve over a million cases of homelessness.⁸⁵ In October 2016, we launched a new £40 million programme to drive a shift to homelessness prevention – intervening earlier to prevent homelessness happening in the first place, acting quickly when it does, and helping those rough sleepers with the most complex needs. Going further, at Autumn Statement

⁸³ Future of an ageing population, Government Office for Science, 2016|

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf

⁸⁴ DCLG Live Table 774

⁸⁵ DCLG Live Table 787

we announced that **we are also doubling the size of the Rough Sleeping Fund** by providing an additional £10m for grants to innovative approaches to preventing and reducing rough sleeping.

4.52 We are establishing a network of expert advisors to work closely with all local authorities to help bring them to the standard of the best.

We are also reforming homelessness data to get better insights into what works to prevent and tackle homelessness and to shine a light on performance.

4.53 We want to prevent people reaching crisis point, and for those who are already homeless to be able to move out of temporary accommodation or hostels to a settled home as quickly as possible. We will **explore new models to support those that are the hardest to help**, including whether social investment may have a role in helping to secure homes for those who are vulnerable or at risk of homelessness. **We also want to consider whether social lettings agencies can be an effective tool** for securing more housing for households who would otherwise struggle – providing security for landlords and support for tenants to help strengthen and sustain tenancies.

Homelessness trailblazers

The £20 million Homelessness Prevention Trailblazer fund will establish a network of 28 ambitious local authorities across England. Through the fund a wide variety of innovative new approaches to preventing homelessness will be developed such as:

- a multi-authority bid to deliver tailored support to over 1,000 PRS tenants at risk of homelessness;
- the introduction of a specialist unit to work across statutory services, the community and businesses in to early identify, intervene and work with households at risk of homelessness; and
- joining up data across police and health services to better identify and help people who are at risk of homelessness.

Conclusion





You don't have to be an expert in housing or construction to know that our property market is broken. You just have to be one of the millions of hardworking people who can't afford to buy or even rent the kind of safe, secure, affordable home that previous generations have taken for granted.

It's all down to the fact that not enough houses are being built. The reasons for this are many and complex but, as this White Paper shows, they can be tackled.

But it's not something Government can do alone. Local authorities, private developers, housing associations, infrastructure providers, mortgage lenders and local communities all have a role to play. And they're all supported by measures in this White Paper.

None of this constitutes a blank cheque. Where help and investment is offered we expect to see results. That's why the White Paper also explains how we will take action against developers or authorities that are not pulling their weight.

As well as the councils and builders and others, this White Paper will help the one group that matters more than any other: hardworking people who just want to be able to afford a place to call their own.

It will help the tenants of today, facing rising rents, unfair fees and insecure tenures. It will help the homeowners of tomorrow, getting more of the right homes built in the right places. And it will help our children and our children's children by halting decades of declining affordability and fixing our broken housing market for good.

It's a bold, radical vision for housing in this country. Now we must all work together to turn our blueprint into bricks and mortar.



Annex: Further detail and consultation on proposals

Introduction

A.1 This White Paper sets out a programme of reform to tackle the long-standing problems in the housing market and ensure that more homes are built in the right places.

A.2 In order to implement the vision set out in the White Paper, we are also consulting on a range of specific planning proposals. This annex provides further detail of the changes to planning policy and legislation needed to implement the proposals in chapters 1 and 2; and sets out consultation questions where new proposals are being made. It also sets out some wider changes to national planning policy in relation to affordable housing, sustainable development and the environment.

A.3 We are not consulting on the proposals in chapters 3 and 4 in this document, other than a separate consultation on the Build to Rent proposals in chapter 3, which has been launched today.

A.4 Several proposals build on consultations and reviews conducted over the last year: the report of the Local Plans Expert Group; consultations on changes to the National Planning Policy Framework, technical changes to planning and 'building up' in London; and the Rural Planning Review call for evidence.⁸⁶ The Government has taken account of responses to these in deciding the way forward. A summary of the responses to each consultation is being published alongside the White Paper.

A.5 Many of the changes involve amendments to the National Planning Policy Framework. The Government intends to publish a revised Framework later this year, which will consolidate the outcome from the previous and current consultations. It will also incorporate changes to reflect changes made to national policy through Written Ministerial Statements since March 2012. These are:

- Support for small scale developers, custom and self-builders (28 November 2014);
- Sustainable Drainage Systems (18 December 2014);
- Starter Homes (2 March 2015);
- Parking: helping local shops and preventing congestion (25 March 2015);
- Housing standards: streamlining the system (25 March 2015);
- Local Planning, which covers onshore wind farms (18 June 2015);
- National Planning Policy Framework: technical adjustment (22 July 2015);
- Green Belt protection and intentional unauthorised development (17 December 2015); and
- Neighbourhood planning (12 December 2016)

How to Respond

A.6 Below is more information about the scope of the consultation and how to respond to it.

⁸⁶ Local Plans Expert Group (2016) *Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning*. <http://lpeg.org/>; DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes; DCLG (2016) *Technical consultation on implementation of planning changes*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507019/160310_planning_consultation.pdf; DCLG (2016) *Consultation on upward extensions in London*. Available at: www.gov.uk/government/consultations/upward-extensions-in-london; DCLG (2016) *Rural Planning Review: Call for Evidence*. Available at: www.gov.uk/government/consultations/rural-planning-review-call-for-evidence.

Scope of the consultation

Topic of this consultation:	Changes to planning policy and legislation in relation to planning for housing, sustainable development and the environment
Scope of this consultation:	The Department for Communities and Local Government is consulting on new planning proposals which will involve amendments to the National Planning Policy Framework and regulations. It also sets out some wider changes to national planning policy in relation to sustainable development and the environment.
Geographical scope:	The policies and proposals set out in this White Paper apply to England only. In Scotland, Wales and Northern Ireland, housing and planning policy is the responsibility of the Scottish Government, Welsh Government and Northern Ireland Executive respectively. The UK government retains responsibility for housing and planning policy in England, including funding for England-only bodies such as the Homes and Communities Agency, the government's housing, land and regeneration agency, and the regulator of social housing providers in England. The Mayor of London is responsible for the functions of the HCA in London.
Impact Assessment:	N/A

Basic information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Department for Communities and Local Government
Duration:	The consultation will begin on 7 February 2017. The consultation will run for 12 weeks and will close on 2 May 2017. All responses should be received by no later than 23:45 on 2 May 2017.
Enquiries:	During the consultation, if you have any enquiries, please contact: planningpolicyconsultation@communities.gsi.gov.uk
How to respond:	<p>You may respond by completing an online survey at: https://www.surveymonkey.co.uk/r/QLLWWSS</p> <p>Alternatively you can email your response to the questions in this consultation to: planningpolicyconsultation@communities.gsi.gov.uk</p> <p>If you are responding in writing, please make it clear which questions you are responding to.</p> <p>Written responses should be sent to: Planning Policy Consultation Team Department for Communities and Local Government Third Floor, South East Fry Building 2 Marsham Street SW1P 4DF</p> <p>When you reply it would be very useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:</p> <ul style="list-style-type: none"> – your name, – your position (if applicable), – the name of organisation (if applicable), – an address (including post-code), – an email address, and – a contact telephone number

Proposals from Chapter One

Getting plans in place

Making sure every community has an up-to-date, sufficiently ambitious plan

A.7 We will do all we can to support local authorities to produce a plan, from simplifying the process to boosting capability and capacity in planning authorities. When necessary we will, however, intervene to ensure that plans are in place – using our existing powers and those proposed in the Neighbourhood Planning Bill currently before Parliament.

A.8 This may include directing a local planning authority to review their existing plan, where it is out of date. Where an authority is failing to do what is required to get their plan in place, we will consider the case for issuing directions to that authority to prepare a plan, to set the timetable for its production or arrange for a plan to be written for them in consultation with local people.

A.9 In February 2016, we consulted on our proposed criteria for making decisions on whether to intervene in plan-making,⁸⁷ which was where:

- the least progress in plan-making had been made;
- policies in plans had not been kept up to date;
- there was higher housing pressure; and
- intervention would have the greatest impact in accelerating local plan production.

A.10 We also proposed that:

- decisions on intervention would be informed by the wider planning context in each area (specifically, the extent to which authorities are working co-operatively to put strategic plans in place, and the potential impact that not having a plan has on neighbourhood planning activity); and
- authorities would have an opportunity to put forward any exceptional circumstances before action was taken.

A.11 Having considered the responses to these proposals, **the Government intends to make decisions on intervention on the basis of these**

criteria, as set out in the consultation – making use of its existing powers and those proposed in the Neighbourhood Planning Bill.

A.12 The Neighbourhood Planning Bill would also allow the Secretary of State to require local planning authorities to review local plans and other local development documents at prescribed intervals, so that they can be kept up-to-date. **We will set out in regulations a requirement for these documents to be reviewed at least once every five years.**

An authority will need to update their plan if their existing housing target can no longer be justified against their objectively assessed housing requirement, unless they have agreed a departure from the standard methodology with the Planning Inspectorate.

A.13 The Government would like to see more and better joint working where planning issues go beyond individual authorities, building on the existing duty to co-operate:

- we will **consult on changes to the National Planning Policy Framework so that authorities are expected to prepare a Statement of Common Ground**, setting out how they intend to work together to meet housing requirements that cut across authority boundaries;
- in several parts of the country, devolution deals have been accompanied by proposals for strategic plans that will allow housing requirements to be considered at a scale which is broader than individual authorities. Our **proposals to allow spatial development strategies to allocate strategic sites**, set out below, will make these more effective;
- we will **use the new £2.3bn Housing Infrastructure Fund to encourage and support collaboration** where it is appropriate to do so; and
- where it is clear that effective cross-boundary planning is needed but is not being taken forward, the Neighbourhood Planning Bill would **allow the Secretary of State to direct a group of authorities to work together** to produce a joint plan.

⁸⁷ DCLG (2016) Technical consultation on implementation of planning changes. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507019/160310_planning_consultation.pdf.

Making plans easier to produce

A.14 We want to give local planning authorities more flexibility over the types of plan that they produce, so that plan-making can be tailored to the circumstances in each place.

A.15 To help facilitate this the Neighbourhood Planning Bill, currently before Parliament, would in future require each local planning authority to maintain a set of key strategic policies, with flexibility over whether these are in a plan produced by an individual authority, in a joint local plan produced by a group of authorities, or in a spatial development strategy produced by a combined authority or an elected mayor.

A.16 To help implement this reform the Government is proposing two changes to the National Planning Policy Framework:

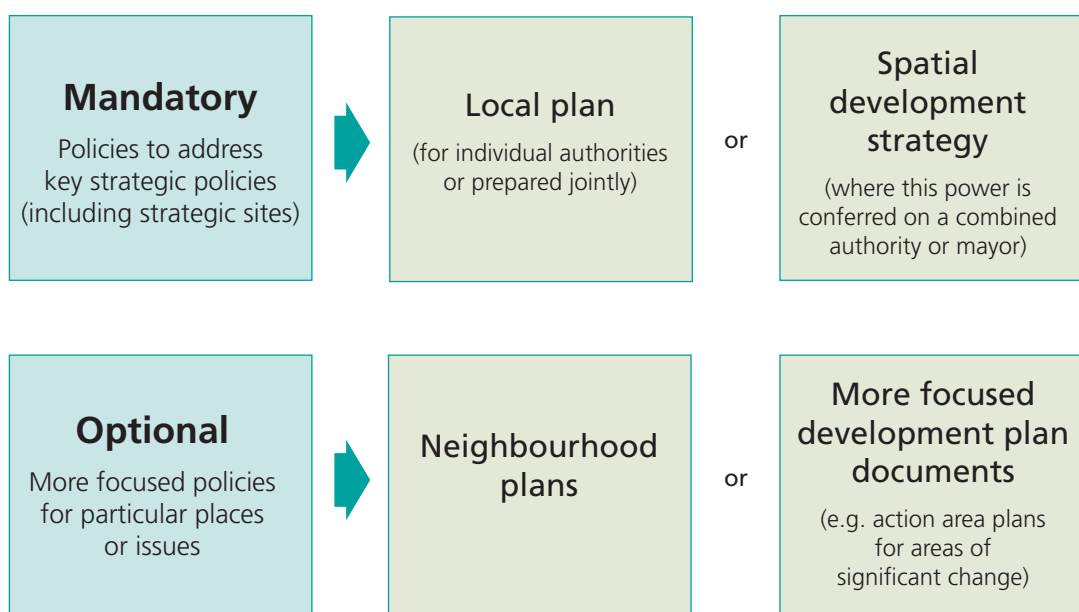
- As suggested by the Local Plans Expert Group, **we will remove the policy expectation that each local planning authority should produce a single local plan.** We will make clear instead that authorities should identify the most effective

way of setting out their key strategic priorities (which may be jointly with other authorities), with the expectation that more detailed matters are addressed through neighbourhood plans or more focused development plan documents (Box 1).

- We also propose to set out in policy the key strategic priorities that every area is expected to plan for,** which would be those listed already in the National Planning Policy Framework,⁸⁸ with an additional requirement to plan for the allocations needed to deliver the area’s housing requirement (except insofar as this requirement will be met through windfall development or more detailed plans).

A.17 We also want to ensure that spatial development strategies produced by new combined authorities or elected Mayors can be as effective as possible, without the need for policies to be duplicated in local plans. The Government therefore proposes that **where these strategies require unanimous agreement of the members of the combined authority, regulations will allow them to allocate strategic sites.**

Box 1: The new framework for plan-making



⁸⁸ NPPF paragraph 156: these priorities are the homes and jobs needed in the area; the provision of retail, leisure and other commercial development; the provision of infrastructure for transport, telecommunications, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat); and climate change mitigation and adaptation, conservation and enhancement of the natural and historic environment, including landscape.

A.18 The Local Plans Expert Group also put forward a number of proposals to streamline the process for producing plans, which we have considered alongside the comments received on their Report. In response **we will amend the National Planning Policy Framework to:**

- **Make clear that plans and policies should not duplicate one another.** For example, where a spatial development strategy is prepared, local plans will not be expected to cover the same strategic issues. Guidance will make clear that exceptions to this principle may be made where a new or emerging plan is maintaining key policies from another plan which is no longer up-to-date, for example where neighbourhood plans rely on policies in the local plan; and that authorities may rely on policies in the National Planning Policy Framework rather than replicating them in their plans; and
- **Amend the tests of what is expected of a 'sound' plan, to make clear that it should set out 'an' appropriate strategy for the area** rather than having to demonstrate that it contains 'the most' appropriate strategy (as the current wording can encourage disproportionate work and challenge at examinations).

A.19 Alongside these changes, **we propose to revise the National Planning Policy Framework to tighten the definition of what evidence is required to support a 'sound' plan** – to allow for a more proportionate approach, while ensuring that clear and concise evidence is available on the key issues that affect the capacity of each area to accommodate development.

A.20 With the emergence of spatial development strategies outside London, and with the continued growth of neighbourhood planning, **the Government would also welcome views on what wider changes may be needed to ensure that consultation and examination procedures for all forms of plan-making are appropriate and proportionate and that different levels of plans work together.**

Assessing housing requirements

A.21 The White Paper sets out the Government's intention to **consult on options for introducing a more standardised approach to assessing housing requirements.** The Local Plans Expert Group concluded that a more standardised methodology was

Question 1

Do you agree with the proposals to:

- Make clear in the National Planning Policy Framework that the key strategic policies that each local planning authority should maintain are those set out currently at paragraph 156 of the Framework, with an additional requirement to plan for the allocations needed to deliver the area's housing requirement?
- Use regulations to allow Spatial Development Strategies to allocate strategic sites, where these strategies require unanimous agreement of the members of the combined authority?
- Revise the National Planning Policy Framework to tighten the definition of what evidence is required to support a 'sound' plan?

Question 2

What changes do you think would support more proportionate consultation and examination procedures for different types of plan and to ensure that different levels of plans work together?

one of the most important reforms that could be made to improve plan-making, and the principle of a more consistent approach was supported by many of those who commented on their report.

A.22 A more standardised methodology for assessing housing requirements will allow a more consistent approach to establishing a suitable baseline for housing land supply and housing delivery, in the absence of an up-to-date plan. Subject to consultation, we propose that **from April 2018 the new methodology for calculating housing requirements would apply as the baseline for assessing 5 year housing land supply and housing delivery, in the absence of an up-to-date plan.** In specific circumstances where authorities are collaborating on ambitious proposals for new homes, the Secretary of State would be able to give additional time before this new baseline applies.

A.23 We want councils to use the new approach as they produce their plans and will incentivise them to do so. We will expect councils that decide not to use the new approach to explain why not and to justify the methodology they have adopted in their area. We will consult on what constitutes a reasonable justification for deviating from the standard methodology, and make this explicit in the National Planning Policy Framework.

A.24 Whatever the methodology for assessing overall housing requirements, it will remain important for authorities to assess the extent to which this needs to be translated into homes that are suitable for groups with specific housing requirements. **We propose to strengthen national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs**, such as older and disabled people.

Digital planning: making plans and proposals more accessible

A.25 We intend to **increase the amount of planning data that is easily available to individuals, groups, entrepreneurs and businesses**. This will make planning more accessible, and also allow public data to be used in a way that increases accountability, drives choice and spurs innovation. The Local Plans Expert Group recommended that more plans should be accessible online, using interactive tools and improved facilities for online consultation.

A.26 The Government has already piloted a new set of open data standards for publishing information about brownfield land suitable for housing. Over 70 authorities took part in the pilot and the majority have now published their 'brownfield registers'. Local authorities will be required to prepare and maintain these registers from this spring. This will ensure that nationally consistent information on suitable brownfield sites is kept up to date and made publicly available for communities and developers.

A.27 In addition, the Neighbourhood Planning Bill contains proposals for more consistent and open data standards for plans. In support of this **we are working with local authorities, users of plans and other innovators through a pilot programme** to

Question 3

Do you agree with the proposals to:

- amend national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people?
- from early 2018, use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery, in the absence of an up-to-date plan?

identify opportunities to prescribe open data standards for local plans and use digital tools to support better plan-making, improve the accessibility of information and help people identify and develop appropriate land for housing.

A.28 It is also important that we improve our understanding of the role the environment plays in our lives so that Government and other decision takers can improve outcomes. Through its 25 Year Environment Plan, the Government will set out a full programme of work to support people to make better environmental decisions, including through the use of improved data. This will build on previous work such as the Outdoor Recreation Valuation (ORVal) tool⁸⁹, which quantifies the recreational benefits that are provided by accessible greenspace.

Making land ownership and interests more transparent

A.29 Making data about land ownership and interests more readily available will allow authorities and communities to take a more proactive role in developing plans, support digital plan-making and help new entrants to the market.

A.30 To help tackle this **HM Land Registry will be modernised to become a digital and data-driven registration business** within the public sector. This is central to achieving genuine transparency on land

⁸⁹ Land, Environment, Economics and Policy (LEEP) Institute at University of Exeter, with funding from DEFRA (2016). *Outdoor Recreation Valuation (ORVal) tool*. Available at: <http://leep.exeter.ac.uk/orval/>

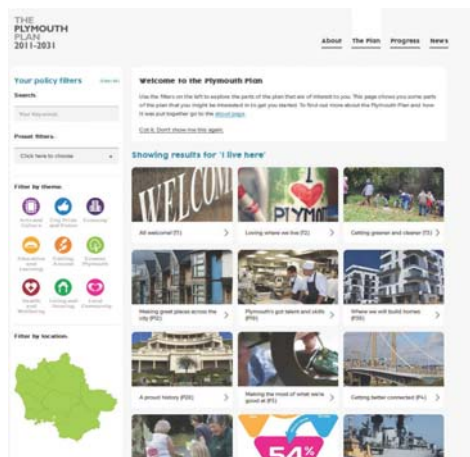
ownership and control. HM Land Registry is committed to becoming the world's leading land registry for speed, simplicity and an open approach to data.

A.31 A modernised Land Registry will also aid better data sharing across government for the purposes of supporting development, ensuring financial stability, tax collection, law enforcement and the protection of national security. **The Government will examine how HM Land Registry and the Ordnance Survey can work more closely together** to provide a more effective digital land and property data service. This work will assess how their combined land and property

data can be made more openly available to the benefit of developers, home buyers and others.

A.32 As part of these changes the **Government will ensure completion of the Land Register**. Currently 83% of the land in England and Wales is registered, but we need to go further. Opening up land and property data will make it easier for communities and authorities to engage in and make informed decisions about planning, development and investment. HM Land Registry is committed to achieving a more open and digital Register and will aim to achieve comprehensive registration by 2030.

Case study: Better access to planning data in Plymouth and Surrey



Images © Plymouth City Council

Plymouth City Council published The Plymouth Plan 2011-2031 as an interactive website. This allows the plan to be browsed easily in a way which is relevant to particular groups (resident, business, investor, etc.) or interests (such as the economy, arts and culture, living and housing). The City Council has also opened up over 100 data sets through its DATA Play initiative to give communities better access to information about their area and more ability to suggest improvements. And through Crowdfund Plymouth, an online crowdfunding campaign, a council pledge of £120,000 of the Community Infrastructure Levy (CIL) has attracted over £400,000 of match pledges from over 5,000 people and organisations.

Surrey Digital Services, a coalition of local authorities, developed The Planning Hub – a consolidated feed of planning information across Surrey, regardless of originating authority, computer systems or administrative boundaries. Alongside Hampshire County Council, DCLG and the Local eGovernment Standards Body (LeGSB) a national planning application data standard was created, which is now gathering data from 11 providers for anyone to access via an Application Programming Interface (API), which consists of protocols, definitions and tools for building application software. This has not been possible previously, despite its significant value for business processes and public access. It helps people to engage with local planning matters and allows developers and entrepreneurs to make use of the data in order to improve public interaction with local planning services.

All publicly-held land in the areas of greatest housing need will be registered by 2020, with the rest to follow by 2025. As an interim step, **the Government will collate and make openly available a complete list of all unregistered publicly held land by April 2018**, which will assist with prioritising registration and provide an early indication of the scale of potential sites for house building and associated infrastructure needs.

A.33 Alongside the improved registration of land, **the Government proposes to improve the availability of data about wider interests in land**. There are numerous ways of exercising control over land, short of ownership, such as through an option to purchase land or as a beneficiary of a restrictive covenant. There is a risk that because these agreements are not recorded in a way that is transparent to the public, local communities are unable to know who stands to fully benefit from a planning permission. They could also inhibit competition because SMEs and other new entrants find it harder to acquire land. There is the additional risk that this land may sit in a 'land bank' once an option has been acquired without the prospect of development.

A.34 **Therefore, the Government will consult on improving the transparency of contractual arrangements used to control land**. Following consultation, any necessary legislation will be introduced at the earliest opportunity. **We will also consult on how the Land Register can better reflect wider interests in land** with the intention of providing a 'clear line of sight' across a piece of land setting out who owns, controls or has an interest in it.

A.35 In addition, **HM Land Registry will make available, free of charge, its commercial and corporate ownership data set, and the overseas ownership data set**. These data sets contain data on 3.5 million titles to land held under all ownership categories with the exception of private individuals, charities and trustees. The Government also intends to **simplify the current restrictive covenant regime** by implementing the Law Commission's proposals for reform⁹⁰ and will publish a draft Bill for consultation as announced in the Queen's Speech.

Making enough land available in the right places

A.36 Local planning authorities have a responsibility to do all they can to meet their housing requirements, even though not all areas may be able to do so in full. The presumption in favour of sustainable development,⁹¹ which sits at the heart of the Government's planning policy, places a clear obligation on authorities to plan positively. There are, however, opportunities to make the practical consequences of this obligation more explicit, and to make aspects of the presumption clearer in the light of experience since the National Planning Policy Framework was introduced.

A.37 Therefore the Government proposes to amend the National Planning Policy Framework so that when preparing plans:

- **local planning authorities should be able to demonstrate that they have a clear strategy to maximise the use of suitable land in their area**, so it is clear how much development can be accommodated; and
- **their identified housing requirement should be accommodated unless there are policies elsewhere in the National Planning Policy Framework that provide strong reasons for restricting development** (rather than just 'indicating' development should be restricted, as policy says now); or the adverse impacts of meeting need would significantly and demonstrably outweigh the benefits.

A.38 As part of these changes **the Government proposes to clarify which national policies it regards as providing a strong reason to restrict development when preparing plans**, or which indicate that development should be restricted when making decisions on planning applications: it is proposed that these are limited to the policies listed currently at footnote 9 of the National Planning Policy Framework, with the addition of Ancient Woodland and aged or veteran trees;⁹² and that these are no longer set out as 'examples' but as a clear list. There has been uncertainty about this aspect of national

90 Law Commission (2011) *Making land work: Easements, Covenants and Profits à Prendre* (HC 1067). Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/229064/1067.pdf

91 Paragraph 14 of the National Planning Policy Framework. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60777/2116950.pdf

92 And, for clarity, those non-designated heritage assets of archaeological interest that are demonstrably of equivalent significance to scheduled monuments.

policy, so this change should provide a clearer position for both plan makers and those making decisions on applications. Ancient Woodland and aged or veteran trees are irreplaceable habitats and we consider it important that national policy reflects the need to protect them.

A.39 The Government considers that **the presumption in favour of sustainable development could be clarified further through some additional adjustments:**

- Reordering to reflect what decision-makers are likely to do in practice:⁹³ first, consider whether there are any national policies that justify restricting development, and then whether any adverse impacts would 'significantly and demonstrably' outweigh the benefits;
- A shorter, clearer opening line; removal of references to 'local plans' when referring to local planning authority plans (in view of the more flexible approach to plan-making set out in this White Paper); and numbering of its sub-paragraphs.

A.40 Box 2 overleaf shows what the combined effect of these proposed changes would be for the wording of the presumption in favour of sustainable development.

Bringing brownfield land back into use

A.41 The Government has already embarked on an ambitious programme to bring brownfield land back into use, which includes:

- introducing statutory brownfield registers which local planning authorities will use to indicate which previously developed sites are suitable for housing. These registers provide a platform for granting permission in principle for housing on suitable sites, giving early certainty to landowners, developers and communities;
- making £3 billion of loan funding for developers available through the Home Building Fund announced in October 2016, with an emphasis on supporting developments on brownfield land;
- a wide range of new permitted development rights, which give permission for specified forms of development – such as converting office, retail and agricultural buildings into residential use. More than 13,800 homes were added to the stock through permitted development rights enabling change of use to residential in 2015/16;⁹⁴
- designating 26 Housing Zones with the potential to deliver up to 44,000 new homes on brownfield land. The London programme is devolved to the Mayor - 31 Zones have been designated in London and are expected to deliver 77,000 new homes;

Question 4

Do you agree with the proposals to amend the presumption in favour of sustainable development so that:

- | | |
|---|---|
| <ul style="list-style-type: none"> a) authorities are expected to have a clear strategy for maximising the use of suitable land in their areas?; b) it makes clear that identified development needs should be accommodated unless there are strong reasons for not doing so set out in the NPPF?; c) the list of policies which the Government regards as providing reasons to restrict development is limited to those set out currently in footnote 9 | <ul style="list-style-type: none"> d) its considerations are re-ordered and numbered, the opening text is simplified and specific references to local plans are removed? |
|---|---|

of the National Planning Policy Framework (so these are no longer presented as examples), with the addition of Ancient Woodland and aged or veteran trees?

93 While also observing the basic legal requirements to take all material considerations into account, and to make the decision in accordance with the development plan unless material considerations indicate otherwise.

94 DCLG (2016) *Housing Supply; net additional dwellings, England: 2015-16*. Available at: <https://www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2015-to-2016>

Box 2: Proposed text of the presumption in favour of sustainable development

At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**.

For **plan-making** this means that:

- a) local planning authorities should positively seek opportunities to meet the development needs of their area, as well as any needs that genuinely cannot be met within neighbouring authorities, through a clear strategy to maximise the use of suitable land;
- b) their plans should accommodate objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:
 - i. specific policies in this Framework provide a strong reason for development to be restricted;¹ or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

For **decision-taking**² this means:

- a) approving development proposals that accord with the development plan without delay; and
- b) where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:
 - i. specific policies in this Framework indicate development should be restricted¹; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

¹ Policies relating to sites protected under the Birds and Habitats Directives (see paragraph 119) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); Ancient Woodland and aged or veteran trees; designated heritage assets (and other heritage assets of archaeological interest referred to in paragraph 139); and locations at risk of flooding or coastal erosion.

² Unless material considerations indicate otherwise.

- continuing to use our £1.2 billion Starter Homes Land Fund to bring forward suitable brownfield land for starter homes and other types of affordable home ownership products. Thirty local authority partnerships, working with the Homes and Communities Agency, were announced in January to help identify suitable sites.

A.42 Going further, the presumption should be that brownfield land within settlements is suitable for housing unless there are clear and specific reasons to the contrary (such as high flood risk). To facilitate

this, we will **amend the National Planning Policy Framework to indicate that great weight should be attached to the value of using suitable brownfield land within settlements for homes**, following the broad support for this proposal in our consultation in December 2015.⁹⁵ In addition, our proposals for increasing the density of development set out in this White Paper will ensure that maximum use is made of brownfield sites that are suitable for homes.

⁹⁵ DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes

Improving local authorities' role in land assembly and disposal

A.43 Local authorities are already able to secure planning permission on sites that they own, allowing them to be proactive in developing public land. Unitary authorities (including London Boroughs) and Urban Development Corporations can use this to provide certainty for developers purchasing land from (or partnering with) public bodies to deliver new homes. However, this power is currently constrained in two-tier local authority areas, where the resulting permission may be implemented only by the authority and any partner body. Any subsequent purchaser would need to re-apply for planning permission in order to carry out the development, adding time and expense to the process.

A.44 We wish to address this discrepancy between the powers available in unitary and two-tier areas, so **we propose to amend regulations so that all local planning authorities are able to dispose of land with the benefit of planning consent which they have granted to themselves.**

A.45 Where local authorities and other public bodies dispose of surplus land for homes, the land should normally be sold for the best consideration that can be reasonably obtained. An authority may, however, dispose of land at less than best consideration ('undervalue') where this can be justified, for example in enabling the land to be regenerated and used for new homes.

A.46 Local authorities are currently required to seek consent from the Secretary of State for the sale of all land held for planning purposes at an undervalue. This requirement can delay disposals and hold up development schemes, including for new housing. It is also inconsistent with the existing ability of local authorities to dispose of land which is not held for housing or planning purposes without the Secretary of State's consent, where the undervalue is £2m or less.

A.47 **We will consult on using powers in the Growth and Infrastructure Act 2013 to issue a new General Disposal Consent, which would enable authorities to dispose of land held for planning purposes at less than best consideration without the need for specific consent from the Secretary of State.** The consultation will seek views on a threshold below which specific consent would

Question 5

Do you agree that regulations should be amended so that all local planning authorities are able to dispose of land with the benefit of planning consent which they have granted to themselves?

not need to be obtained. We will also consult on revising the existing £2m threshold for the disposal of other (non-housing) land.

A.48 In many countries local authorities regularly work with local landowners to assemble land for housing. In Germany it is common for authorities to use a process known as land 'pooling' or 'readjustment' to collaborate with landowners in the assembly, servicing and disposal of land and realise the benefit from the uplift in land values once the site receives planning permission and is made ready for development. This enables local authorities to bring forward new building plots for local people and for smaller builders to build homes, often at reduced prices. The Government considers that such approaches could be used more extensively in England, and would welcome views from local authorities and others on the opportunities this presents, any barriers inhibiting greater take-up, and how these may be addressed.

Question 6

How could land pooling make a more effective contribution to assembling land, and what additional powers or capacity would allow local authorities to play a more active role in land assembly (such as where 'ransom strips' delay or prevent development)?

Regenerating housing estates

A.49 The Government's national strategy on estate regeneration was published in December 2016⁹⁶.

Through a combination of practical advice and guidance, it sets out how best to deliver high-quality, well-designed estate regeneration, including advice on financing and delivering schemes, the role of local authorities, and how to engage and protect residents.

A.50 To support this strategy, **we propose to amend the National Planning Policy Framework to encourage local planning authorities to consider the social and economic benefits of estate regeneration** when preparing their plans and in decisions on applications, and to use their planning powers to help deliver estate regeneration to a high standard.

Question 7

Do you agree that national policy should be amended to encourage local planning authorities to consider the social and economic benefits of estate regeneration when preparing their plans and in decisions on applications, and use their planning powers to help deliver estate regeneration to a high standard?

Supporting small and medium sized sites, and thriving rural communities

A.51 In February last year the Government launched a call for evidence for a Rural Planning Review.⁹⁷ Responses were clear that improving the availability and affordability of homes in rural areas is vital for sustaining rural communities, alongside action to support jobs and services. The Government's response to the review, published alongside this White Paper, includes proposals to expand the permitted development rights that apply to agricultural buildings, to provide more homes for local people. Alongside this, the Government intends to make a number of changes to national planning policy to provide better support for rural housing, and for development on small and medium-sized sites.

A.52 Reflecting proposals set out in the Government's previous consultation on changes to the National Planning Policy Framework,⁹⁸ we will

- amend national policy to **expect local planning authorities to have policies that support the development of small 'windfall' sites** (those not allocated in plans, but which come forward on an ad hoc basis); and
- **indicate that great weight should be given to using small undeveloped sites within settlements for homes**, where they are suitable for residential development.⁹⁹

A.53 These changes apply to all types of area. Together with the additional weight that national policy will be placing on the benefits of developing brownfield land, they will ensure there is a clear presumption that residential development opportunities on small sites should be treated positively, while ensuring authorities can continue to protect valued areas of open space, the character of residential neighbourhoods and stop unwanted garden grabbing.

A.54 There are opportunities to go further to support a good mix of sites and meet rural housing needs, especially where scope exists to expand settlements in a way which is sustainable and helps provide homes for local people. This is especially important in those rural areas where a high demand for homes makes the cost of housing a particular challenge for local people. With these objectives in mind we are proposing a number of additional changes to the National Planning Policy Framework to:

- **highlight the opportunities that neighbourhood plans present for identifying and allocating small sites that are suitable for housing**, drawing on the knowledge of local communities;
- **encourage local planning authorities to identify opportunities for villages to thrive**, especially where this would support services and help meet the need to provide homes for local people who currently find it hard to live where they grew up; and

⁹⁶ Available at: <https://www.gov.uk/guidance/estate-regeneration-national-strategy>

⁹⁷ DCLG (2016) *Rural Planning Review: Call for Evidence*. Available at: www.gov.uk/government/consultations/rural-planning-review-call-for-evidence.

⁹⁸ DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at:

www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes

⁹⁹ Small sites for this purpose are those capable of accommodating fewer than 10 units, or which are smaller than 0.5ha.

- **give much stronger support for ‘rural exception’ sites that provide affordable homes for local people**¹⁰⁰ – by making clear that these should be considered positively where they can contribute to meeting identified local housing needs, even if this relies on an element of general market housing to ensure that homes are genuinely affordable for local people.

A.55 In addition, we are proposing some further changes to promote a good mix of sites and increase the supply of land available to small and medium-sized housebuilders – something that will help to diversify the housebuilding sector and encourage more competition. These changes would:

- make clear that on top of the allowance made for windfall sites, **at least 10% of the sites allocated for residential development in local plans should be sites of half a hectare or less;**
- expect local planning authorities to **work with developers to encourage the sub-division of large sites;** and
- **encourage greater use of Local Development Orders and area-wide design codes** so that small sites may be brought forward for development more quickly.

A new generation of new communities

A.56 The Government is already supporting the creation of ten new garden towns and cities, and 14 new garden villages. Together, these new communities could deliver more than 200,000 new homes over the next 20 to 30 years, with more than 25,000 homes expected to start on site by 2020. Some £15 million of capacity funding has been made available to help build these new communities, and we have set up a development corporation to drive forward the delivery of Ebbsfleet, backed by £275 million of capital funding for infrastructure.

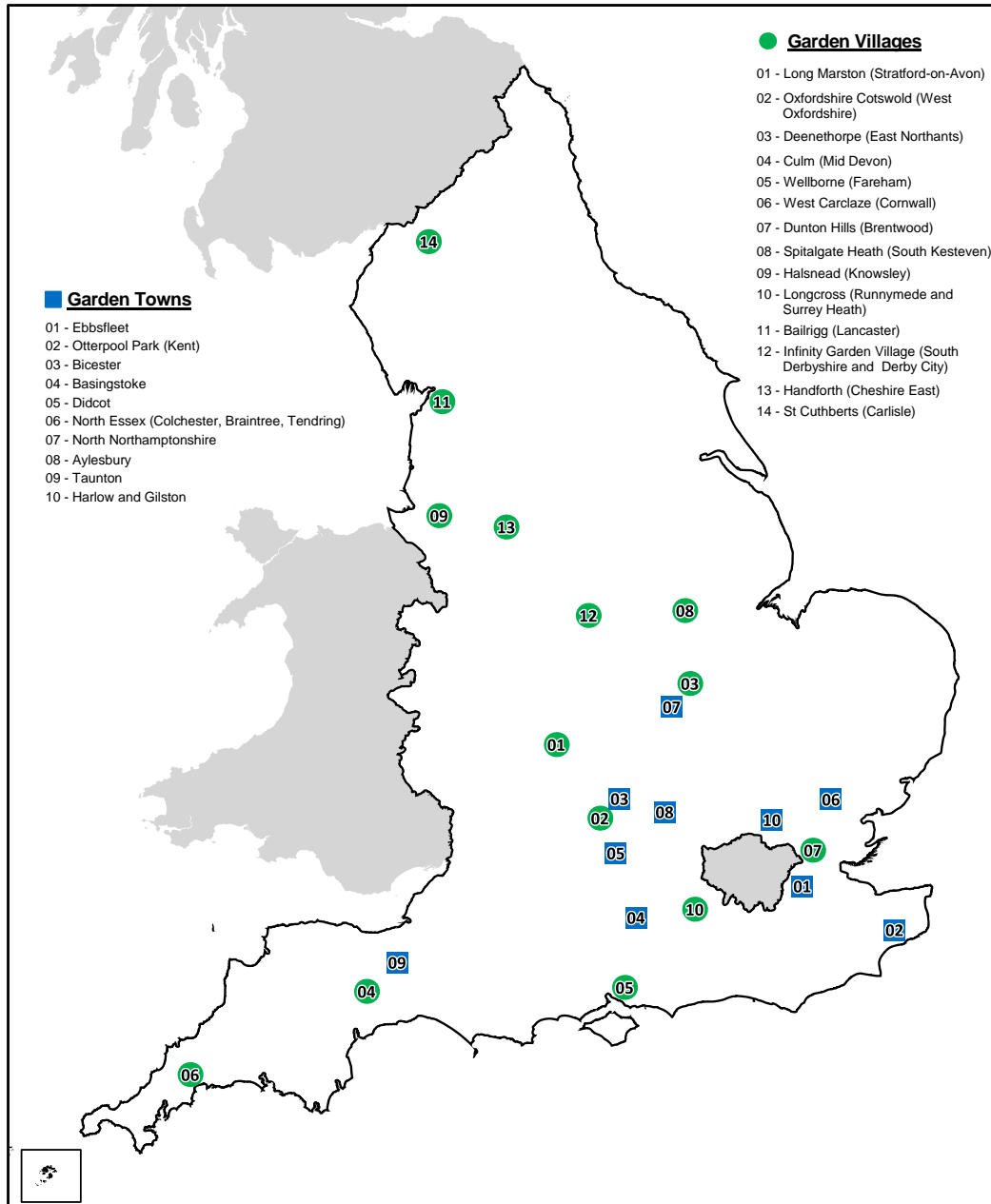
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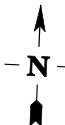

Do you agree with the proposals to amend the National Planning Policy Framework to:

- highlight the opportunities that neighbourhood plans present for identifying and allocating small sites that are suitable for housing?;
- encourage local planning authorities to identify opportunities for villages to thrive, especially where this would support services and help meet the authority’s housing needs?;
- give stronger support for ‘rural exception’ sites – to make clear that these should be considered positively where they can contribute to meeting identified local housing needs, even if this relies on an element of general market housing to ensure that homes are genuinely affordable for local people?;
- make clear that on top of the allowance made for windfall sites, at least 10% of sites allocated for residential development in local plans should be sites of half a hectare or less?;
- expect local planning authorities to work with developers to encourage the sub-division of large sites?; and
- encourage greater use of Local Development Orders and area-wide design codes so that small sites may be brought forward for development more quickly?.

¹⁰⁰ Small sites used to provide affordable housing for local communities on land which would not normally be released for homes, as defined in the National Planning Policy Framework.

Figure A.1: Garden towns and villages



TITLE Garden Towns and Villages		  Spatial and Market Intelligence Tel: 0300 1234500 Email - spatial.intelligence@hca.gsi.gov.uk www.homesandcommunities.co.uk	
ITP NO. -	PARCEL REF -		
DRG NO. MXP22982_8	DATE 09/01/2017	SCALE 1:3,000,000	SIZE A4

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A.57 To support the delivery of existing and any future garden communities, we will:

- ensure that **decisions on infrastructure investment take better account of the opportunities to support new and existing communities**;
- **legislate to enable the creation of locally accountable New Town Development Corporations**, enabling local areas to use them as the delivery vehicle if they wish to. This can strengthen local representation and accountability, and increase opportunities for communities to benefit from land value capture; and
- following the previous consultation on changes to the National Planning Policy Framework, **amend policy to encourage a more proactive approach by authorities to bringing forward new settlements** in their plans, as one means by which housing requirements can be addressed.

A.58 The Government is interested in the opportunities that garden cities, towns and villages might offer for bringing large-scale development forward in ways that streamline planning procedures and encourage locally-led, high quality environments to be created. The Centre for Policy Studies proposed the idea of ‘pink zones’ with this goal in mind.¹⁰¹ For example, local development orders or Development Corporations could give broad approval in advance for particular types of development, within an overall infrastructure framework. We would welcome views on how this potential can best be exploited.

Question 9

How could streamlined planning procedures support innovation and high-quality development in new garden towns and villages?

Green Belt land

A.59 The Green Belt is highly valued by communities, particularly those on the edge of urban areas. The fundamental aim of Green Belt, since its introduction in the 1950s, has been to prevent urban sprawl by keeping land permanently open. It has been largely successful in this aim – the percentage of land covered by Green Belt has remained at around 13% since at least 1997.¹⁰² However parts of it are not the green fields we often picture, and public access can be limited, depending on ownership and rights of way.

A.60 Our manifesto reiterated our commitment to protecting the Green Belt. The National Planning Policy Framework is already clear that Green Belt boundaries should be amended only “in exceptional circumstances” when plans are being prepared or revised, but does not define what those circumstances are. The Government wants to retain a high bar to ensure the Green Belt remains protected, but we also wish to be transparent about what this means in practice so that local communities can hold their councils to account.

A.61 **Therefore we propose to amend national policy to make clear that authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other reasonable options for meeting their identified development requirements**, including:

- making effective use of suitable brownfield sites and the opportunities offered by estate regeneration;
- the potential offered by land which is currently underused, including surplus public sector land where appropriate;
- optimising the proposed density of development; and
- exploring whether other authorities can help to meet some of the identified development requirement.

A.62 The Government also proposes to amend the National Planning Policy Framework to indicate that **where land is removed from the Green Belt, local policies should require the impact to be offset** by compensatory improvements to the environmental quality or accessibility of remaining Green Belt land.

101 Boyfield K and Greenberg D (2014) *Pink Planning*. Available at: <http://www.cps.org.uk/publications/reports/pink-planning-diluting-the-red-tape/>

102 DCLG Local authority green belt statistics for England: 2015 to 2016 <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2015-to-2016>

This could, for example, include community forests, nature reserves or allotments. As part of our proposed consultation on improving arrangements for capturing uplifts in land value for community benefit, we will also explore whether higher contributions can be collected from development as a consequence of land being released from the Green Belt.

A.63 We are also proposing that national policy would make clear that when carrying out a Green Belt review, local planning authorities should look first at using any Green Belt land which has been previously developed and/or which surrounds transport hubs.

A.64 The Government considers that a number of other changes to Green Belt policy could also be made for the purposes of clarity and consistency. It proposes to amend the National Planning Policy Framework to make clear that:

- **appropriate facilities for existing cemeteries are not to be regarded as ‘inappropriate development’** in the Green Belt;¹⁰³
- **development brought forward under a Neighbourhood Development Order should also not be regarded as inappropriate** in the Green Belt, provided it preserves openness and does not conflict with the purposes of the Green Belt. This would ensure consistency with the treatment of Community Right to Build Orders, which are also community-led tools that can be used to meet local housing requirements; and
- **where a local or strategic plan has demonstrated the need for Green Belt boundaries to be amended, the detailed boundary may be determined through a neighbourhood plan** (or plans) for the area in question. This recognises the role of neighbourhood plans as part of the statutory development plan, while the need for a referendum before a neighbourhood plan can be finalised (‘made’) will ensure that local people have a full say in the process. Neighbourhood plans would not be able to change the general extent of the Green Belt, which would remain a strategic matter.

Question 10

Do you agree with the proposals to amend the National Planning Policy Framework to make clear that:

- a) authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other reasonable options for meeting their identified development requirements?
- b) where land is removed from the Green Belt, local policies should require compensatory improvements to the environmental quality or accessibility of remaining Green Belt land?
- c) appropriate facilities for existing cemeteries should not to be regarded as ‘inappropriate development’ in the Green Belt?
- d) development brought forward under a Neighbourhood Development Order should not be regarded as inappropriate in the Green Belt, provided it preserves openness and does not conflict with the purposes of the Green Belt?
- e) where a local or strategic plan has demonstrated the need for Green Belt boundaries to be amended, the detailed boundary may be determined through a neighbourhood plan (or plans) for the area in question?
- f) when carrying out a Green Belt review, local planning authorities should look first at using any Green Belt land which has been previously developed and/or which surrounds transport hubs?

Question 11

Are there particular options for accommodating development that national policy should expect authorities to have explored fully before Green Belt boundaries are amended, in addition to the ones set out above?

¹⁰³ Following the Court of Appeal judgment in *R (Timmins and Lymn Family Funeral Service) v. Gedling Borough Council and Westerleigh Group Limited* [2015 EWCA Civ 110].

Strengthening neighbourhood planning and design

A.65 The White Paper sets out a range of measures to further support neighbourhood planning, and strengthen the ability of communities to influence the design of what gets built in their areas. Many of these involve changes to national planning policy, which we propose to amend so that:

- **local planning authorities are expected to provide neighbourhood planning groups with a housing requirement figure**, where this is needed to allow progress with neighbourhood planning. As part of the consultation on a new standard methodology for assessing housing requirements, we will seek views on whether a standard methodology could be developed for calculating housing need in a neighbourhood plan area.
- **local and neighbourhood plans (at the most appropriate level) and more detailed development plan documents (such as action area plans) are expected to set out clear design expectations** following consultation with local communities. This will provide greater certainty for applicants about the sort of design which is likely to be acceptable – using visual tools such as design codes that respond to local character and provide a clear basis for making decisions on development proposals;
- policy **strengthens the importance of early pre-application discussions** between applicants, authorities and the local community about design and the types of homes to be provided – which can be crucial in setting expectations and reconciling local and commercial interests;
- it makes clear that **design should not be used as a valid reason to object to development where it accords with clear design expectations set out in statutory plans**; and
- policy **recognises the value of using a widely accepted design standard**, such as Building for Life,¹⁰⁴ and makes clear that this should be reflected in plans and given weight in the planning process.

Question 12

Do you agree with the proposals to amend the National Planning Policy Framework to:

- a) indicate that local planning authorities should provide neighbourhood planning groups with a housing requirement figure, where this is sought?;
- b) make clear that local and neighbourhood plans (at the most appropriate level) and more detailed development plan documents (such as action area plans) are expected to set out clear design expectations; and that visual tools such as design codes can help provide a clear basis for making decisions on development proposals?;
- c) emphasise the importance of early pre-application discussions between applicants, authorities and the local community about design and the types of homes to be provided?;
- d) makes clear that design should not be used as a valid reason to object to development where it accords with clear design expectations set out in statutory plans?; and
- e) recognise the value of using a widely accepted design standard, such as Building for Life, in shaping and assessing basic design principles – and make clear that this should be reflected in plans and given weight in the planning process?

¹⁰⁴ Birkbeck D and Kruczkowski S (2015) *Building for Life 12: The sign of a good place to live*. Available at: www.designcouncil.org.uk/resources/guide/building-life-12-third-edition.

Case study: Trumpington Meadows



Image © Barratt Developments Plc

The new Trumpington Meadows development is less than three miles from Cambridge city centre. The 350 acre site includes 50 acres for housing and 145 acres of country park, and shows how well-designed homes can be delivered in ways that make effective use of land within a clear design framework.

The site will provide 1,200 new homes offering a mix of densities and housing types to cater for different needs. The lower density “village quarter” (30-45 dwellings per hectare) will provide larger, 3-4 bedroom homes, with some smaller homes for first-time buyers. The “urban, riverside and gateway quarters” (45-70 dwellings per hectare) offer higher density living with the highest densities located in the Local Centre. Housing mix is also encouraged with 40% affordable housing provided by a local housing association.

A Design Code Working Group was set up to design a mandatory design code for the development in consultation with the local councils, developer, housing association and other key stakeholders. The code ensures that the development will be of the highest quality; sustainable and locally distinctive with an attractive, easily navigable public realm and network of green spaces. In 2014, the development won the Evening Standard’s ‘Best Large Development’ Award.

Using land more efficiently for development

A.66 Not all development makes good use of land, especially in areas where demand is high and available land is limited. London, for example, is a relatively low-density city, especially in its suburbs.

A.67 Local planning authorities decide what sort of density is appropriate for their areas. A locally led approach is important to ensure that development reflects the character and opportunities presented by each area. At the same time, authorities and

applicants need to be ambitious about what sites can offer, especially in areas where demand is high and land is scarce, and where there are opportunities to make effective use of brownfield land given the strong economic and environmental benefits.

A.68 To help ensure that effective use is made of land, and building on its previous consultations,¹⁰⁵ **the Government proposes to amend the National Planning Policy Framework to make it clear that plans and individual development proposals should:**

105 *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes; DCLG (2016); *Consultation on upward extensions in London*. Available at: www.gov.uk/government/consultations/upward-extensions-in-london;

- **make efficient use of land and avoid building homes at low densities** where there is a shortage of land for meeting identified housing needs;
- **address the particular scope for higher-density housing in urban locations** that are well served by public transport (such as around many railway stations); that provide opportunities to replace low-density uses (such as retail warehouses, lock-ups and car parks) in areas of high housing demand; or which offer scope to extend buildings upwards in urban areas by making good use of the 'airspace' above them ;
- **ensure that the density and form of development reflect the character, accessibility and infrastructure capacity of an area**, and the nature of local housing needs (which may, for example, mean terraced houses, mews and mansion blocks rather than high rise buildings); and
- **take a flexible approach in adopting and applying policy and guidance that could inhibit these objectives** in particular circumstances, such as open space provision in areas with good access to facilities nearby.

A.69 Alongside this, **the Government intends to amend national planning guidance to highlight planning approaches that can be used to help support higher densities**, and to set out ways in which daylight considerations can be addressed in a pragmatic way that does not inhibit dense, high-quality development.

A.70 National policy has at times promoted minimum density standards that development proposals should take into account. While optimal densities need to reflect the nature of each site, the Government considers that indicative standards for particular types of location could be helpful in driving the right level of ambition in areas of high demand, and where it is reasonable to expect densities to be relatively high (such as in and around town centres and other locations that are well served by public transport). **We welcome views on what standards would be appropriate, and the locations to which they would apply.**

Question 13

Do you agree with the proposals to amend national policy to make clear that plans and individual development proposals should:

- a) make efficient use of land and avoid building homes at low densities where there is a shortage of land for meeting identified housing needs?;
- b) address the particular scope for higher-density housing in urban locations that are well served by public transport, that provide opportunities to replace low-density uses in areas of high housing demand, or which offer scope to extend buildings upwards in urban areas?;
- c) ensure that in doing so the density and form of development reflect the character, accessibility and infrastructure capacity of an area, and the nature of local housing needs?;
- d) take a flexible approach in adopting and applying policy and guidance that could inhibit these objectives in particular circumstances, such as open space provision in areas with good access to facilities nearby?

Question 14

In what types of location would indicative minimum density standards be helpful, and what should those standards be?

A.71 We also want to do more to support hospitals, schools and other public sector landowners to deliver more homes for their employees within new and existing sites. This could include infill development, building on top of existing buildings or making better use of land within existing boundaries, whilst maintaining protections for green spaces and school playing fields. **We would welcome views on how the planning system can best support such development**, including through strengthening planning policy to help provide greater certainty when applications come forward, or through a new permitted development right.

A.74 Therefore **we will review the Nationally Described Space Standard and how it is used in planning**, to support greater local housing choice, while ensuring we avoid a race to the bottom in the size of homes on offer.

Question 15

What are your views on the potential for delivering additional homes through more intensive use of existing public sector sites, or in urban locations more generally, and how this can best be supported through planning (using tools such as policy, local development orders, and permitted development rights)?

A.72 The previous government's Housing Standards Review introduced the Nationally Described Space Standard for new homes as a way of rationalising and standardising space standards, in order to simplify compliance for developers.

A.73 The use of minimum space standards for new development is seen as an important tool in delivering quality family homes. However the Government is concerned that a one size fits all approach may not reflect the needs and aspirations of a wider range of households, and could be hindering innovative approaches to meeting demand, especially in areas of high demand where available land is limited. We want to make sure the standards are up to date so they do not rule out property sizes and types which more people now want to rent or buy, building on the high quality compact living model of developers such as Pocket Homes.¹⁰⁶

¹⁰⁶ <https://www.pocketliving.com/>

Proposals from Chapter Two

Providing greater certainty

A.75 At present, an authority which cannot demonstrate a five-year supply of land against the housing target in its plan is vulnerable to the plan being undermined. This means the local authority can lose a significant degree of control over where new housing is built, because in these circumstances their plan is deemed to be out of date and the presumption in favour of sustainable development applies.

A.76 This policy has been effective but it is also a blunt tool and has had some negative effects on local planning, including:

- increased rates of appeal, particularly in areas with a marginal five-year land supply, which creates uncertainty for applicants and communities alike;
- increased cost and time, as local planning authorities and developers argue over whether a five-year land supply is in place; and
- neighbourhood plans being undermined, by leaving them vulnerable to speculative applications where the local planning authority does not have a five-year housing land supply.

A.77 The Government wants to create more certainty about whether an adequate land supply exists. The Local Plans Expert Group¹⁰⁷ recommended that whether a five year housing land supply exists or not should be capable of agreement on an annual basis, through discussion between authorities and development interests in each area, and subject to consultation and examination.

A.78 Having considered the responses to that proposal, **the Government will amend the National Planning Policy Framework to give local authorities the opportunity to have their housing land supply agreed on an annual basis, and fixed for a one-year period.** To take advantage of this, the policy will make clear that the authority's assessment of its housing land supply should be prepared in consultation with developers as well as other interests who will have an impact on the delivery of sites (such as infrastructure providers). To ensure that these areas continue to bring forward enough land, the Government also proposes that **authorities**

who wish to take advantage of this policy will need to provide for a 10% buffer on their 5 year land supply.

A.79 In addition, to ensure the approach is clearer and more transparent, guidance will set out more detail on how 5 year land supply should be calculated, including making appropriate allowance for the fact that smaller sites tend to be built out more quickly than larger ones. We also propose that guidance would make clear that local planning authorities would need to publish their assessment in draft, which would then need to be considered and agreed by the Planning Inspectorate.

A.80 We are interested in views on whether the Inspectorate's consideration of the draft should be confined to whether the approach pursued by the authority in establishing the land supply position is robust, or whether the Inspectorate should also make an assessment of the supply figure itself. If, following this process, a five year housing land supply has been established, national policy would make clear that relevant plan policies for the supply of housing should not be deemed out of date due to a lack of five year land supply for the ensuing year.

Question 16

Do you agree that:

- where local planning authorities wish to agree their housing land supply for a one-year period, national policy should require those authorities to maintain a 10% buffer on their 5 year housing land supply?;
- the Planning Inspectorate should consider and agree an authority's assessment of its housing supply for the purpose of this policy?
- if so, should the Inspectorate's consideration focus on whether the approach pursued by the authority in establishing the land supply position is robust, or should the Inspectorate make an assessment of the supply figure?

¹⁰⁷ Local Plans Expert Group (2016) *Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning*. <http://lpeg.org/>

A.81 For those local authorities that choose not to follow this process or do not have a five-year housing land supply, we propose to maintain the current approach in the National Planning Policy Framework to ensure that sufficient housing land continues to come forward in these areas.

A.82 We also wish to provide more certainty for those neighbourhoods that have produced plans but are at risk of speculative development because the local planning authority has failed to maintain a five year land supply. Through a Written Ministerial Statement of 12 December 2016, we made clear that where communities plan for housing through a neighbourhood plan, those plans should not be deemed out-of-date unless there is a significant lack of land supply for housing in the wider local authority area.

A.83 Specifically national policy now states that relevant policies for the supply of housing in a neighbourhood plan that is part of the development plan should not be deemed to be ‘out-of-date’ under paragraph 49 of the National Planning Policy Framework where the following circumstances arise at the time a planning decision is made:

- the written ministerial statement making the policy change on 12 December 2016 is less than 2 years old, or the neighbourhood plan has been part of the development plan for 2 years or less;
- the neighbourhood plan allocates sites for housing; and
- the local planning authority can demonstrate a three-year supply of deliverable housing sites.

A.84 This important protection will be taken forward in the revised NPPF for those communities who are planning for the housing their communities need, but find the housing supply policies are deemed to be out-of-date through no fault of their own. In doing so, and subject to this consultation, we are proposing that the policy is amended so that to qualify for this protection:

- neighbourhoods should be able to demonstrate that their site allocations and housing supply policies will meet their share of local housing need; and

- the local planning authority should be able to demonstrate through the housing delivery test that, from 2020, delivery has been over 65% (25% in 2018; 45% in 2019) for the wider authority area (to ensure that delivery rates across the area as a whole are at a satisfactory level).

A.85 We are also seeking views on whether it should remain a requirement to have site allocations in the plan or whether the protection should apply as long as housing supply policies will meet their share of local housing need.

Question 17

In taking forward the protection for neighbourhood plans as set out in the Written Ministerial Statement of 12 December 2016 into the revised NPPF, do you agree that it should include the following amendments:

- a) a requirement for the neighbourhood plan to meet its share of local housing need?;
- b) that it is subject to the local planning authority being able to demonstrate through the housing delivery test that, from 2020, delivery has been over 65% (25% in 2018; 45% in 2019) for the wider authority area?
- c) should it remain a requirement to have site allocations in the plan or should the protection apply as long as housing supply policies will meet their share of local housing need?

Detering unnecessary appeals

A.86 An applicant's right to appeal to the Planning Inspectorate if they are unhappy with the decision of their local planning authority is a fundamental part of our planning system. However, unnecessary appeals can be a source of delay and waste taxpayers' money. We will consult on introducing a fee for making a planning appeal. To inform a further consultation, we are interested in views on this approach and in particular whether it is possible to design a fee in such a way that it does not discourage developers, particularly SMEs, from bringing forward legitimate appeals. One option would be for the fee to be capped, for example at a maximum of £2000 for the most expensive route (full inquiry). All fees could be refunded in certain circumstances, such as when an appeal is successful, and there could be lower fees for less complex cases.

Question 18

What are your views on the merits of introducing a fee for making a planning appeal? We would welcome views on:

- a) how the fee could be designed in such a way that it did not discourage developers, particularly smaller and medium sized firms, from bringing forward legitimate appeals;
- b) the level of the fee and whether it could be refunded in certain circumstances, such as when an appeal is successful; and
- c) whether there could be lower fees for less complex cases.

Ensuring infrastructure is provided in the right place at the right time

Digital infrastructure

A.87 The Government has put in place significant planning reforms for digital infrastructure and will consider the need for further reforms to help industry deliver 5G and support improved indoor coverage. New permitted development rights and the reform of the Electronic Communications Code, through

the Digital Economy Bill, will make the roll-out of communications infrastructure substantially easier and cheaper for industry. New building regulations which came into force on 1 January 2017 will guarantee that all new buildings and renovations will include in-building physical infrastructure to support connections to superfast broadband.

A.88 Additionally, the Government has brokered an agreement between Openreach and the Home Builders Federation to offer access to full fibre broadband for all new developments, for free for developments over 30 premises registered from November 2016, or as part of a co-funded initiative.

A.89 To support improved broadband and mobile connectivity **we are consulting on requiring local authorities to have planning policies setting out how high quality digital infrastructure will be delivered in their area, and accessible from a range of providers.**

A.90 We will also be engaging across Government to consider improvements to the street works regime to encourage broadband rollout.

Question 19

Do you agree with the proposal to amend national policy so that local planning authorities are expected to have planning policies setting out how high quality digital infrastructure will be delivered in their area, and accessible from a range of providers?

Investing in our national infrastructure

A.91 The National Infrastructure Commission, which will enable long term strategic decision making to build effective and efficient infrastructure for the UK, was established on a permanent basis as an executive agency of HM Treasury in January 2017. Recommendations of the National Infrastructure Commission will be given careful consideration by the Government and, where endorsed, will be a statement of Government policy. Where recommendations have wider implications for the planning regimes, the Government will highlight any further steps needed to take forward the recommendation into planning policy.

A.92 The Government therefore proposes to **revise the National Planning Policy Framework to make clear the status of endorsed recommendations of the National Infrastructure Commission**.

A.93 It is essential that when the Government does invest in new infrastructure, local planning authorities make the most of the opportunities for new housing it unlocks. Consequently we propose to amend national policy so that local planning authorities are expected to identify the additional development opportunities that such investment offers at the time funding is committed, and make it clear that when they review their plans they should seek to maximise the potential capacity unlocked by major new infrastructure.

Question 20

Do you agree with the proposals to amend national policy so that:

- the status of endorsed recommendations of the National Infrastructure Commission is made clear?; and
- authorities are expected to identify the additional development opportunities which strategic infrastructure improvements offer for making additional land available for housing?

Holding developers and local authorities to account

Greater transparency through the planning and build out phases

A.94 The Government collects and publishes data on a quarterly basis from local planning authorities on numbers of planning applications received, numbers decided, the time taken to make decisions and the number of those that were granted. These are designated National Statistics.

A.95 We also obtain data from Barbour ABI¹⁰⁸ (previously provided by Glenigan) on the number of homes granted residential planning permissions, and have data on the stock of planning permissions in the pipeline.

A.96 As of July 2016 there were 684,000 homes with detailed planning permission granted on sites which had not yet been completed. Of these, building has started on 349,000 homes. Of the remaining 335,000 homes with permission, we understand that 90% of these are progressing towards a start and 18,000 (5%) units are on sites that are ‘on hold or shelved’; the remaining 15,000 units are on sites that have been sold or for which there is no information available. This includes only those units that have been granted detailed planning permission, or approval of reserved matters, on sites with ten or more homes.

A.97 **We propose to go further to improve the quality and analysis of information on housing delivery** in three important ways:

- **Better information on delivery:** the new Delivery Test detailed in this White Paper will provide a much clearer and up to date assessment of the delivery of new housing, on a consistent basis, at local authority level.
- **Better information on build out rates by builders:** in May 2016, the Home Builders Federation set out their commitment¹⁰⁹ to increase transparency about build out rates on a site by site basis. In line with this commitment we propose to take a number of steps to increase the quantity, quality and consistency of information about build out (**Box 3**).
- **Better information on the development pipeline:** armed with the additional information available from these changes, we will publish data on the scale of provision at each key stage in the development process from the submission of an outline or full application to the point where development is completed. This will allow us to pinpoint where blockages lie, informing future policy decisions.

¹⁰⁸ Barbour ABI is a private provider of planning application data, having taken over as contractor following an open competition.

¹⁰⁹ http://www.hbf.co.uk/fileadmin/documents/Policy/Publications/HBF_1_Million_homes_by_2020.pdf

Box 3: Increasing the quantity, quality and consistency of information about build out

To provide greater clarity and emphasis on the importance of building out housing, **the Government proposes to amend the national planning application form** to include a section asking the applicant to provide information about their estimated 'start date' (month/year when a substantive start would take place) and 'build out rate' (the number of homes built per financial year) for all proposals for or including housing development.

It is recognised that at the application stage, estimates about delivery timeframes will be just that. Applicants may not be able to say with certainty when a development will commence or how long it will take to complete. This is particularly the case where a site is to be developed by another party, or is especially complex.

To improve the quality of information available, **we propose to put in place a duty on developers to provide local authorities with basic information (in terms of actual and projected build out) on progress in delivering the permitted number of homes, after planning permission has been granted.**

Many authorities will already be collecting this information, but to ensure best practice across the country and make build-out more transparent we intend to look at how this can be gathered in a consistent way. To complement this **we propose to set out new requirements for the Authority Monitoring Report (AMR) produced by local planning authorities**, so they provide a full, standardised and more easily understood assessment of their progress in delivering their housing plan for local people.

In line with existing Government policy, this information will be published in an open data format. Local authorities will be able to consider this information when planning to meet their housing need.

Subject to further consultation, we are also proposing to require large housebuilders to publish aggregate information on build out rates.

Question 21

Do you agree that:

- a) the planning application form should be amended to include a request for the estimated start date and build out rate for proposals for housing?
- b) that developers should be required to provide local authorities with basic information (in terms of actual and projected build out) on progress in delivering the permitted number of homes, after planning permission has been granted?
- c) the basic information (above) should be published as part of Authority Monitoring Reports?
- d) that large housebuilders should be required to provide aggregate information on build out rates?

A.98 These measures will allow local authorities, local communities and others to monitor the delivery records of individual builders and could provide an important input to the monitoring of housing delivery in a local authority area.

Sharpening local authority tools to speed up the building of homes

A.99 To provide stronger scrutiny of the likely delivery of sites, the Government proposes to **amend the National Planning Policy Framework to encourage local authorities to consider how realistic it is that a site will be developed, when deciding whether to grant planning permission for housing, on sites where there is evidence of non-implementation of earlier permissions for housing development.**

A.100 We want to ensure that homes with planning permission are built as soon as possible and discourage proposals where there is no intention to build, or there are insurmountable barriers to doing so.

A.101 In some cases planning permission has previously been granted for housing (whether outline or full permission) and that permission has not been implemented. Where there has been no relevant

change in the development plan or any other material considerations (such as national planning policy) in the intervening period, an application for a broadly similar proposal would ordinarily be determined in a like manner. By changing national policy, we want to encourage consideration of whether there is a realistic prospect of the site being developed before a further permission is granted. Factors which could be taken into consideration include whether the planning background of a site provides clear reasons or evidence for why earlier permissions have not been implemented.

Question 22

Do you agree that the realistic prospect that housing will be built on a site should be taken into account in the determination of planning applications for housing on sites where there is evidence of non-implementation of earlier permissions for housing development?

A.102 We are interested in views on whether an applicant’s track record of delivering previous, similar housing schemes should be taken into account by local authorities when determining planning applications for housing development. If this proposal were taken forward, we would intend for it to be only used in considering applications for large scale sites, where the applicant is a major developer, as we don’t want to deter new entrants but would like to explore whether an applicant’s track record of strong or poor delivery may potentially be relevant.

Question 23

We would welcome views on whether an applicant’s track record of delivering previous, similar housing schemes should be taken into account by local authorities when determining planning applications for housing development.

Question 24

If this proposal were taken forward, do you agree that the track record of an applicant should only be taken into account when considering proposals for large scale sites, so as not to deter new entrants to the market?

A.103 Planning permission is already granted or deemed to have been granted subject to a condition that the development must commence within a certain period. The default period is three years after permission has been granted, but the local planning authority has the ability to impose such other period as it considers appropriate.

A.104 Where planning permission is granted, we want development to start as soon as possible. Our proposals to tackle points of delay and provide more support should allow developers and local authorities to be more ambitious on start dates. We are considering the implications of amending national planning policy to encourage local authorities to shorten the timescales for developers to implement a permission for housing development from the default period of three years to two years, except where a shorter timescale could hinder the viability or deliverability of a scheme. We would particularly welcome views on what such a change would mean for SME developers.

Question 25

What are your views on whether local authorities should be encouraged to shorten the timescales for developers to implement a permission for housing development from three years to two years, except where a shorter timescale could hinder the viability or deliverability of a scheme? We would particularly welcome views on what such a change would mean for SME developers.

Improving the completion notice process

A.105 The Government wants to ensure that local planning authorities have more effective tools to deal with circumstances where planning permission has been commenced, but no substantive progress has been made to build homes.

A.106 Completion notices could be used to galvanise the building of homes where there appears to be no prospect of completion within a reasonable timeframe, and where other options to encourage completion have been exhausted. If developers fail to complete the homes within the specified period, planning permission will cease to have effect, except in relation to development which has already been carried out. However, completion notices are rarely used at present

because the process is lengthy, slow and complex. We have identified two potential changes to simplify and speed up the process for serving completion notices.

A.107 The Government proposes to amend legislation to remove the requirement for the Secretary of State to confirm a completion notice before it can take effect. Local authorities know their circumstances best, and removing central government involvement will help shorten the process, and give authorities greater control and certainty. The opportunity for a hearing will be retained where there are objections.

A.108 We also intend to amend legislation, subject to consultation, to allow a local authority to serve a completion notice on a site before the commencement deadline has elapsed, but only where works have begun. This change could dissuade developers from making a token start on site purely to keep the permission alive. However, it is important that this would not impact on the willingness of lenders to invest.

Question 26

Do you agree with the proposals to amend legislation to simplify and speed up the process of serving a completion notice by removing the requirement for the Secretary of State to confirm a completion notice before it can take effect?

Question 27

What are your views on whether we should allow local authorities to serve a completion notice on a site before the commencement deadline has elapsed, but only where works have begun? What impact do you think this will have on lenders' willingness to lend to developers?

The housing delivery test

A.109 Strong local leadership is vital if the homes that local areas have planned for are to be built. Having taken into account representations received on its consultation on the principle of a housing delivery test¹¹⁰ **the Government will introduce a new housing delivery test through changes to the National Planning Policy Framework and associated guidance.** This will highlight whether the number of homes being built is below target, provide a mechanism for establishing the reasons why, and where necessary trigger policy responses that will ensure that further land comes forward.

A.110 To transition to a housing delivery test we propose to use an area's local plan (or, where relevant, the figure in the London Plan or a statutory Spatial Development Strategy) where it is up-to-date (less than 5 years old) to establish the appropriate baseline for assessing delivery. If there is no up-to-date plan we propose using published household projections for the years leading up to, and including, April 2017 – March 2018 and from the financial year April 2018 – March 2019, subject to consultation, the new standard methodology for assessing household need.

A.111 We are proposing to measure housing delivery using net annual housing additions (which are the national statistic used for monitoring housing delivery). These are published in November covering the previous financial year (April – March). The Government proposes to offer authorities the opportunity to inform the Department of changes in their returns and will publish a revised edition of the net additions statistics where necessary. The Government will also provide more guidance to authorities in completing their returns.

A.112 We also propose that the rate of housing delivery in each area would be assessed as the average over a three-year rolling period (to even-out peaks and troughs in build rates from one year to the next), and that the first assessment period will be for financial years April 2014 – March 2015 to April 2016 – March 2017. We propose to publish these figures annually alongside the net additions statistics in November.

¹¹⁰ DCLG (2015) *National Planning Policy: Consultation on proposed changes*. Available at: www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes

Question 28

Do you agree that for the purposes of introducing a housing delivery test, national guidance should make clear that:

- a) The baseline for assessing housing delivery should be a local planning authority's annual housing requirement where this is set out in an up-to-date plan?
- b) The baseline where no local plan is in place should be the published household projections until 2018/19, with the new standard methodology for assessing housing requirements providing the baseline thereafter?
- c) Net annual housing additions should be used to measure housing delivery?
- d) Delivery will be assessed over a rolling three year period, starting with 2014/15 – 2016/17?

A.113 Where under-delivery is identified as a result of this monitoring, **the Government proposes a tiered approach to addressing the situation that would be set out in national policy and guidance**, starting with an analysis of the causes so that appropriate action can be taken:

- From November 2017, if delivery of housing falls below 95% of the authority's annual housing requirement, we propose that the local authority should publish an action plan, setting out its understanding of the key reasons for the situation and the actions that it and other parties need to take to get home-building back on track.
- From November 2017, if delivery of housing falls below 85% of the housing requirement, authorities would in addition be expected to plan for a 20% buffer on their five-year land supply, if they have not already done so.
- From November 2018, if delivery of housing falls below 25% of the housing requirement, the presumption in favour of sustainable development in the National Planning Policy Framework would apply automatically (by virtue of relevant planning policies being deemed out of date), which places

additional emphasis on the need for planning permission to be granted unless there are strong reasons not to.

- From November 2019, if delivery falls below 45% the presumption would apply.
- From November 2020, if delivery falls below 65% the presumption would apply.

A.114 The phased introduction of the housing delivery test consequences will give authorities time to address under delivery in their areas, taking account of issues identified in their action plans and using the 20% buffer to bring forward more land.

A.115 It is imperative that local authorities start to address under delivery in their area through their action plans to ensure they are meeting their delivery requirements. To inform the local authority's approach, in summer 2017 for illustrative purposes we intend to publish delivery data against housing requirements set out in Local Plans or household projections covering the period 2013/14 – 2015/16.

Question 29

Do you agree that the consequences for under-delivery should be:

- a) From November 2017, an expectation that local planning authorities prepare an action plan where delivery falls below 95% of the authority's annual housing requirement?;
- b) From November 2017, a 20% buffer on top of the requirement to maintain a five year housing land supply where delivery falls below 85%?;
- c) From November 2018, application of the presumption in favour of sustainable development where delivery falls below 25%?;
- d) From November 2019, application of the presumption in favour of sustainable development where delivery falls below 45%?; and
- e) From November 2020, application of the presumption in favour of sustainable development where delivery falls below 65%?

A.116 The Government will consider how it can support authorities experiencing significant under-delivery in addressing the challenges identified in their action plans, both directly and through peer support. We will continue to work with the Local Government Association and Planning Advisory Service to develop programs tailored to specific service areas such as planning for housing. The Government is seeking views on what support would be helpful to local planning authorities in increasing housing delivery in their areas.

A.117 The Housing and Planning Act 2016 provides a tool for local authorities to request alterations to the planning system in their area to increase housing delivery.¹¹¹ If certain conditions are met, the Secretary of State may by regulations make a planning freedoms scheme, having effect for a specified period, in relation to a specified planning area in England. A 'planning freedoms scheme' is a scheme that disapplies or modifies specified planning provisions in order to facilitate an increase in the amount of housing in the planning area concerned. The Government encourages local authorities to consider what measures may support delivery of housing in their area and help address the issues identified in their action plans.

Question 30

What support would be most helpful to local planning authorities in increasing housing delivery in their areas?

¹¹¹ Section 154: <http://www.legislation.gov.uk/ukpga/2016/22/section/154/enacted>

Affordable Housing

A.118 The White Paper sets out our proposals to build more homes to tackle the housing shortage. This includes proposals to help households who are currently priced out of the housing market to buy or rent a home of their own. We are proposing two changes to planning policy to support this:

Changing the definition of affordable housing

A.119 In December 2015 we consulted on changes to the National Planning Policy Framework. This included a proposal to broaden the definition of affordable housing, to include a range of low cost housing opportunities for those aspiring to own a home, including starter homes. In doing so this approach would seek to retain all types of housing that are currently considered affordable housing.

A.120 Following the consultation we intend to take forward proposals to expand the definition of affordable housing in planning policy, but propose to make two further changes:

- to **introduce a household income eligibility cap** of £80,000 (£90,000 for London) on starter homes. We wish to make sure that starter homes are available to those that genuinely need support to purchase a new home, and the cap proposed is in line with that used for shared ownership products; and
- to **introduce a definition of affordable private rented housing**, which is a particularly suitable form of affordable housing for Build to Rent Schemes. We are separately consulting on a range of measures to promote Build to Rent developments.

A.121 Subject to this consultation, **we intend to publish a revised definition of affordable housing** as part of our revised changes to the National Planning Policy Framework. A proposed revised change is set out in the box below.

A.122 The December 2015 consultation recognised that a change in the definition of affordable housing may require local planning authorities to develop new policies and carry out a partial review of their plan. We proposed a transition period of six to twelve months to allow local authorities to review their plan. In the light of the further proposed changes to the definition we are now proposing a transition period to align with the coming into force of other proposals set out in the White Paper (April 2018). We would welcome views on this approach.

Question 31

Do you agree with our proposals to:

- amend national policy to revise the definition of affordable housing as set out in Box 4?;
- introduce an income cap for starter homes?;
- incorporate a definition of affordable private rent housing?;
- allow for a transitional period that aligns with other proposals in the White Paper (April 2018)?

Increasing delivery of Affordable Home ownership products

A.123 The National Planning Policy Framework requires local planning authorities to plan proactively to meet as much of their housing needs in their area as possible, including market and affordable housing.

A.124 The White Paper confirms that the Government will not introduce a statutory requirement for starter homes at the present time. This is because of concerns expressed in response to our consultation last year, that this would not respond to local needs. Instead we want local authorities to deliver starter homes as part of a mixed package of affordable housing of all tenures that can respond to local needs and local markets. We believe that it is right to continue to provide more of the right type of new housing to allow young people to get on the housing ladder. We will therefore look for local planning authorities to work with developers to deliver a range of affordable housing products, which could allow tenants to become homeowners over a period of time. These include starter homes, shared ownership homes and discounted market sales products.

A.125 We want to achieve this by building on existing practice. At the moment local planning authorities already provide a detailed breakdown of affordable housing needs and set appropriate policies on the type and level of affordable housing provision as part of the preparation of their local plans. They then negotiate an appropriate level of affordable housing provision on a site by site basis, having regard to their plan policy, overall site viability and other local evidence.

Box 4: Proposed definition of affordable housing

Affordable housing: housing that is provided for sale or rent to those whose needs are not met by the market (this can include housing that provides a subsidised route to home ownership), and which meets the criteria for one of the models set out below.

Social rented and affordable rented housing: 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.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the Government's rent policy. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Starter homes is housing as defined in Sections 2 and 3 of the Housing and Planning Act 2016 and any subsequent secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-taking. Local planning authorities should also include income restrictions which limit a person's eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London).

Discounted market sales housing is housing that is sold at a discount of at least 20 per cent below local market value. Eligibility is determined with regard to local incomes and local house prices. It should include provisions to remain at a discount for future eligible households.

Affordable private rent housing is housing that is made available for rent at a level which is at least 20 per cent below local market rent. Eligibility is determined with regard to local incomes and local house prices. Provision should be made to ensure that affordable private rent housing remains available for rent at a discount for future eligible households or for alternative affordable housing provision to be made if the discount is withdrawn. Affordable private rented housing is particularly suited to the provision of affordable housing as part of Build to Rent Schemes.

Intermediate housing is discount market sales and affordable private rent housing and other housing that meets the following criteria: housing that is provided for sale and rent at a cost above social rent, but below market levels. Eligibility is determined with regard to local incomes and local house prices. It should also include provisions to remain at an affordable price for future eligible households or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement. These can include Shared Ownership, equity loans, other low cost homes for sale and intermediate rent (including Rent to Buy housing).

A.126 Following any proposed change to the definition of affordable housing, local planning authorities will have to consider the broadened definition of affordable housing in their evidence base for plan-making. However, to promote delivery of affordable homes to buy, **we propose to make it clear in national planning policy that local authorities should seek to ensure that a minimum of 10% of all homes on individual sites are affordable home ownership products.** We consider that this strikes an appropriate balance between providing affordable homes for rent and helping people into home ownership. It will form part of the agreed affordable housing contribution on each site. So, for example, on a proposed development of 100 units we would expect local planning authorities to seek a minimum of 10 affordable home ownership products.

A.127 We propose that this policy should apply to sites of 10 units or more (or 0.5+ hectares). This aligns with the planning definition of ‘major development’ for development management purposes.¹¹² A lower threshold would be contrary to existing national planning policy,¹¹³ and could have an adverse impact on the form or viability of such developments. We also considered a higher threshold, for example 100 units, but setting it at such a high level may not deliver sufficient affordable homeownership products.

A.128 We have also considered whether this proposal should apply to all types of housing development. We recognise that there are a number of schemes for which such a policy may not be appropriate, either on viability grounds or because the nature of the proposal makes it difficult to provide affordable home ownership products. For example:

- Build to Rent schemes, which are purpose built for private and affordable rented accommodation. Through our consultation on proposals to develop the built to rent market we are proposing that developers can provide affordable private rent in place of other affordable housing products;
- Proposals for dedicated supported housing, such as residential care homes, which provide specialist accommodation for a particular group of people and which include an element of support;

- Custom Build schemes, where given the nature of custom build delivery models, any additional burden may impact on site viability; and
- Development on Rural Exception Sites where, given the particular characteristics of such schemes, we consider that it should remain a matter of local discretion for the local planning authority.

A.129 **We would welcome views on whether these or any other types of residential development should be exempt from this policy.**

Question 32

Do you agree that:

- a) national planning policy should expect local planning authorities to seek a minimum of 10% of all homes on individual sites for affordable home ownership products?
- b) that this policy should only apply to developments of over 10 units or 0.5ha?

Question 33

Should any particular types of residential development be excluded from this policy?

A.130 The final level of affordable housing for each site will vary and be determined on a case by case basis, having regard to plan policies. These are delivered through section 106 negotiations, and we recognise that local authorities and developers may agree a commuted sum in lieu of onsite provision where this is robustly justified. We are exploring reform of developer contributions and will make an announcement at Autumn Budget 2017.

A.131 We have carefully considered whether to propose introducing transitional arrangements for this policy. Since local authorities already provide a detailed breakdown on the different types of affordable housing they would like in their plans, and given our ambition to drive up affordable home ownership products, we do not consider that a transitional period is necessary.

¹¹² Town and Country Planning (Development Management Procedure Order) (England) 2015

¹¹³ Written statement – HCWS50 (28 November 2014)

Sustainable development and the environment

Sustainable development

A.132 The National Planning Policy Framework makes clear that the purpose of the planning system is to contribute to the achievement of sustainable development, which means that it must perform an economic, social and environmental role. The Government believes that these should remain fundamental principles that underpin the system. However experience since the Framework was introduced suggests a need to set out more clearly the Government's view of what sustainable development means for the planning system.

A.133 The courts have already made clear that in taking decisions under paragraph 14 of the Framework (the presumption in favour of sustainable development), national policy does not require an assessment of whether a proposal is sustainable development, before applying the presumption itself.

A.134 In addition the Government proposes to amend the National Planning Policy Framework to make clear that the reference to the three dimensions of sustainable development, together with the core planning principles and policies at paragraphs 18-219 of the Framework, **together constitute its view of what sustainable development means for the planning system in England.**

Meeting the challenge of climate change

A.135 The National Planning Policy Framework sets out how local planning authorities are expected to consider and address the range of impacts arising from climate change. They should adopt proactive strategies to mitigate and adapt to climate change, taking full account of flood risk, coastal change and water supply and demand considerations. The glossary to the Framework explains that for climate change adaptation, climatic factors also include rising temperatures. To make this clearer, **we propose to amend the list of climate change factors set out in the policy itself to include rising temperatures.**

A.136 Local planning authorities need to take a positive approach to addressing climate change impacts on their communities and infrastructure. The current policy is clear that new development should be planned to avoid increased vulnerability to climate change. The Government also wants to be quite clear that when producing plans, local planning authorities need to consider not just individual developments, but more broadly climate change impacts on the community as a whole. **We therefore propose to make clear that local planning policies should support measures for the future resilience of communities and infrastructure to climate change.**

Question 34

Do you agree with the proposals to amend national policy to make clear that the reference to the three dimensions of sustainable development, together with the core planning principles and policies at paragraphs 18-219 of the National Planning Policy Framework, together constitute the Government's view of what sustainable development means for the planning system in England?

Question 35

Do you agree with the proposals to amend national policy to:

- a) Amend the list of climate change factors to be considered during plan-making, to include reference to rising temperatures?
- b) Make clear that local planning policies should support measures for the future resilience of communities and infrastructure to climate change?

Flood Risk

A.137 The National Planning Policy Framework sets out a strong policy to protect people and property from flooding and it is important that this policy is clear and robustly implemented. We propose to **make some amendments to clarify the application of the Exception Test** (paragraph 102 of the Framework) in local plan-making and planning decisions to make clear that:

- when preparing plans, local planning authorities should not allocate land for development if, having regard to the Strategic Flood Risk Assessment and other available information, it is clear that the Exception Test, where applicable, is not capable of being met; and
- the Exception Test, where applicable, still needs to be met for planning applications for development, other than for minor development and changes of use, on allocated sites that have been subject to the Sequential Test.

A.138 We also propose to **clarify that planning applications for minor developments and changes of use are expected to meet the requirements of paragraph 103** of the Framework, with the exception of the Sequential and Exception Tests.¹¹⁴ This recognises that in areas susceptible to flooding even small alterations can affect flood risk within or beyond the site, and changes of use can result in occupation or use by parties which are more vulnerable than the previous occupants/users to harm from flooding. Furthermore, existing properties may not previously have been subject to proper flood risk assessment and appropriate mitigation measures, or the nature or severity of the flood risk may have changed over time, requiring more appropriate mitigation measures.

A.139 As part of the policy to protect people and property from flooding, the National Planning Policy Framework expects local planning authorities' plans to be supported by a Strategic Flood Risk Assessment, and to have policies to manage flood risk from all sources, taking account of advice from flood risk management bodies. We propose to clarify that **planning policies to manage flood risk should, where relevant, also address cumulative flood risks which could result from the combined impacts of a number of new but separate developments in (or affecting) areas identified as susceptible to flooding.**

Question 36

Do you agree with these proposals to clarify flood risk policy in the National Planning Policy Framework?

Noise and other impacts on new developments

A.140 The National Planning Policy Framework, supported by planning guidance, already incorporates elements of the 'agent of change' principle (this provides that the person or business responsible for the change should be responsible for managing the impact of that change) in relation to noise, by being clear that existing businesses wanting to grow should not have unreasonable restrictions put on them because of changes in nearby land uses since they were established.

A.141 We propose to amend the Framework to emphasise that **planning policies and decisions should take account of existing businesses and other organisations**, such as churches, community pubs, music venues and sports clubs, when locating new development nearby and, **where necessary, to mitigate the impact of noise and other potential nuisances arising from existing development.** This will help mitigate the risk of restrictions or possible closure of existing businesses and other organisations due to noise and other complaints from occupiers of new developments.

Question 37

Do you agree with the proposal to amend national policy to emphasise that planning policies and decisions should take account of existing businesses when locating new development nearby and, where necessary, to mitigate the impact of noise and other potential nuisances arising from existing development?

¹¹⁴ As currently set out in paragraph 104 of the Framework.

Onshore wind energy

A.142 The Government's Written Ministerial Statement of 18 June 2015 sets out new planning considerations for onshore wind energy planning applications involving one or more wind turbines. To allow for the proper integration of the policy into the National Planning Policy Framework, **the Government proposes to amend the wording of paragraph 98 of the Framework** to:

- clarify which parts of existing policy relate specifically to onshore wind energy development and which to all forms of renewable and low carbon energy development;
- remove the need for wind energy development applications outside of suitable areas identified in plans to demonstrate that the proposed location meets the criteria used in identifying suitable areas; and
- be clear that proposed wind energy development involving one or more wind turbines should 'not be considered acceptable' rather than 'should only grant planning permission' to reflect the language of the existing planning policy.

A.143 Following practical experience in implementing the revised policy, the Government will issue further guidance to clarify what is meant by the phrase "following consultation, it can be demonstrated that the planning impacts identified by affected local communities have been fully addressed and therefore the proposal has their backing".

A.144 The Government does not see a need for a transitional provision as the policy remains unchanged. Nor does it propose to include the original transitional provision given the time that has elapsed since the Written Ministerial Statement was issued.

Question 38

Do you agree that in incorporating the Written Ministerial Statement on wind energy development into paragraph 98 of the National Planning Policy Framework, no transition period should be included?

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BRIEFING PAPER

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The New Homes Bonus (England)

By Wendy Wilson
Chris Murphy
Cassie Barton

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Contributing Authors:

Cassie Barton, statistics, section 1.7

Summary

The New Homes Bonus (NHB) was introduced by the Coalition Government with the aim of encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. Under the scheme, the Government has been matching the Council Tax raised on each new home built for a period of six years. Local authorities are not obliged to use the Bonus funding for housing development. A [consultation paper](#) on the scheme was published on 12 November 2010 and the [Final Scheme Design](#) was published in February 2011. The scheme applies only to England.

The Department for Communities and Local Government (DCLG) initially set aside almost £1 billion over the Comprehensive Spending Review period (2011 to 2015) for the New Homes Bonus. The aim was to provide an additional 140,000 homes over a ten-year period. In February 2015 DCLG announced that a total of almost £3.4 billion had been allocated between 2011 and 2016. The Government said that this £3.4 billion was “rewarding the delivery of 700,000 net additional dwellings, and over 100,000 long-term empty homes brought back into use.” By December 2016 more than £6 billion had been paid to local authorities and “more than 1.2 million homes had been delivered”.

The context in which this scheme has been developed is one of housing supply failing to meet demand. In England and Wales, housebuilding in 2010 was at the lowest point since 1946 (and the lowest since 1923 if the period around WWII is excluded). The number of households in England is projected to increase by an average of 210,000 per year between 2014 and 2039. 167,920 dwellings were completed in England in 2015/16. Comparative statistics on house-building completions can be found in Library note SN02644 [Housebuilding: Social Indicators](#).

The National Audit Office (NAO) published a report on the impact of the [New Homes Bonus](#) in March 2013 in which it called for an urgent Government review “to ensure that it successfully encourages the construction of much-needed new homes.” October 2013 saw publication of the Public Accounts Committee’s [report](#) on the New Homes Bonus in which it observed: “The Department has yet to demonstrate that the new homes it is funding through this scheme are in areas of housing need and the Department’s planned evaluation is now urgent.” The Government’s [Evaluation of the New Homes Bonus](#) was published in December 2014 and covers the first four years of the scheme’s operation.

The 2015 Spending Review included [an announcement](#) that “the government will consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years.” [The consultation proposals were published](#) in December 2015; consultation closed on 10 March 2016.

As part of the [provisional Local Government Finance Settlement 2016](#), Sajid Javid, Secretary of State for Communities and Local Government, said that “for all its successes, the system can be improved.” He confirmed that from 2017 a national baseline for housing growth would be introduced of 0.4%. He also confirmed that in 2017-18 NHB payments would be made for five, rather than six years, and that the payment period would be reduced again to four years from 2018-19.

1. New Homes Bonus (NHB) Scheme

The Conservative Party's 2010 Manifesto included a desire to "create a property-owning democracy, where everyone has the chance to own their own home" and went on to describe a scheme to incentivise sustainable house-building:

Communities should benefit when they choose to develop sustainably, so we will match pound-for-pound the council tax receipts that local authorities receive from new homes to encourage sensitive local development.¹

A February 2009 decentralisation paper, *Control Shift*, published by the Conservative Party spelled out how this Council Tax incentive would be funded;

To achieve this we will:

- abolish the HPDG;
- use the £250m of HPDG funding allocated for 2010-11 as the first contribution to a new Matching Fund; and
- add a further £250m to the Matching Fund in each of the succeeding four years (to take the total to £1,250 million per year in 2014-15), by taking £250m per year off what would otherwise be the overall increase in formula grant to councils in each of those years.

As a result of these measures, councils will get an automatic, six-year, 100 per cent increase in the amount of revenue derived from each new house built in their areas. Local councils and local voters will know that by allowing more homes to be built in their area they will get more money to pay for the increased services that will be required, to hold down council tax, or both. This will be a permanent, simple, transparent incentive for local government and local people to encourage, rather than resist, new housing – of types and in places that are sensitive to local concerns and with which local communities are, therefore, content.

In addition, we will look at the complex array of existing levies on development, for example the proposed Community Infrastructure Levy and Section 106 agreements, and examine how these can be simplified and localised so that both individuals and communities affected by new development are properly compensated for any loss of amenity.²

On 9 August 2010 the Housing Minister, Grant Shapps, announced the New Homes Bonus Scheme. In the context of abolishing the existing planning regime for the development of new housing, the scheme was aimed at encouraging local authorities to grant planning permissions for housing development:

¹ [The Conservative Party Election Manifesto 2010](#)

² Conservative Party, *Control Shift*, February 2009, p10

The Minister confirmed that councils who take action now to give planning consent and support the construction of new homes where they are needed and wanted will receive direct and substantial benefit for their actions.

Mr Shapps urged councils to open up an honest and direct debate with the communities they serve about the benefits of building new homes in their area - how they can reap the benefits of development and not just the costs.

In a letter to councils Mr Shapps also confirmed that the Government is working on business rate reforms to encourage economic development, as well as reforming the Community Infrastructure Levy to provide an even clearer incentive to develop.³

On 29 August 2010 the Government announced that the scheme would also provide incentives to local authorities to provide authorised sites for travellers.⁴

As noted above, under the scheme the Government matches the Council Tax raised on each new home for six years (note that has changed from 2017/18 onwards).⁵

In the wake of the 2010 Spending Review, Grant Shapps wrote to local authorities on the settlement for housing. The letter included reference to imminent consultation on the detail of the scheme, which was published on 12 November 2010.⁶

The Department for Business, Innovation and Skills published a White Paper on 28 October 2010, [Local Growth: realising every place's potential](#), which described the New Homes Bonus Scheme as "the cornerstone of the new framework for incentivising housing growth" and went on to say:

Starting in 2011-12 the scheme will match fund the additional council tax for each new home and property brought back into use, for each of the six years after that home is built. Central government will help establish the scheme with support of £196 million in the first year and £250 million for each of the following three years.⁷

The White Paper identified the importance of housing construction in driving economic growth:

Housing can be an important source of economic growth, particularly at a local enterprise partnership level. The recent recession had a severe impact on housing construction, with output falling by around a third from its pre-recession peak. However, this also means that the sector has clear potential to grow. It could therefore play a major role in leading the economy back towards growth and improving the long-term competitiveness of the UK economy. This potential has been demonstrated in UK growth over the past six months, which

³ Department for Communities and Local Government, [Grant Shapps: Extra funding for councils who go for growth now](#), press release, 9 August 2010

⁴ DCLG, ["Eric Pickles: Fair deal for travellers and the settled community"](#), 29 August 2010

⁵ See sections 8 and 9 of this paper for information on changes to the period over which the bonus is payable.

⁶ Deposited Paper 2010-1857

⁷ Cm 7961, October 2010

showed construction output – of which housing is a major part – growing by 14 per cent between the first and third quarters of 2010, making a major contribution to the strength of whole economy GDP growth. Housing can also play a key role in supporting an efficient labour market, which is critical to economic growth. A more strategic role for housing and planning at the LEP level could help maximise the UK’s house building supply response and the wider economic recovery.⁸

1.1 The consultation paper

[The New Homes Bonus](#) consultation paper was published on 12 November 2010. The paper was described as a “technical consultation for local authorities.”

The Government consulted on the following issues:

- How we should reward local authorities for the additional properties made available in their community for the following six years.
- The level of the enhancement for affordable homes and how we should define an affordable home.
- Whether we should reward local authorities for bringing empty properties back into use.
- Whether, in two tier areas outside London, allocating 80 per cent of the New Homes Bonus to the lower tier and 20 per cent to the upper tier authority is an appropriate split. If not, what would the appropriate split be, and why?
- Whether the proposed methods of data collection to track increases to the housing stock are appropriate.
- We would also welcome your wider views on the proposed New Homes Bonus, particularly where there are issues that have not been addressed in the proposed model.⁹

1.2 Consultation stage impact assessment

An impact assessment was published as Annex E to [The New Homes Bonus](#) consultation paper. This assessment considered the potential of the Bonus to increase housing supply and concluded that it could result in an 8-13% increase nationally, representing 144,000 additional homes over 10 years. It was acknowledged that there would be winners and losers amongst local authorities:

The New Homes Bonus is set to be funded primarily by taking money out of the formula grant settlement. That is, money will be taken out of the formula grant allocation and redistributed based on the parameters of the bonus: the policy therefore – in the long run - is revenue neutral. This redistributive mechanism of the New Homes Bonus means that the scheme will create financial winners and losers: for any authority to gain financially (relative to their allocation before the bonus), one or more authorities must lose financially. Across the spending review period, however, these impacts will be mitigated by additional central Government money from the abolition of the Housing and Planning Delivery

⁸ Ibid.

⁹ DCLG, [The New Homes Bonus](#) consultation paper, November 2010

Grant: this will fund the full cost in year 1 and a falling proportion across years 2-4.¹⁰

In February 2011 Graham Jones asked the Minister for further information on potential winners and losers and where the additional new homes were likely to be built. The Minister said "...the distribution and behavioural response of local authorities will largely determine the geographical spread" and:

To disclose the retrospective modelling would be inappropriate. The modelling was done on the basis of retrospective housing supply data which cannot take account of future policy changes.¹¹

1.3 Responses to the consultation process

Communities and Local Government published a [Summary of Responses to the New Homes Bonus Consultation paper](#) in February 2011. This covered the key issues raised in responses, as well as the Government response.

The key issues were broadly focussed around;

- Linking the level of grant to the national average of the council tax band; specifically the impact on affluent versus less affluent areas and an encouragement to build 'executive' homes.
- Level of affordable homes enhancement.
- Tier split.
- The bonus as a material consideration.

1.4 Final scheme design

The [Final Scheme Design](#) for the New Homes Bonus was published in February 2011. Four hundred and eighty responses to the consultation paper were received – the Government described the proposals as having "met with widespread support" and said it would implement the scheme immediately.¹² The Scheme is summarised below under a series of headings.

Note that the following sections describe the scheme **as initially introduced**. Changes that will apply from April 2017 are covered in **section 9** of this paper.

Unit of reward

The level of grant for each additional dwelling is linked to the national average of the council tax band for the following six years.¹³ Grant is payable based on the change in dwellings on council tax valuation lists. This recognises:

- increases in housing stock;

¹⁰ [The New Homes Bonus](#) consultation paper, p48

¹¹ HC Deb 11 February 2011 cc470-1W

¹² DCLG, [Summary of Responses to the New Homes Bonus Consultation paper](#), February 2011

¹³ But note that the payment period will start to reduce from 2017-18 to five years and then four years from 2018-19.

- the relative value of the properties – larger family homes require more land and that homes built in areas of highest need are more expensive and tend to be in a higher council tax band; and
- that local council tax levels have a variety of historic and local reasons and we do not want to penalise authorities which have been prudent.¹⁴

The [Final Scheme Design](#) contains an example calculation on page 17.

Affordable housing enhancement

The development of each additional affordable home attracts an enhancement of a flat rate £350 per annum.

Defining affordable housing

Appendix B to the [Final Scheme Design](#) provides detail on this definition. Affordable housing includes social rented housing let at social rents and at “affordable rents” (up to 80% of market rent levels). It includes low cost home ownership products and can include homes provided by private sector bodies and homes without grant funding provided that they:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

The definition also covers traveller sites in public ownership.

Empty homes

The New Homes Bonus is payable where empty homes are brought back into use.

Allocating the New Homes Bonus

Tier split

The payment of the New Homes Bonus is split between tiers outside London: 80 per cent to the lower tier and 20 per cent to the upper tier, as a starting point for local negotiation. In London 100 per cent goes to the London borough.

Flexibility on using the money

Local authorities have flexibility on how to spend the un-ringfenced grant but DCLG expects local councils to consult communities about how the money will be spent.

Basis of calculation

The calculation of grant for a billing authority’s area within a financial year (“the relevant year”) is carried out as follows:

¹⁴ DCLG, [Final Scheme Design](#), para 7

- The baseline for the number of effective stock for the preceding financial year will be established using the following lines in the Council Tax Base form submitted by the authority for the preceding year

Dwellings on the valuation list (Line 1) – adjustment for recent demolitions and out of area dwellings (Line 3) – Long term empty homes (Lines 12, 14 & 15)

- The position for the relevant year will be established in the same way, but using the Council Tax Base form for that year.
- Both these calculations will be converted to numbers of Band D equivalents using the standard table below.

Ratio to Band D

Band A	6/9
Band B	7/9
Band C	8/9
Band D	1
Band E	11/9
Band F	13/9
Band G	15/9
Band H	2

- We will then calculate the annual change from the preceding financial year ('the relevant figure') using the Band D equivalent calculations.
- The grant for the authority's area will be calculated by multiplying the relevant figure by the average Band D council tax in England for the previous year.
- The grant will be payable for the relevant year and the five financial years following that year (that is, for a total of six financial years). The total will not be less than zero.
- This process will be repeated each financial year with each new amount of grant being added to the amount of grant payable in the preceding financial year.
- From the seventh year of the scheme onwards the grant calculated six years earlier will no longer be included in the total grant payable (and so in the seventh year the amount calculated for the first year will no longer be paid, in the eighth year the amount calculated for the second year will no longer be paid and so on).¹⁵

¹⁵ Ibid., paras 26-28

A New Homes Bonus calculator (and instructions) can be found on the [Government website](#).

Timing of payments

The New Homes Bonus is paid in line with the local government finance timetable; provisional allocations are announced in early December and final allocations in early February.

Grant for increases in effective stock between successive Octobers is paid from the following April. Using this approach means that there is a potential time lag for payment of the grant. Houses built between October 2010 and October 2011 attracted the Bonus in the April 2012-13 financial year.

Data on affordable homes

The Department for Communities and Local Government official statistics on gross additional affordable housing supply are used to calculate the affordable homes enhancement. These statistics measure additional affordable supply on a gross basis and do not deduct demolitions or other losses to stock. Local authorities receive the enhancement for all new affordable homes regardless of whether there have been any reductions to stock.

As the statistics also measure acquisitions, (previously market homes that have been made affordable) authorities receive the £350 enhancement in respect of these properties. They do not receive the council tax element as they are not new supply and are not included in the data set from the valuation list.

The statistics run from April to April and do not become available until October. The affordable homes enhancement of £350 per home is paid the following April. The enhancement for affordable homes delivered between April 2010 and April 2011 was paid alongside the main grant payments for year two.

1.5 Spending Round 2013: “pooling” the NHB

[Spending Round 2013 \(June\)](#) proposed that in 2015-16, £400 million of NHB payments would be top-sliced for use by Local Enterprise Partnerships (LEPs) as part of a £2 billion Local Growth Fund. [A consultation](#) was launched in July 2013 on how this would be achieved.

The proposal proved unpopular within local authorities - the [2013 Autumn Statement](#) advised that pooling would not be taken forward, aside from in London:

The government will formally respond to the technical consultation on the New Homes Bonus and the Local Growth Fund in due course. The government will not include the New Homes Bonus in the Local Growth Fund, except for £70 million for the London Local Enterprise Partnership, which is chaired by the Mayor of London.¹⁶

¹⁶ [Autumn Statement 2013](#), para 1.230

London Councils described the decision to pool £70m of New Homes Bonus in London from 2015 as “outrageous.”¹⁷

1.6 NHB Allocations up to 2017-18

The first cash payments through the New Homes Bonus, totalling almost £200 million, were announced on 4 April 2011. Each authority's allocation was listed in [The new homes bonus scheme grant determination 2011-12 \(31/1877\)](#).

Provisional allocations for 2012-13 were announced on 1 December 2011 in a Written Statement:

Today, I am pleased to announce the delivery of 159,000 more homes over the last year, and £431 million of government funding to local authorities.

[...]

The Bonus will be paid in respect of 159,000 homes from October 2010 to October 2011 including 137,000 extra homes and 22,000 long-term empty properties brought back into use. The allocations also include the first affordable homes enhancement, which totals £21 million in respect of 61,000 new affordable homes.

This means we will pay councils £431 million of provisional New Homes Bonus for local authorities in England. This includes the second instalment of £199 million in respect of year 1 and £232 million for housing growth in year 2.

[...]

On top of these provisional allocations, we will address any loss of New Homes Bonus in areas affected by last summer's riots through riot recovery funds. Local authorities will have until 30 December 2011 to make representations on their provisional allocations. The Department has written to local authorities with details for making representations on their authority's provisional allocations and I have also written to all Members of Parliament in England.

A full list of the provisional allocations is being placed in the Library of the House. Further information on the Bonus, including the first New Homes Bonus Bulletin - Unlocking the Bonus can be found at:

www.communities.gov.uk/housing/housingsupply/newhomesbonus. A copy of the Bulletin is also in the Library.¹⁸

Final allocations for 2012-13 (totalling £431m) were announced on 1 February 2012.

Final allocations for 2013-14 were announced in February 2013: [New Homes Bonus: grant determination 2013 to 2014](#). The total allocation amounted to £668.3 million.

[New Homes Bonus allocations for 2014 to 2015](#) were published in February 2014. £917 million was allocated to authorities bringing total

¹⁷ London Councils, “[Outrageous £70m cut must be reversed](#),” 9 December 2013

¹⁸ HC Deb 1 December 2011 c67WS

allocations up to £2.2bn over the 4 years between 2011 and 2015 of which £1 billion was additional grant provided by DCLG.¹⁹

[New Homes Bonus: final allocations for 2015 to 2016](#) were published in February 2015. Allocations of £1.17 billion in 2015-16 brought the total allocated to almost £3.4 billion over the 5 years between 2011 and 2016. Of that, £1.2 billion was additional grant provided by DCLG. The Government said that the £3.4 billion was “rewarding the delivery of 700,000 net additional dwellings, and over 100,000 long-term empty homes brought back into use.”²⁰ DCLG also published: [New Homes Bonus: aggregate numbers of homes recognised for the 5 years 2011-12 to 2015-16](#).

[New Homes Bonus final allocations for 2016 to 2017](#) were published in February 2016. £1.46 billion was allocated, bringing the total amount allocated to over £4.8 billion.

[New Homes Bonus: final allocations 2017 to 2018](#) were published on 20 February 2017.²¹ £1.2 billion was allocated. Announcing the final settlement, the Secretary of State said:

Recognising the immediate challenges in the care market facing many councils next year, this settlement repurposes £240 million of money which was previously directed to local authorities via the New Homes Bonus to create a new adult social care support grant next year.²²

2017-18 also marks a change in the period over which the NHB will be paid (see sections 8 and 9 of this paper), together with the introduction of a baseline housing growth of 0.4% - housing growth up to this level is no longer rewarded.

1.7 Distribution of the 2017-18 New Homes Bonus

A total payment of £1.2 billion has been allocated for 2017-18, of which £197 million is based on delivery of new homes in Year 7 of the scheme. This section looks at how the £197 million is distributed amongst local authorities.

The New Homes Bonus award for 2017-18 is calculated as follows:

- **Net additions** are calculated as the change in the number of dwellings between October 2015 and October 2016.
- Long-term empty homes brought into use are added to this total, and new long-term empty homes are subtracted.
- This total is converted into Council Tax band D equivalent dwellings (see table in section 1.4 of this briefing).

¹⁹ DCLG, [New Homes Bonus allocations for 2014 to 2015](#), February 2014

²⁰ DCLG, [New Homes Bonus: final allocations for 2015 to 2016](#), February 2015

²¹ Section 1.7 of this paper considers the distribution of the allocations.

²² [DCLG, Press release](#), 20 February 2017

- The number of **units for reward** is the growth in the Council Tax band D dwellings, net of a baseline of 0.4%. Growth in housing up to 0.4% is not rewarded (see section 9 of this briefing).
- An **affordable homes premium** is provided at the rate of an additional £350 per additional affordable unit.

Distribution by region

The table below shows the number of units for reward by region. London had the most units for reward (40,990) while the North East had the fewest (8,107). The South East, East of England and North East lost out by having more new empty homes than empty homes brought back into use.

Units for 2017-18 New Homes Bonus by region

	Change in stock ^a		Total	Units for reward ^b
	Net additions	Empty homes brought into use		
London	38,937	1,070	40,007	40,990
South East	37,215	-335	36,880	37,566
East of England	24,325	-168	24,157	23,710
South West	24,607	156	24,763	23,514
North West	21,397	1,318	22,715	20,403
West Midlands	18,934	589	19,523	18,323
East Midlands	18,977	451	19,428	17,753
Yorkshire & the Humber	16,198	668	16,866	15,614
North East	9,236	-298	8,938	8,107
England	209,826	3,451	213,277	205,979

Notes

^a Change in dwelling stock is calculated as the difference between this year's and last year's dwelling stock. Long-term empty homes brought into use are added to the total, and new empty homes are subtracted.

^b Units for reward are calculated by converting the total into council tax band D equivalents, and subtracting a baseline of 0.4% growth without reward.

Source: DCLG, *New Homes Bonus: final allocations 2017-18*

The table below shows how 'units for reward' translates into Year 7 payments by region. London local authorities received the highest total reward (£42.5m) while authorities in the North East received the lowest (£7.1m).

Units for 2017-18 New Homes Bonus by region

	Year 7 payment (£m)		Total
	Basic payment	Affordable homes premium	
London	£40.5	£2.0	£42.5
South East	£34.6	£1.9	£36.5
South West	£22.2	£1.4	£23.6
East of England	£21.3	£1.2	£22.5
East Midlands	£16.8	£1.0	£17.8
North West	£16.0	£1.3	£17.3
West Midlands	£15.3	£1.1	£16.4
Yorkshire & the Humber	£12.7	£0.9	£13.6
North East	£6.6	£0.5	£7.1
England	£186.0	£11.4	£197.4

Source: DCLG, [New Homes Bonus: final allocations 2017-18](#)

Looking at payments allocated per band D equivalent dwelling in a region's Council Tax Base controls for the size and make-up of the region's existing dwelling stock. London receives the highest payment (£13 per band D equivalent), followed by the East Midlands and South West (each £11).

The New Homes Bonus is paid to both lower-tier and upper-tier local authorities (lower tier authorities get 80% of the total, except in London where they get 100%). This analysis looks at the amount received by both types of authority in a region.

New Homes Bonus: £ per band D equivalent dwelling

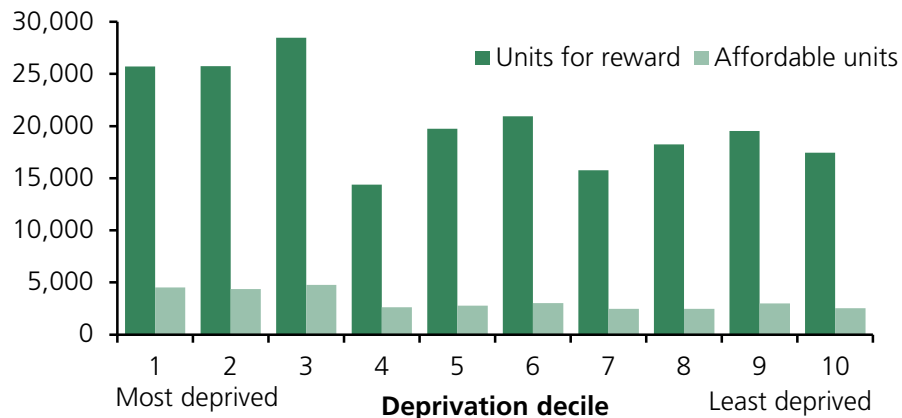


Sources: DCLG, [New Homes Bonus: final allocations 2017-18](#); DCLG, [Council Tax Base 2016 in England, local authority level data](#)

Distribution by deprivation decile

It is also possible to look at how units for reward are distributed amongst the most and least deprived local authorities in England. The English Indices of Deprivation measure relative levels of deprivation in England.

These scores can be used to rank lower-tier local authorities on their average deprivation score across all neighbourhoods. The chart below shows units for reward by local authority deprivation decile. Local authorities in the bottom deciles (i.e. with more deprived neighbourhoods) tended to have more units for reward and more affordable units than less deprived local authorities.

Units for 2017-18 New Homes Bonus by deprivation decile

Sources: DCLG, *New Homes Bonus: final allocations 2017-18*, DCLG, *English indices of deprivation 2015*, File 10

Notes: This analysis looks at lower-tier local authorities. New Homes Bonus payments are split outside of London: 80% goes to the lower-tier authority and 20% to the upper tier. In London 100% goes to the London borough.

1.8 General comment on the NHB

In terms of reaction to the August 2010 announcement of the introduction of the NHB, the BBC reported the following:

The Local Government Association welcomed the move but said any new building would need the support of local people.

But David Orr from the National Housing Federation said more had to be done.

He told the BBC: "There are places all over the country where there is a crying need for new homes, but there are still many, many communities where the default position is 'we don't want to see any new homes built here'.

"This incentive might help to persuade some local authorities, whether it will be enough to persuade the local communities - I think that's a much broader question.

"And I think that there is a different strategy that's needed here, about persuading the nation that we have to be able to house our children, and if we do not build more homes we will not be able to do that."²³

Shelter welcomed the August 2010 announcement but warned that the bonus on its own would not secure an adequate supply of new housing.²⁴

In the [June 2011 UK Housing Review Briefing Paper](#) Pawson and Wilcox described the potential for the Bonus scheme to produce an additional 14,000 homes annually as a "fairly modest figure" when set against the possible fall in house-building arising from the Coalition Government's planning reforms. They went on:

²³ ["Councils in England offered new homes bonus"](#), BBC News, 9 August 2010

²⁴ [Shelter Response](#)

Local authorities' response to the new system is, of course, hard to predict. However, it has been argued by the South East Strategic Leaders (of local authorities) that NHB payments will be insufficient inducement for councils to change their attitudes towards new development.²⁵

Then former Labour Housing Minister, John Healey, criticised the scheme during the Labour Party's 2010 Annual Conference.

Speaking on the final day of the Labour Party conference, Healey said that money for [the Government's planned New Homes Bonus](#), which is intended to match council tax raised on every new home built for six years, would be sliced from the total local government grant from Whitehall.²⁶

Independent research commissioned by the National Housing Federation from Tetlow King Planning (published in July 2010) concluded that the abolition of regional housing targets in May of that year had resulted in councils scrapping plans for around 85,000 new homes²⁷.

Subsequently, the Home Builders Federation (HBF) assessed that authorities that had cut back on previous house building plans would miss out on up to £27 million a year in funding from the New Homes Bonus²⁸

Policy Exchange commissioned an update of Tetlow King Planning's research, the results of which were published in December 2012:

The updated research has uncovered reductions in housing targets of 272,720 dwellings against RS requirements across England, of which 67,284 come from a backlog in the early part of the RS period not being made up over later periods in new core strategies/ local plans²⁹

The HBF published a [factsheet](#) identifying those authorities that were furthest away in cash terms in 2011-12 from maximising their potential under the New Homes Bonus. Stewart Baseley, Executive Chairman of the HBF, described the money provided by the New Homes Bonus as "invaluable" in these "austere times" and called on local authorities:

...to look hard at the difference the New Homes Bonus could make to them and work with the industry to plan properly for housing in their areas. The industry is willing to engage constructively and the financial rewards for meeting local needs will enable Authorities to fund a wide range of the services they want to provide for their electorate.³⁰

The [June 2012 UK Housing Review Briefing Paper](#) contained Pawson and Wilcox's comments on the early impact of the scheme:

While it started only recently, there is evidence that scheme rules have already led to a disproportionate volume of NHB being claimed for newly constructed student housing and/or the

²⁵ [June 2011 UK Housing Review Briefing Paper](#), p9

²⁶ Report of Labour's 2010 Annual Conference (accessed on 7 January 2014)

²⁷ UK Housing, [Minister's letter caused councils to axe 85,000 new homes](#), July 2010

²⁸ HBF, [Local authorities losing millions](#), 2 March 2011

²⁹ Tetlow King Planning for Policy Exchange, [Research on the Impact of the Impending Revocation of Regional Strategies on Proposed and Adopted Local Housing Targets across England](#), December 2012

³⁰ HBF, [Local authorities losing millions](#), 2 March 2011

conversion of multi-occupied dwellings into separate small units, rather than as a result of general-purpose new build.

What can we say about the scheme's overall impact? [...] its introduction in 2011/12 failed to sustain the post-credit-crunch recovery in new housing starts that had begun to develop over the previous three years. More concerning is the observation that planning approvals for new housebuilding fell to a new low of 115,000 in 2011 – considerably below 2009's previous nadir of 126,000. Of course, the main reasons for the current slump in output and in planning approvals are the general economic background and an unhelpful mortgage market. It can only be hoped that the new measures announced in 2011 will help turn the situation around, if and when the wider environment becomes more favourable. However, given the time lags inherent in the planning and housebuilding process, any significant upturn in completions must be several years away, at best.³¹

In an article for *Public Finance Magazine* (May 2012) former Housing Minister, Nick Raynsford, argued for a review of the New Homes Bonus scheme on the ground that "it isn't stimulating much actual new house building."³²

A survey of over 100 builders carried out by Knight Frank UK (estate agents) in 2012 found that 81% were sceptical about the role of the bonus in incentivising house building compared to 63% in 2011. Barriers to development were identified as a lack of mortgage finance and uncertainty around the new planning policy framework.³³

A survey of English authorities commissioned by *Inside Housing* magazine found that of the 137 respondents, 60% had paid New Homes Bonus funding for 2012/13 into their General Funds.³⁴ Tetlow King Planning expanded on this research by considering use of the New Homes Bonus in six case study areas. The resulting report, published in December 2012, found:

All six case studies have displayed good practice in some form and provide interesting examples of how NHB can be directed back to communities. However, the research into the case studies has highlighted some recurring themes which demonstrate some potential limitations of NHB. These are:

- In several cases, the funds allocated from the upper tier authorities (counties) to the lower tier authorities (districts) were relatively insignificant amounts and only a small proportion of the upper tier's total NHB funding pot;
- Despite allocating a proportion of the grant towards community projects, three out of six case studies also directed a portion of the funds towards the Council's central account;
- There are examples of where funds are directed back to the local communities but not necessarily directly targeted at those experiencing housing growth, i.e. the 'affected' communities;

³¹ UK Housing Review Briefing, June 2012, p7

³² *Public Finance Magazine*, "[Bonus that doesn't fit the bill](#)," 1 May 2012

³³ *Inside Housing*, "[Builders question impact of new homes bonus](#)," 28 May 2012

³⁴ *Inside Housing*, "[Councils hoard £142 New Homes Bonus cash](#)", 28 June 2013

- The majority of the local authorities are unsure as to the extent to which they might be able to continue allocating funds to local communities, as opposed to reinforcing their central accounts, owing to cuts in central Government budgets; creating longer-term uncertainty over who benefits from NHB;
- General concerns over how NHB is being funded, and how the top slicing of formula grant could lead to potential net loss of funding for some authorities; and
- For the most part, NHB funded projects would have commenced without the additional funding incentive, or were already up and running. In some cases, these projects were expanded by the use of NHB funding.³⁵

The [June 2014 UK Housing Review Briefing Paper](#) concluded that the NHB had had little impact on housing supply at that point:

Measures such as the reformed planning system, the New Homes Bonus and the stimulus packages included in the government strategy *Laying the Foundations*, and augmented in the last Budget, have so far had little impact on new housing supply.³⁶

³⁵ Tetlow King Planning, [New Homes Bonus Research - Incentivising Growth - A New Solution?](#) December 2012

³⁶ [UK Housing Review Briefing](#), June 2014, p3

2. CLG Select Committee inquiry 2010 – regional spatial strategies

The Communities and Local Government Select Committee took evidence from a variety of bodies during its inquiry into the abolition of regional spatial strategies. As part of this inquiry witnesses were asked about the New Homes Bonus Scheme.

The Committee's report, [Abolition of Regional Spatial Strategies – a planning vacuum?](#) was published in March 2011.³⁷

The Committee's recommendations for the New Homes Bonus are reproduced below:

We recommend that the Government ensure that the New Homes Bonus scheme keeps the local development plan at its heart, where planning decisions are based on sound evidence and judged against criteria which include issues of sustainability. It should do so by explicitly linking the Bonus to homes provided for in the local plan following robust assessments of housing need. We agree that it should be paid only when those homes are actually built.

We recommend that the Government redesign the New Homes Bonus so that it better rewards the meeting of demonstrable need for affordable housing.

The [Government's response to the Committee's report](#) was published in June 2011 – the relevant extract is reproduced below:

The New Homes Bonus is intended to create a more receptive environment for new housing development by returning the natural economic benefit of growth to the local level.

However, as was made clear in DCLG's summary of responses to the New Homes Bonus Consultation:

"The New Homes Bonus...is not intended to encourage housing development which would otherwise be inappropriate in planning terms. Local planning authorities will be well aware that when deciding whether or not to grant planning permission they cannot take into account immaterial considerations. The New Homes Bonus cannot change this and nor is it intended to. Local planning authorities will continue to be bound by their obligations here."
Our position on this has not changed.

A new clause (New Clause 124) was added to the Localism Bill on 17 May 2011, during the House of Commons report stage and third reading of the Bill on Wednesday 18 May.

Our intention in making this amendment is to clarify the current legal situation. That is, to confirm that issues relating to local finance considerations such as the New Homes Bonus or the Community Infrastructure Levy can be taken into account in the determination of planning applications, just as S106 payments can – but only where they are material to the particular application being considered.

³⁷ HC 517, Second Report of 2010-11, March 2010

The amendment does not affect the status of the development plan in the determination of planning applications, or the legal framework for plan-making.

[...]

We agree that it is crucial that we ensure that there is a good balance of market and affordable homes and the New Homes Bonus gives an incentive to local councils to help meet the needs of local people. The scheme provides an additional £350 for each affordable home for the following six years. This means that the bonus available for an affordable home will be up to 36 per cent more than for a similar market home. We believe this strikes the right balance between providing a credible incentive that will increase the supply of affordable housing and ensuring that the scheme does not skew the market in favour of affordable homes.

The responses to the Government's consultation on the New Homes Bonus were broadly supportive of the principles underpinning the scheme and the way it is being implemented. A summary of the comments was published alongside the final scheme design on 17 February 2011.³⁸

3. CLG Select Committee Inquiry 2011: Financing Housing Supply

A range of bodies submitting evidence (oral and written) to the Committee's 2011-12 inquiry into [financing new housing supply](#) took the opportunity to comment on the New Homes Bonus. Some doubted that the bonus provided any additional incentive to build houses³⁹ while others argued for a change in its distribution and for "recalibration."⁴⁰ The Committee's final report did not contain specific recommendations in relation to the bonus.

³⁸ [CM 8103](#), June 2011

³⁹ HC 1652, [Eleventh Report](#) of 2010-12, April 2012, Ev 38 & 39 – see also [volume II](#) containing additional written evidence.

⁴⁰ HC 1652, [Eleventh Report](#) of 2010-12, April 2012, Ev 130 - see also [volume II](#) containing additional written evidence.

4. National Audit Office Report March 2013

The NAO's report on the [New Homes Bonus](#)⁴¹ examined whether the Department was meeting its objective of incentivising local authorities to encourage the development of more homes. It was accepted that it was too early for the scheme to have achieved its full impact.

The simplicity of the scheme was praised by the NAO as were the Department's efforts to avoid the risk of paying disproportionate awards to local authorities that set relatively high levels of Council Tax. However, the NAO noted that because the NHB varies with relative house prices, "on average local authorities in areas with higher relative house prices receive higher payments for similar new homes."

Separating out the impact of the NHB from other measures aimed at increasing housing supply is complex. DCLG has concluded:

... it would be impossible to calculate definitively how far the Bonus is responsible for any change in the rate of creation of new homes because of the Bonus' interplay with other policies, the long-term nature of housebuilding and the wide-ranging effects of barriers such as availability of financing for housing developers and whether there is viable land for housing. Such barriers can be powerful, and their influence varies widely depending on the local new-housing market.⁴²

The NAO concluded that DCLG's estimate of the potential increase in new house building attributable to the NHB was "unreliable":

The Department estimated that the Bonus would increase housing supply by 8 to 13 per cent over its first ten years, equivalent to around 140,000 additional homes. The Department produced the estimate using modelling for which the assumptions were unrealistic, being based on very limited evidence of local authorities' actual behaviour. The calculation also contained a substantial arithmetical error which, when corrected, reduces the estimate by around 25 per cent (paragraphs 1.18 to 1.21).⁴³

The NAO was critical of DCLG's decision not to monitor the early impact of the NHB – a decision made due to the time lag between gaining planning approval and the completion of new housing:

By not monitoring the early impact of the Bonus more closely, the Department missed the opportunity to gain insights that might apply to other incentive-based funding that it is introducing from April 2013.⁴⁴

In terms of impact, while accepting that it was too early to assess whether the NHB would increase house building, the NAO found "little evidence that the Bonus had yet made significant changes to local authorities' behaviour towards increasing housing supply."⁴⁵ Evidence

⁴¹ [HC 1047](#) of Session 2012-13

⁴² *Ibid.*, para 11

⁴³ *Ibid.*, para 12

⁴⁴ *Ibid.*, para 14

⁴⁵ *Ibid.*, para 15

indicated that it had “mainly rewarded home creation that was not incentivised by the Bonus.”⁴⁶ The NAO did find evidence that the Bonus had given authorities resources to protect activities around tackling empty dwellings.⁴⁷

The NAO was critical of the impact that funding the NHB through deductions from Formula Grant was having on some authorities:

The Department’s decision to fund a large part of the Bonus from a deduction from the Formula Grant is seen by some local authorities as unfair. Local authorities that earn only low levels of Bonus will not make up their share of the sum deducted from the Formula Grant. These local authorities are usually in areas where developers are less likely to want to build housing, which are more typically in deprived parts of the country or in areas where land can be more expensive to develop. As we described in our recent report *Financial sustainability of local authorities*, these authorities will need to find ways of managing the financial impact of their inability to make up the reduction of the Formula Grant from receipts of the Bonus.

The total Bonus increases as it builds towards an estimated payment of £1.4 billion in the sixth year. Some local authorities will gain substantially while others will experience further substantial net reductions in the Formula Grant. The Department was aware the Bonus could result in large cumulative losses for some local authorities, though this effect was not covered in the impact assessment and the Department has done no analysis of the position of individual local authorities. The Department’s main mitigation of this impact is the general protection afforded by the Transition Grant. The redistributive effect will increase from April 2013 when the Formula Grant to local authorities will no longer be reduced to account for additional council tax collected on new homes.⁴⁸

The NAO’s recommendations called on the Government to review the NHB and monitor its impact and other financial pressures on the spending power of local authorities.⁴⁹

⁴⁶ Ibid., para 16

⁴⁷ Ibid., para 18

⁴⁸ Ibid., paras 20 & 21

⁴⁹ Ibid., para 24

5. Public Accounts Committee Report October 2013

Following on from the NAO's findings the PAC took evidence from the Department for Communities and Local Government's Permanent Secretary, Director of Local Government Finance and Director-General for Neighbourhoods, about the implementation and achievements of the New Homes Bonus. The PAC criticised the Government's failure to evaluate the impact of the Bonus in terms of influencing local authorities' behaviour:

The success of the Bonus should be evaluated to reflect whether: a) local authorities encourage more homes to be built if they are incentivised by the prospect of receiving Bonus payments; b) the prospect of losing formula funding changes their behaviour if they do not; and c) the Bonus simply rewards a local authority for what they would have done anyway. This change from a grant to an incentive-based means for funding local government makes it essential to assess whether the Bonus is achieving its objectives as early as possible. We would have expected the Department to have planned a systematic evaluation from the outset to track its impact on local authorities' behaviour towards housing development, and the cumulative impact of the Bonus alongside the Department's other policies affecting local authority funding.⁵⁰

The PAC called for an urgent evaluation of the scheme. Sir Bob Kerslake, then Permanent Secretary at DCLG, expressed his disappointment at the Committee's findings:

I am disappointed by today's report and have some significant disagreements with its findings. We have made very clear that our review of the [New Homes Bonus](#) is underway and the groundwork will be completed by Easter 2014 as we have always promised.

The whole point of the New Homes Bonus - which the committee fails to recognise - is to recognise housing growth where it occurs, with money going where those homes are needed most. That's why we've committed £1.2 billion over 5 years towards this scheme, which the National Audit Office itself found has the potential to deliver up to 100,000 additional homes over 10 years.⁵¹

The NHB review was published in December 2014 (see section 6 below).

⁵⁰ HC 114, Twenty-ninth report of 2013-14, [The New Homes Bonus](#), October 2013

⁵¹ [DCLG Press Release](#), 31 October 2013

6. DCLG evaluation of the NHB December 2014

The DCLG's evaluation of the scheme over the first four years of operation was published in December 2014: [Evaluation of the New Homes Bonus](#). The findings are briefly summarised in the following sections.

6.1 Impact on local authority finances

Analysis showed that the bonus provided 'a clear financial incentive for authorities' but the financial impact and subsequent strength of the incentive 'will vary for different authorities depending on the current and forecast state of their overall finance.'

The increasing size of the overall Bonus fund and an increasingly reliance on financial redistribution means there has been a shift from all authorities being better off under the policy towards a mix of around three quarters being better off and the remainder being worse off in net financial terms by 2014/15. The size of these impacts both positive and negative, have also continued to grow over time.⁵²

Shire districts were found to be the highest net beneficiaries while more negative impacts were found in the north of England, Yorkshire and the Humber. The picture in London was more mixed 'with some of the highest positive and negative effects.'⁵³

NHB payments were found to be 'largely matching the distribution of housing need, though there were some areas of mismatch, in particular for London authorities.'

6.2 Use of bonus receipts

No evidence was found that the NHB and the accompanying affordable housing enhancement 'was providing an additional incentive in increasing support specifically for more affordable homes.' There was some agreement that it was acting as an incentive to reduce the number of empty homes and was also being used for this purpose.⁵⁴

6.3 Attitudes to house building

There was high knowledge and understanding of the NHB amongst planning officers. Around 40% agreed that it had resulted in officers and elected members being more supportive of housebuilding. However, this did not translate into the wider community 'where only 10% of planning officers agreed the Bonus had begun to increase support for new homes for this group.'

There was also limited evidence that authorities were raising awareness of the Bonus within the community, or communicating what activities and services the fund was being spent on.

⁵² DCLG, [Evaluation of the New Homes Bonus](#), p2

⁵³ Ibid.

⁵⁴ Ibid., p4

Although there were some examples where a proportion of the fund was being devolved directly to community groups, there were questions generally as to the extent to which Bonus receipts were being spent “in line with local community priorities” as was intended by the policy.⁵⁵

6.4 Impact on housing supply

The PAC had emphasised the need for the Government to establish the NHB’s impact in terms of incentivising housing supply alongside other Government initiatives. The [Evaluation of the New Homes Bonus](#) highlights several difficulties in isolating the NHB’s impact:

There are other challenges in being able to isolate the potential impact of the Bonus specifically on attitudes and behaviours and subsequent housing outputs. There are a wide range of factors which, over the period of the evaluation, will also be influencing attitudes and behaviours. These include the state of the economy and housing market, wider planning reforms, house builder confidence and changes in the state of local government finances amongst others. The National Audit Office in their report into the Bonus concluded (para 1.25) “*It is not possible to separate out the impact of the Bonus from other policies and wider factors affecting housebuilding. Neither is it possible to robustly assess what the housing supply would have been without the Bonus.*”

27. Finally, the New Homes Bonus is still at a relatively early stage in terms of the size of the financial incentive involved. Because increases in housing stock receive Bonus payments for six years, the amount of payments gained will accumulate over time as more homes are added in each financial year. Consequently, an increasing amount of Bonus payments will also be derived from the redistribution of local government funding. As we are only four years into the programme the full effects of the policy are yet to be seen.⁵⁶

⁵⁵ Ibid., p4

⁵⁶ Ibid., pp12-13

7. The Lyons Housing Review 2014

The [Lyons Housing Review](#), commissioned by the Labour Party, was published on 16 October 2014. The review proposed three recommendations for NHB:

- The New Homes Bonus should be reviewed to consider:
- whether the New Homes Bonus should be retained in its current form;
- assessment of whether it has an element of deadweight, rewarding housing growth that it has not incentivised; and
- the redistributive impact of the policy.⁵⁷

The issue of housing growth not incentivised by NHB was also highlighted in a July 2014 Parliamentary Question from Cheryl Gillan:

To ask the Secretary of State for Communities and Local Government whether a local planning authority which rejects a housing development application which is subsequently approved on appeal by the Planning Inspectorate are still eligible for the New Homes Bonus.⁵⁸

This was confirmed to be the case in Kris Hopkins' response.

The Lyons recommendation on redistributive impact followed a July 2014 *Financial Times* investigation into NHB and its relative impact on local authority budgets:

London, the Southeast, Southwest and East Anglia have reaped £177m more than they would have done without the bonus – to the detriment of authorities in the Midlands and the North.

The 50 most deprived councils have lost out on £111m while the 50 least deprived have gained £96m. The NHB has also rewarded Tory-held councils by £155m and Lib Dem authorities by £18m while in effect removing £177m from Labour-held authorities.

Those calculations are based on how much councils would have received if the New Homes Bonus was distributed to local authorities in the same way as the general formula grant.⁵⁹

However in March 2014, then Economic Secretary to the Treasury, Nicky Morgan, argued:

It is interesting to note that Tower Hamlets, one of the poorest boroughs in London, has received £49 million from the new homes bonus, compared with £6 million for Wokingham, so he (Hilary Benn) is not entirely right to say that money has been taken from the poorest authorities in the country.⁶⁰

⁵⁷ Housing Commission, [The Lyons Housing Review](#), October 2014

⁵⁸ [PO 202127](#) [on housing: planning permission], 3 July 2014

⁵⁹ *Financial Times*, [Flagship government housing scheme shifts cash from north](#), 27 July 2014

⁶⁰ [HC Deb, 24 March 2014, cc125-126](#)

8. DCLG Consultation 2015-16: Sharpening the Incentive

Following the General Election, the [2015 Autumn Statement](#) included an announcement that:

...the government will also consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.⁶¹

The then Secretary of State for Communities and Local Government, Greg Clark, confirmed that the scheme would continue in some form, subject to changes made through the consultation;

Another important provision of the settlement is the continuation of the new homes bonus. It had not been guaranteed that the existing scheme would continue through the spending review period. I believe that the bonus has been a valuable source of funding for councils and a spur to much-needed house building, so I am very happy that the scheme will continue, subject to the changes on which I am consulting.⁶²

The consultation proposals were published by DCLG in December 2015, [New Homes Bonus: Sharpening the Incentive](#). This was a 12 week consultation, with a closing date of 10 March 2016.

The consultation was framed in the context of the 2015 Spending Review:

This confirmed the intention to move to full retention of business rates by 2020 and a preferred option for savings of at least £800 million, which can be used for social care. Savings in the overall cost of the Bonus will be redistributed with the local government settlement, in particular to support authorities with specific pressures, such as in adult social care budget.⁶³

No changes were proposed for calculation of 2016-17 allocations or payments due to be made in 2016-17 relating to previous years. The options for change are briefly summarised in the following sections.

Changing the number of years over which payments are made

DCLG consulted on whether, from 2017-18, the number of years for which legacy payments under the Bonus are to be paid should be reduced from 6 to 4 years. This was the preferred option, but consideration was also given to reducing payments to 3 or 2 years.

The rationale presented by DCLG for this proposal was:

⁶¹ [Spending Review and Autumn Statement 2015, p.59](#)

⁶² [HC Deb 10 February 2016, cc1644](#)

⁶³ [New Homes Bonus: Sharpening the Incentive](#), December 2015

At present, each year's allocation under the Bonus leads to "legacy" payments over 6 years. Originally, this was to compensate for reductions in settlement allocations which reflected growth in an authority's Council Tax base. However, since 2011, the decision has been taken not to reduce allocations in this way. At the same time, the way in which each year's allocations lead to commitments over several years leads to a build-up of costs over time.⁶⁴

Proposals regarding the transition of this change were included in the consultation document and included an intermediate change of 5 years in 2017-18 and then 4 years from 2018-19.

Reforms to improve the incentive

The consultation document presented three ways in which the incentive impact of the Bonus might change;

- withholding new Bonus allocations in areas where no Local Plan has been produced in accordance with the *Planning and Compulsory Purchase Act 2004*;
- reducing payments for homes built on appeal; and
- only making payments for delivery above a baseline representing deadweight.

Withholding the Bonus where no Local Plan has been produced

Local Plans are the primary basis for identifying what development is needed in an area and deciding where it should go. Plans give communities and businesses alike certainty about what development is appropriate and where, and set out how local housing and other development needs will be met. Plans are the mechanism through which national policies are applied to specific localities. By identifying sites in a Local Plan authorities can guide development to the most suitable locations, supported by the right infrastructure. Plans provide the starting point for dealing with planning applications as applications must be determined in accordance with the development plan, unless material considerations indicate otherwise. Where a plan is not in place an area may be more vulnerable to unwanted or speculative development.

Local authorities have had more than a decade to produce Local Plans in accordance with the Planning and Compulsory Purchase Act 2004 ("the 2004 Act"). Most have done so – 83% of local planning authorities have published a Local Plan.

The Government's preferred option is that from 2017-18 onwards, local authorities who have not submitted a Local Plan prepared under the 2004 Act should not receive new New Homes Bonus allocations for the years for which that remains the case. Their legacy payments relating to allocations in previous years would be unaffected.⁶⁵

This proposal caused concern amongst some local councils, who said that they were unable to submit a plan until they received housing data from neighbouring authorities and thus could lose out on the bonus,

⁶⁴ [New Homes Bonus: Sharpening the Incentive](#), para 3.3 December 2015

⁶⁵ [New Homes Bonus: Sharpening the Incentive](#), para 3.12 December 2015

“or consider taking our core strategy off the shelf and just pushing that through for approval.”⁶⁶

Reducing payments for homes allowed on appeal

Currently, where a development is granted planning permission on appeal, overturning the original decision made by a local planning authority (or in place of a decision by the authority in the case of appeals against non-determination), councils receive the same reward as when development takes place that the local planning authority has permitted. This means that Bonus payments do not always reflect positive decisions to allow development, and nor do they reflect the additional costs and delays for applicants arising as a result of the appeal process. The Government is, therefore, proposing to reduce new in-year allocations payments to individual authorities where residential development is allowed on appeal.

Government’s preferred approach is to use existing data collected by the Planning Inspectorate as the basis for these adjustments. The Inspectorate record the number of houses associated with each planning appeal decision (which may be indicative numbers in the case of applications for outline planning permission). This data would be used on an annual basis to calculate the change required to the overall New Homes Bonus grant for each local authority, to reflect the total number of homes allowed on appeal in a given year.⁶⁷

DCLG consulted on whether to reduce payments by 50% or 100%, but said that they were “interested in views on other percentage reductions.”

Removing deadweight

The Bonus is currently paid on all new housing regardless of whether or not it would have been built without an incentive. Removing this deadweight from the calculation of the Bonus would allow payments to be more focussed on local authorities demonstrating a stronger than average commitment to growth.

One option for removing deadweight from payments would be to set a single baseline for all areas and only make payments under new allocations relating to housing above that baseline. Details of the calculation are outlined in the Annex to this consultation. A possible level of the baseline is 0.25%. This is lower than the average housing growth over the years prior to the introduction of the Bonus in order to ensure that, whilst it acts as an incentive, not too many authorities fall outside the Bonus entirely. The approach proposed also has the advantage of setting an expectation for growth for all authorities and allowing some flexibility to respond to a changing funding envelope if necessary.

An alternative option would be to set a baseline based on the average growth rate of dwellings in each local authority or local area. However, potentially, this would have the impact of “rewarding” authorities who had only achieved low growth in the past and penalising those who had done well. In addition, it could result in large numbers of authorities not receiving a Bonus payment at all (using 2016-17 provisional figures, we estimate

⁶⁶ [The councils without local plans that could lose millions in New Homes Bonus payouts](#), 2016

⁶⁷ [New Homes Bonus: Sharpening the Incentive](#), para 3.20, December 2015

that around 65 authorities would fall outside the Bonus with a “moderate” baseline of 0.5%).

Government would also make adjustments to the baseline in order to reflect significant and unexpected housing growth. Under the current proposals for calculation of allocations, there is a risk that the overall cost of the Bonus could go over budget in a given year in the event of a sudden national surge in housing building leading to increased allocations.⁶⁸

The same adjustments were considered in areas covered by National Parks, the Broads Authority and development corporations, as well as county councils who are not the planning authority for decisions involving residential development.

The consultation also looked for views on the fact that:

...some local authorities might be particularly adversely affected by the changes which Government is proposing. Whilst this might reflect unwillingness to support and encourage housing growth in their areas, it might also suggest factors which are outside that local authority’s control. Government would, therefore, welcome views on whether there is merit in some form of mechanism to protect local authorities who are particularly adversely affected by the reforms proposed in this consultation paper.⁶⁹

8.1 Early responses to the proposals

Formal responses to the proposals were requested by DCLG by 10 March 2016.

Initial comment by local authorities warned that the proposals might act as a disincentive to building new homes.

A spokesperson for Sheffield City Council said the proposal to cut payments to four years could “adversely affect housing delivery” because the council has in the past used bonus payments to support new house [building](#) and reduce the number of empty homes. The proposal to cut payments for councils that only grant new housing developments on appeal could “encourage” some councils to approve “poor quality [development](#)”, the Sheffield spokesperson added.

Fiona Colley, cabinet member for [finance](#), modernisation and performance at Southwark Council, said the government “frequently refers to the desperate need for new homes” but the proposed changes “decrease the incentive for councils to [build](#) houses”.

A spokesperson for Conservative-led Barnet Council said the reduction in the New Homes Bonus payment “may lead to a reduction in the amount of infrastructure we can provide to local communities”.⁷⁰

The Home Builders Federation was in agreement with elements of the proposals:

We support the move to pay New Homes Bonus (NHB) for 4 years instead of the current 6 year period. Not only will this encourage local authorities to continue to plan positively for dwellings in

⁶⁸ Ibid., para 3.28-3.31

⁶⁹ [New Homes Bonus: Sharpening the Incentive](#), para 3.39 December 2015

⁷⁰ [Inside Housing, Councils hit out at New Homes Bonus changes](#), January 2016

order to maintain the income from NHB but it will also allow those authorities who have not yet fully embraced positive planning to move out of a position of not receiving NHB for 6 years to only having to wait for 4 years until the benefits of approving planning permissions for housing are reflected in NHB payments.

We agree that the NHB should be linked to the production of local plans and that such plans should be kept up to date in order to continue to receive NHB.... The "production" of a plan is certainly not the same as "adoption" of a plan, on which decisions can be based under S38(6) of the relevant Act. We are concerned, therefore, that some local authority plans that are "produced" are not fit for purpose and are found wanting at public examination. It cannot be right that such plans are rewarded through NHB. We believe that rather than relying on the production of a plan the test should be the adoption of a plan.

However, with regards to the proposals for removing deadweight, the HBF said:

While we are sympathetic to the idea of using NHB solely as an incentive to promote additional growth and delivery of houses we can see no realistic and robust way of identifying (and thus removing) "deadweight". Indeed, we believe that by trying to do so the government runs the risk of encouraging local authorities to set even lower housing targets in their local plans in order that they can "over provide" and receive NHB payments. This would, obviously, be contrary to the overall objectives of the government to increase housing delivery.⁷¹

⁷¹ [A response by the Home Builders Federation](#), March 2016
Page 141

9. Amendments to the NHB from 2017

The Secretary of State for Communities and Local Government, Sajid Javid, announced changes to the NHB scheme as part of the Local Government Finance Settlement in December 2016. He said that since its introduction in 2011, more than £6 billion had been paid to reward local authorities for delivering more than 1.2 million homes but went on to say: “for all its successes, the system can be improved.”⁷²

He said that the Government had studied the responses to the 2015-16 consultation exercise and confirmed the following decisions:

- From 2017 a **national baseline for housing growth will apply of 0.4%**. Below this, the NHB will not be paid. The aim of this change is to ensure that “the money is used to reward additional housing rather than just normal growth”.⁷³
- **The number of years for which payments are made will be reduced** from six to five years in 2017-18 and reduced further to four years from 2018-19. The funding released from this measure will be retained by local authorities to contribute towards adult social care costs “recognising the demographic changes of an ageing population, as well as a growing population”.⁷⁴

The Secretary of State said that, from 2018-19, the Government would consider withholding NHB payments from local authorities that are not planning effectively and delivering housing growth. Payments may also be withheld in respect of homes built following an appeal “to encourage more effective planning”. The Government said that consultation would take place on this “in due course”.⁷⁵

Comment

Following the announcement, the District Councils’ Network issued a response in which it expressed significant concerns about the introduction of a 0.4% growth baseline:

While a continued focus on rewarding those councils that deliver the most housing growth is welcomed, the DCN is extremely concerned that the substantial reduction in funding for NHB for all councils, particularly the introduction of a ‘deadweight’ baseline of 0.4%, will blunt its positive impact and have a detrimental effect on acceptable growth, rather than sharpen its focus – at a time when housing growth is the number one priority for the Department for Communities and Local Government.

The new deadweight baseline of 0.4% – which will mean that NHB is only paid at growth above this level – is an arbitrary figure which will cut approximately £45m from NHB allocations to district councils in 2017/18 and is at a higher level than the original consultation proposed.

⁷² [HC Deb 15 December 2016 cc976-7](#)

⁷³ [HC Deb 15 December 2016 cc977](#)

⁷⁴ Ibid.

⁷⁵ Ibid.

Some district councils will receive no additional New Homes Bonus cash for 2017/18 as a result of this change, contrary to the Government's aspiration to encourage growth, and we call on the Government to reduce the level of the baseline, to reduce the impact on all district councils.

[...]

From analysis of DCLG figures, the overall impact on district councils of all changes to New Homes Bonus for 2017/18 represents a reduction of approximately £75m, £45m of which is because of the new baseline rate.⁷⁶

District councils called for the NHB baseline level to be fixed at 0.25% for two years to allow for a period of transition.⁷⁷

There was some regret amongst planning bodies that decisions on withholding the NHB for schemes won on appeal and removing entitlement from authorities behind on their local plan production had been delayed:

The mooted changes which are not being implemented are potentially a missed opportunity, as withholding New Homes Bonus for schemes won on appeal would provide further incentives for officers and members to ensure that their decision-making is robust. Removing New Homes Bonus for authorities behind on their local plan production would have represented a suitable 'stick' to speed up the adoption of plans, on which the planning regime – and the National Planning Policy Framework are dependent. Financial incentives linked to positive planning outcomes would also provide local authority planning chiefs a stronger hand in arguing for a larger share of the budget for their departments.⁷⁸

⁷⁶ [District Councils' Network responds to provisional local government finance settlement 2017-18](#), 15 December 2016

⁷⁷ Public Finance, [District protest changes to New Homes Bonus in settlement response](#), 13 January 2017

⁷⁸ Planning Matters, [New Homes Bonus – a missed opportunity?](#) 17 January 2017

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BRIEFING PAPER

Number 06416, 1 December 2017

Stimulating housing supply - Government initiatives (England)

By Wendy Wilson

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Summary

The 2015 Government's ambition was to secure 1 million net additions to the housing stock by the end of the Parliament which was expected to be in 2020. The Department for Communities and Local Government's (DCLG) [Single Departmental Plan 2015-2020](#) set out plans to secure 400,000 affordable housing starts by 2020-21 (including Starter Homes), increase housing supply by improving the planning process, bring forward public sector land, and diversify the house building industry by helping small builders.

The Housing White Paper, [Fixing our broken housing market](#) (February 2017) described a number of initiatives which, taken together, are aimed at securing a step-change in housing supply.

The current Conservative Government was elected in 2017 with a manifesto pledge to meet the 2015 commitment to deliver 1 million homes by the end of 2020 and to "deliver half a million more by the end of 2022." The manifesto said that, if elected, the Government would deliver on the reforms proposed in the Housing White Paper.

The 2015 Government pursued both supply-side and demand-side measures. There was a desire to increase home ownership, particularly amongst first-time buyers, which was supported through savings products such as the Help to Buy ISA and Lifetime ISA, and also through equity loan schemes. A key commitment was to secure 10% of affordable home ownership of different kinds on housing sites of 10 units or more.

The Autumn Budget 2017, which was trailed as a 'housing budget,' set out the Government's determination to "fix the dysfunctional housing market, and restore the dream of home ownership for a new generation:"

The only sustainable way to make housing more affordable over the long term is to build more homes in the right places. Government action has already increased housing supply to 217,000 in 2016-17. The Budget goes further and announces a comprehensive package which will raise housing supply by the end of this Parliament to its highest level since 1970s, on track to reach 300,000 per year, through:

- making available £15.3 billion of new financial support for housing over the next five years, bringing total support for housing to at least £44 billion over this period
- introducing planning reforms that will ensure more land is available for housing, and that maximises the potential in cities and towns for new homes while protecting the Green Belt.

There was, and is, an expectation that the majority of new building will be carried out by the private sector. To this end, much Government effort to stimulate house-building is focused on planning measures to "make the system more open and accessible and tackle unnecessary delays." Developers with planning permission are expected to use it and local authorities are expected to have an up-to-date plan in place based on an objective assessment of housing need within the area. The Government is also seeking to diversify the housing market by encouraging development by smaller builders and those interested in embracing innovative and efficient methods of construction.

Measures announced in the Autumn Budget 2017 have generally been welcomed by the sector, particularly those aimed at supporting small builders, infrastructure and land assembly. There are concerns that there is still not enough support for affordable rented housing, particularly at social rents. There is doubt that the target of building 300,000 homes a year will be achieved without further 'muscular' action.

4 **Agenda item number: 5**
Stimulating housing supply - Government initiatives (England)
Appendix 2

Detailed information on action taken by the 2015 Government to improve the planning system can be found in these Library briefing papers [Planning for Housing](#) (03741); [Planning Reform Proposals](#) (6418); and [Planning reform in the housing white paper](#) (7896).

Library briefing paper [Tackling the under-supply of housing in England](#) (7671), considers key trends in housing supply in the UK and goes on to focus on some of the of the key barriers and potential solutions to increasing supply in England.

This briefing paper summarises the key 2015 and 2017 Government initiatives aimed at increasing housing supply in England (aside from planning measures). It does not cover all of the proposals set out in [Fixing our broken housing market](#).

1. A crisis in housing supply

The long-term failure of successive Governments to build enough housing to meet growing need is widely accepted. The 2015 Government's Housing White Paper, [Fixing our broken housing market](#) (February 2017), opens with the following statement:

Since the 1970s, there have been on average 160,000 new homes each year in England. The consensus is that we need from 225,000 to 275,000 or more homes per year to keep up with population growth and start to tackle years of under-supply.

This isn't because there's no space, or because the country is 'full'. Only around 11 per cent of land in England has been built on.

The problem is threefold: not enough local authorities planning for the homes they need; house building that is simply too slow; and a construction industry that is too reliant on a small number of big players.¹

Statistics on house building can be found in this Library publication: [Housebuilding \(UK\): Social Indicators page](#).

The Coalition Government abolished what it described as "top down" housing targets but in September 2015 the then Minister for Housing, Brandon Lewis, said the Government's ambition was to deliver 1 million new homes by 2020. Gavin Barwell, the subsequent Housing Minister, described this ambition in terms of net additions to the housing stock by the end of the Parliament. He told the Communities and Local Government Committee how this would be measured:

The measure that we use to look at that is net additions, which is a national statistic that looks not just at the new homes that get built but also homes that we get through conversions and through changes of use, and then takes off the homes that get demolished as part of regeneration schemes or whatever. That is the measure that we look at. You will be aware Mr Betts, that, if you take 2015-16, which is the latest year for which we have that data, we were just under 190,000 new homes in 2015-16. That is below the level that we need to achieve our target but it is not hugely below.²

The current Conservative Government was elected in 2017 with a manifesto pledge to meet the 2015 commitment to deliver 1 million homes by the end of 2020 and to "deliver half a million more by the end of 2022." The manifesto said that, if elected, the Government would deliver on the reforms proposed in the Housing White Paper (February 2017).

A significant development since 2010 is that much of the financial support provided by the Government for stimulating housing supply is available in the form of repayable loans rather than grant funding. A further development after General Election 2015 was the Government's focus on developing housing for sale in order to increase levels of home ownership. The [Autumn Statement 2016](#), together with the publication

¹ DCLG, [Fixing our broken housing market](#), February 2017, p9

² Oral evidence to Communities and Local Government Select Committee: Capacity in the Home Building Industry, HC 46, 27 February 2017

of [Fixing our broken housing market](#), marked something of a shift of emphasis in investment priorities back towards rented housing.

The following sections provide an overview of Government actions aimed at stimulating housing provision. Much Government effort to stimulate house-building is focused on planning measures – for information on these aspects see Library Briefing Papers [Planning for Housing](#) (03741); [Planning Reform Proposals](#) (06418); and [Planning reform in the housing white paper](#) (7896).

Other relevant Library papers include [Tackling the under-supply of housing in England](#) (7671) and [What is affordable housing?](#) (7747). There is also a tool which can be used to compare housing supply statistics for local authorities: [Housing supply for local authorities \(England\)](#) (7796).

2. New local authority & housing association provision

2.1 The Affordable Homes Programme (AHP)

The Affordable Homes Programme is administered on behalf of the Government by the Homes and Communities Agency (HCA). Providers (including housing associations) are required to bid for grant funding and successful bidders enter into delivery agreements with the HCA.

The Government intends to rebrand the HCA as Homes England.³

The **2010 Spending Review** announced that £4.5 billion would be made available to fund new affordable homes over the period of the Review. This represented a reduction in grant funding from £8.4 billion in the previous Spending Review. Around £2bn of the £4.5 billion had already been committed to plans developed under the previous (Labour) Government's National Affordable Homes Programme (NAHP):

Despite the fiscal constraints, the Government is still investing nearly £6.5 billion of taxpayers' money in housing, with £4.5 billion to fund new affordable homes over the Spending Review period. As part of this investment we intend to provide £200m so that the Mortgage Rescue scheme can stay open to support vulnerable homeowners threatened with repossession and £100 million to bring empty homes back into use.⁴

The 2010 Spending Review also saw the Coalition Government announce an intention to introduce a new "intermediate rent" tenure (now referred to as affordable rent). Under this model housing associations are able to offer tenancies at rents of up to 80% of market rent levels within the local area. The additional finance raised is available for reinvestment in the development of new social housing.

Essentially, this model involves the replacement of the capital grant supply subsidy for social housing with a revenue subsidy.⁵ The scheme was expected to contribute to the delivery of 150,000 new affordable homes over 2011-15. After a successful bidding process the Government increased this estimate to 170,000 new homes (of which it expected that 80,000 would be affordable rent and affordable home ownership properties) utilising £1.8 billion in grant funding. The overall target was met with 82,115 completions of which 70% were affordable rent properties.⁶ There has been a significant reduction in the number of new homes built for social rent. Social rent formed around two-thirds of total completions in 2010/11 and now stands at around 10%.

³ [Budget 2017](#), para 5.15

⁴ [Grant Shapps letter to local authorities on the 2010 Spending Review Settlement](#), October 2010

⁵ Steve Wilcox and John Perry note that under the AHP "average grant per unit is little more than one third of that under the NAHP, at just under £19,000." UK Housing Review 2014, p56

⁶ UK Housing Review 2016, Wilcox, Perry, Williams and Stephens, p71

An extension of the Affordable Homes Programme was announced as part of [Spending Round 2013](#).⁷ £3.3 billion in capital funding (together with receipts from Right to Buy sales) was to be available in 2015-18 to support the delivery of 165,000 new affordable homes. The then Housing Minister, Mark Prisk, told the Chartered Institute of Housing's 2013 Annual Conference that the funding should support the delivery of 55,000 affordable homes each year. Bids for grant funding are on a "something for something basis" – the Government expects landlords to "maximise their own financial contribution" and to make full use of property sales and conversions of social rented homes to affordable rent.⁸

There were some early reports of reduced interest in the bidding round⁹ - comment on potential reasons for this was included in the [UK Housing Review 2014 Briefing Paper](#):

For the new AHP running for three years from 2015/16 and aiming to build 165,000 homes, the HCA has £1.75 billion and the GLA £1.2 billion. The HCA has closed bids and will allocate three-quarters of its pot in the summer; in contrast, the GLA will allocate its whole pot this summer. However, both have struck difficulties with some associations deciding not to bid for various reasons, including the conditions being imposed.

One of these is that the new programme all but excludes building to let at social rents. Yet in a survey last year, local authorities said that half their planned output over the next five years will be at social rent, suggesting that they will have to fund much of it without grant. The decline in output of social rented dwellings is striking: for the three years to 2011/12, on average 34,000 units were being completed annually; the total fell below 15,000 in 2012/13 and to only 1,681 in the first half of 2013/14. Soon, social rented output will depend almost entirely on what landlords can finance from their own resources.¹⁰

At the time of the announcement housing bodies welcomed the additional investment and the provision of a three-year programme. However, the National Housing Federation (NHF) described the £3.3 billion as "small-scale" in the context of a £100 billion investment in infrastructure in total and declared that "it falls short of the investment required to deliver the ambitious house building programme we need and risks acting as a brake on recovery in the wider economy."¹¹ CIH described the investment as "not the game changer required to make a significant impact to alleviate our housing crisis."¹² Bill Davies of IPPR North argued that the £3.3 billion in investment represented a funding cut and that the new rent setting formula could

⁷ See also Cm 8669, HM Treasury, [Investing in Britain's Future](#), June 2013

⁸ [Housing Minister's speech to the 2013 CIH Annual Conference](#)

⁹ Inside Housing, "Landlords show reduced interest in grant round," 23 May 2014

¹⁰ [UK Housing Review 2014 Briefing Paper](#), June 2014, p12

¹¹ [NHF Briefing on Spending Review 2013, June 2013](#)

¹² [CIH, What you need to know about Building Britain's Future June 2013](#)

cost landlords £500 million.¹³ The Government had confirmed that social rents could increase by up to CPI plus 1% from 2015-2026.¹⁴

In the **2014 Autumn Statement** the Coalition Government reported that it was 'on track' to deliver 165,000 affordable homes over 2015-18.¹⁵ The Government also announced a £2 billion extension to affordable housing capital investment for 2018-19 and 2019-20 (£955 million in each year) "to ensure that on average 55,000 new affordable homes per year continue to be delivered."¹⁶

Housing bodies welcomed the certainty offered by the extension of the AHP up to 2020 but pointed out that it would not reverse the impact of the reduction in capital investment implemented as part of the 2010 Comprehensive Spending Review. The NHF raised issues around the level of funding housing associations would be required to find:

...housing associations will need to continue funding up to 85% of development costs from their own resources. This means borrowing more money privately and engaging in increased commercial activity – each presenting a different challenge. The former will push some housing associations towards the upper limits of their gearing covenants and uses financial capacity (i.e. asset cover) at a much accelerated rate. The latter presents legitimate regulatory interests about safeguarding existing social housing assets and making future plans more pro-cyclical and exposed to market pressures.¹⁷

The CIH stressed the need to build more homes at social rent:

We need more homes for social rent so that people struggling on low incomes can afford a decent home. Affordable rent has a role to play but it doesn't work for everyone - as it can be up to 80 per cent of market rent it is simply not affordable for many people, especially in London and the south east.¹⁸

April 2015 saw the start of a new phase of the Affordable Homes Programme up to 2018 with £2.9 billion in funding. As noted above, the programme was expected to deliver 165,000 homes with an emphasis on affordable rent. During the **Autumn Statement and Spending Review 2015** the Government's focus on increasing home ownership was made clear; all unallocated HCA funding was to go towards home ownership schemes; the revised AHP funding allocation was £1.8 billion for 2015-2018.

Under the **Shared Ownership and Affordable Homes Programme** (SOAHP) 2016-21 £4.7 billion in capital funding was to be made available for:

¹³ *Guardian*, [Government investment in affordable housing is actually a funding cut](#), 3 July 2013

¹⁴ Note that these landlords are now expected to reduce their rents by 1% in each year for four years from April 2016. For more information see Library Briefing Paper [01090](#)

¹⁵ [Cm 8961](#), December 2014, para 1.138

¹⁶ *ibid*

¹⁷ [NHF response to the 2014 Autumn Statement](#), December 2014 [accessed on 8 December 2014]

¹⁸ [CIH response to the 2014 Autumn Statement](#), December 2014 [accessed on 8 December 2014]

- 135,000 'help to buy: shared ownership' homes, for households earning less than £80,000 (or £90,000 in London)
- 10,000 new homes that tenants can live in for five years at reduced rents while they save for a deposit. They will then have 'first right' to buy the home
- 8,000 specialist homes for older people or those with disabilities.

However, the [Autumn Statement 2016](#), together with the publication of the Housing White Paper, [Fixing our broken housing market](#), (February 2017) marked a shift of emphasis in investment priorities back towards rented housing. The Autumn Statement 2016 announced an additional £1.4 billion to be shared between the HCA and Greater London Authority to deliver 40,000 extra units and referred to "tenure flexibility" across the Affordable Homes Programme:

Affordable homes – the government will relax restrictions on grant funding to allow providers to deliver a mix of homes for affordable rent and low cost ownership, to meet the housing needs of people in different circumstances and at different stages of their lives. The NPIF will provide an additional £1.4 billion to deliver an additional 40,000 housing starts by 2020-21.¹⁹

This brought total funding under the SOAHP to £6 billion with an implied target of 193,000 homes.²⁰

Terrie Alafat, CEO of the Chartered Institute of Housing, said:

The extra investment to support the building of 40,000 new affordable homes and the greater flexibility in funding for housing providers to build homes of all tenures, both of which we had asked for, are particularly welcome. It is also pleasing to see largescale investment in infrastructure to support new house building.

We would, however, have liked to see more to support people who need housing the most, with more funding diverted specifically to support social rents and a strategic rethink on welfare measures we believe make housing inaccessible to a significant number of individuals and families.²¹

In October 2017, the Government announced an increase in funding for the SOAHP of £2 billion which was confirmed in the **Autumn Budget 2017**:

...the Budget confirms the further £2 billion of funding for affordable housing announced in October, including funding for social rented homes. This takes the total budget for the Affordable Homes Programme from £7.1 billion to £9.1 billion to 2020-21. It is expected that this will provide at least 25,000 new affordable homes.²²

The announcement of the additional £2 billion also extended support for the development of social rented housing:

Previously, the government's affordable housing policy primarily supported 'affordable rent' – rents of up to 80% of local market

¹⁹ [Autumn Statement 2016](#), para 3.11

²⁰ [UK Housing Review 2017](#), p82

²¹ [CIH Press Release](#), 23 November 2016

²² [Budget 2017](#), November 2017, para 5.23

level – and low-cost home ownership. This announcement now extends support for ‘social rent’ – which are lower rents, set according to national guidelines.²³

The Office for Budget Responsibility confirmed the source of the additional £2 billion:

Changes announced to affordable homes programme switch capital spending out of 2017-18 and 2018-19 and into 2019-20 and 2020-21. The £2 billion of spending announced by the Prime Minister in October has been financed by reducing spending on ‘accelerated construction’ and ‘starter homes’ across the four years from 2017-18 to 2020-21.²⁴

2.2 Affordable Homes Guarantee Programme (closed)

The Coalition Government announced that legislation (*The Infrastructure (Financial Assistance) Act 2012*) would enable the Government to underwrite the debt of housing associations and private sector developers.²⁵

Underwriting housing association bonds was aimed at reducing the cost of finance for developing landlords. As part of Budget 2013 the Chancellor announced additional funding for the Affordable Homes Guarantee Programme:

Affordable housing plays an important part in the Government’s overall drive to boost housing supply and stimulate economic growth. The Government has recently issued a prospectus to support affordable homes delivered through the guarantee programme. **The Government now wants to go further and will double the existing affordable homes guarantee programme, providing up to an additional £225 million to support a further 15,000 affordable homes starting in England by 2015.**²⁶

This additional investment was welcomed by the National Housing Federation but the need for long-term stability was emphasised:

The additional investment of £225 million in affordable housing is welcome. This recognises that capital investment offers the best value for money for the taxpayer and the Government and is the most effective way of increasing housebuilding. Confirmation that schemes must only be started by March 2015 is welcome but, this short-term stimulus must be matched by long-term stability to be most effective. We urgently need to know how affordable housing will be supported in the long term.²⁷

Mark Prisk, then Housing Minister, declared the housing guarantees open for business on 20 June 2013:

We have awarded the licence to provide the Affordable Housing Guarantees Scheme to Affordable Housing Finance plc (AHF), a

²³ [DCLG Press Release](#), 4 October 2017

²⁴ [OBR, Economic and Fiscal Outlook](#), November 2017, para 4.111

²⁵ The rules under which these schemes will operate were published in February 2013: [DCLG: Housing guarantee scheme rules - Private rented sector](#); [DCLG: Housing guarantee scheme rules - Affordable housing](#)

²⁶ HC 1033, [Budget 2013](#) – emphasis in the original.

²⁷ NHF, [Budget lacking in house building stimulus](#), 2013

subsidiary of The Housing Finance Corporation Limited. AHF's bid provided very good value for money, and I am looking forward to working with them to deliver the scheme. AHF are now able to receive applications and we expect the first applications to be approved this summer, subject to due diligence.

Today, I have laid before the House a Minute setting out details of the contingent liability created by the Affordable Housing Guarantees Schemes. Under the Affordable Housing Guarantees Scheme, the Department for Communities and Local Government will guarantee up to £3.5 billion of debt on terms of up to 30 years for Private Registered Providers who commit to building new affordable housing.²⁸

The Minister said that £3 billion would be held in reserve for private rented and affordable housing guarantee schemes in the event of sufficient demand.²⁹ The outcome of the bidding round was announced on 24 July 2013 – the successful bids were expected to deliver over 13,800 new homes. Bidding was to remain open on a continuous basis until the funding was allocated:

Bidding will remain open on a continuous basis until remaining programme resources (c. £50m) are allocated, where that is achievable, consistent with the timescales for delivery of the programme. (There is a cut-off date of March 2015 for achieving start on site, and March 2017 for achieving practical completion for schemes awarded an allocation from the remaining grant funding).³⁰

Social Housing magazine reported on the success of the AHGP in November 2015:

The AHGP has so far enabled registered providers to raise more than £1.4bn of cheap debt to support almost 13,500 new homes for affordable rent.

It has enabled associations to consistently borrow long-dated funding at an all-in cost of below 3 per cent, [with spreads as low as 15 basis points below gilts, the government cost of borrowing.](#)

AHF now has 45 borrowers on its books, and is expecting around 10 more in the timeframe that is available.

It is anticipated that the programme will be on track for at least £2bn of debt when it closes in March, which would deliver a total of more than 19,000 homes.

Mr Williamson said the £2bn mark would make it 'the most successful guarantee scheme the government has sponsored'.

All business recommended to the government by AHF's credit committee by 31 March 2016 will be eligible for a mixture of both long-term EIB and bond funding.

Mr Williamson said that the AHGP was first developed at a time of house building market failure, but added: 'Today we see both a market arguably in rude health and changed governmental priorities in terms of tenure choice.'³¹

²⁸ [DCLG Press Release](#), 20 June 2013

²⁹ Ibid.

³⁰ HCA, [Affordable Homes Guarantee Programme](#), (accessed on 8 July 2014)

³¹ [Social Housing, Government to end affordable homes guarantees in March 2016](#), 30 November 2016

The programme ended in March 2016 but development with the finance awarded is ongoing.

2.3 Direct investment

As a result of the self-financing arrangements introduced for local housing authorities in April 2012, capital expenditure on new and existing housing stock rose from £3.3 billion in 2011/12 to £4.8 billion in 2014/15.³² Direct investment is estimated to have risen to £6.5 billion over 2015/16.³³ This increase appears to reflect local authorities' use of borrowing capacity created under the self-financing system.

The council borrowing cap

The Chartered Institute of Housing (CIH) and Local Government Association have been critical of the failure to lift borrowing caps imposed on local authorities as part of the move to self-financing in April 2012.³⁴ In 2013 housing commentators estimated that lifting the borrowing cap had potential to release additional investment of £7 billion over five years which, in turn, could produce 60,000 homes (12,000 extra per year).³⁵

As part of the [2013 Autumn Statement](#) (December) the Chancellor *did* announce a limited increase in local authorities' borrowing caps:

The government will increase the funding available for new affordable homes, by increasing local authority Housing Revenue Account borrowing limits by £150 million in 2015-16 and £150 million in 2016-17, allocated on a competitive basis, and from the sale of vacant high-value social housing.³⁶ This funding will support around 10,000 new affordable homes and will form part of the Local Growth Fund, available to local authorities who have a proposal agreed by their Local Enterprise Partnership (LEP). This will strengthen the role of the Local Growth Fund in transforming local economies, by providing much-needed housing to support growth. The government will prioritise bids on the basis of their value for money, and would expect partnership working with Housing Associations or through Joint Ventures. The government also expects bids to contribute public sector land, and disposal of high-value vacant stock to drive competitive bids. To support this, the government will ensure all councils are transparent in the value and size of their housing assets.³⁷

The announcement was welcomed but the CIH described it as "far too modest" a step. There was concern that any gains from the increased borrowing capacity could be offset by the requirement to sell higher-value social housing and through an expansion of the Right to Buy.³⁸

³² This total includes what remains of non-HRA capital spending.

³³ UK Housing Review 2017, p85

³⁴ For more information on self-financing see Library note [Local housing authorities - the self-financing regime: progress and issues](#), SN/SP/6776

³⁵ [Innovation and Ambition: the impact of self-financing on council housing](#), ARCH, June 2013,

³⁶ Emphasis in the original.

³⁷ Cm 8747, [2013 Autumn Statement](#), December 2013, para 1.228

³⁸ CIH, [What you need to know about the Autumn Statement 2013](#), December 2013

London Councils echoed the view that the measure did not go far enough:

By 2021, over 800,000 new homes will need to be built in London, but the government's latest attempt to address this crisis through increasing council borrowing capacity does not go far enough and has too many strings attached.

In order to qualify for extra borrowing capacity, councils will have to sell off high value vacant housing stock. This unfairly prejudices London, which has both the most acute housing need and the highest value stock in the country.

London Councils will continue to call for the complete removal of the artificial housing borrowing cap, among a raft of other measures, so that boroughs can properly address London's housing crisis.³⁹

The ability of councils to use their borrowing capacity to invest in new supply has also been eroded by the imposition, from April 2016, of 1% rent reductions in each year for four years (see next section below).

The 2013 Autumn Statement included a Government commitment to launch a review into the role that local authorities can play in housing supply. The review was led by Natalie Elphicke and looked at:

- the role that local authorities could play in increasing the supply of housing;
- whether councils are playing a proactive role in building new homes for local people; and
- how they are using their new freedoms under [Housing Revenue Account self-financing](#) to increase housebuilding.⁴⁰

The [final report](#) was published on 27 January 2015. The reviewers concluded:

...that local authorities could do more to play a central role in supporting the provision of new homes, across all housing tenures, by becoming housing delivery enablers and taking responsibility for making development happen in their area.⁴¹

[The Government's initial response to the Elphicke-House report](#) was published in January 2015.

Budget 2017 announced that HRA borrowing caps would be lifted for councils in "areas of high affordability pressure":

...the Budget will lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. Local authorities will be invited to bid for increases in their caps from 2019-20, up to a total of £1 billion by the end of 2021-22. The government will monitor how authorities respond to this opportunity, and consider whether any further action is needed.⁴²

³⁹ [London Councils response to Autumn Statement](#), 5 December 2013

⁴⁰ [DCLG Press Release](#), 30 January 2014

⁴¹ [Review of local authorities' role in housing supply](#), 2015

⁴² [Budget 2017](#), November 2017, para 5.23

Gavin Smart, for the Chartered Institute of Housing (CIH), welcomed this move and hoped that it would be built on in the future:

We have long argued that if we are going to build the homes we need councils will have to play a major part and we welcome measures to support this. The government has made a series of announcements in recent months which lay the foundation for housing associations to commit to developing many more new homes and we must do the same for councils. Relaxing borrowing caps for councils in high demand areas is very positive – we hope to see the government build on this move so that we see a return to the levels of council house building we need.⁴³

Reducing rents by 1%

As part of the Summer Budget 2015 the Chancellor announced that rents in social housing would be reduced by 1% a year for four years resulting in a 12% reduction in average rents by 2020-21:

Alongside the freeze in working-age benefits, the government will reduce rents in social housing in England by 1% a year for 4 years, requiring Housing Associations and Local Authorities to deliver efficiency savings, making better use of the £13 billion annual subsidy they receive from the taxpayer. Rents in the social sector increased by 20% over the 3 years from 2010-11. This will allow social landlords to play their part in reducing the welfare bill. This will mean a 12% reduction in average rents by 2020-21 compared to current forecasts.⁴⁴

The subsidy referred to in this extract refers to the personal entitlement to Housing Benefit of 2.7 million social housing tenants.

Measures to enable implementation of the rent cuts were included in the *Welfare Reform and Work Act 2016*.

The announcement was greeted with dismay by social landlords. The Office for Budget Responsibility (OBR) predicted a reduction in housing investment as a result of the measure:

...the 1 per cent a year reductions in social sector rents for four years from April 2016 announced in this Budget will directly reduce social landlords' rental income. We expect that this will reduce their ability and willingness to invest in housing, so we have lowered our forecast for residential investment, proportionate to the expected reduction in rental income. The effect is to reduce the level of private residential investment by around 0.7 per cent by the end of the forecast period, which is broadly consistent with a reduction in housebuilding of 4,000 in 2020-21. Over the forecast period, our assumptions suggest around 14,000 fewer affordable homes will be built. We do not expect private sector house-builders to offset this effect to any material degree.⁴⁵

The National Housing Federation estimated a more significant reduction in development:

Our own estimates suggest that the reduction will result in a loss of almost £3.85bn in rental income over the four years. Simply dividing this by the average build cost in the 2011-15 programme

⁴³ [CIH Comment on Budget 2017](#), 22 November 2017

⁴⁴ [Summer Budget 2015](#), HC 264, July 2015, para 1.140

⁴⁵ OBR, [Economic and Fiscal Outlook](#), Cm 9088, July 2015, para 3.84

of £141,000, suggests that at least 27,000 new affordable homes won't be built as a result of the change. This of course assumes the lost income wouldn't be matched by any government grant or used to leverage in private finance, so the actual total could be higher.⁴⁶

The LGA carried out modelling on the impact of rent reductions for councils with retained housing stock and concluded that the measure would cost councils £2.6 billion by 2019/20:

The cost to councils will rise from £234 million in year one, to £508 million in year two, £795 million in year three, and over £1 billion by 2019/20. By that point the annual funding gap will represent 60 per cent of local government's total housing maintenance budget. Over the four years the total £2.6 billion will be equivalent to the cost of building almost 19,000 new homes.⁴⁷

The Housing White Paper (February 2017) contained a commitment to set out a long-term rent policy for social landlords.⁴⁸

The Government confirmed a five-year rent settlement for social landlords from 2020 on 4 October 2017:

Under the proposal set out today, increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020. This will give social tenants, councils and housing associations the security and certainty they need.⁴⁹

2.4 Spending outside Housing Revenue Accounts

The UK Housing Review 2016 noted that local authorities were beginning to invest significant sums on affordable and market housing outside of their Housing Revenue Accounts (HRAs) by using stand-alone companies. Research by *Inside Housing* towards the end of 2016 found that 98 of 252 local authorities had set up a housing company to increase supply.⁵⁰ There is no standard model – a number of the companies are seeking to develop housing to rent at market levels, while others are planning to develop affordable housing. The Local Government Association (LGA) prepared a case study guide on local authorities using different vehicles to deliver housing: [Supporting Housing Investment](#) (2014).

The Housing White Paper, [Fixing our broken housing market](#), (February 2017) expressed support for authorities' "innovative new models":

Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations, local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that

⁴⁶ [Summer Budget 2015 Briefing](#), National Housing Federation (NHF), 10 July 2015

⁴⁷ [LGA Press Release](#), 21 July 2015

⁴⁸ [Cm 9352](#), [Fixing our broken housing market](#), February 2017, para 3.26

⁴⁹ [DCLG Press Release](#), 4 October 2017

⁵⁰ *Inside Housing*, "Stepping up to the plate," 16 December 2016

end we will seek to address the issues that hold them back. However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home.⁵¹

The reference to an extended Right to Buy could act as a deterrent to the provision of sub-market rental homes. The LGA said:

Councils must have flexibility to meet local need for affordable rented homes through delivery vehicles and other ventures. We are concerned by the suggestion that the Government wants to see an offer similar to Right to Buy in housing delivered through such ventures. Councils have often sought to build in ownership options into rented property and it is vital that they maintain this flexibility so that the delivery of additional homes remains viable.⁵²

2.5 Bespoke housing deals

The Housing White Paper, [Fixing our broken housing market](#), (February 2017) said that the Government will “look seriously” at requests from local authorities to support local delivery:

Housing markets are different right across the country, and we are interested in the scope for bespoke housing deals with authorities in high demand areas, which have a genuine ambition to build. We will look seriously at any request from local authorities for Government powers to be used to support delivery in their local area, and will be prepared to consider all the levers at our disposal to do so, so long as this results in genuinely additional housing being delivered. Through these deals we will also look to promote the alignment of decisions on infrastructure and housing at higher spatial levels, including through joint local planning and statutory spatial plans. This includes the powers of the Homes and Communities Agency, support from the HCA on the use of Compulsory Purchase Orders, new permission in principle and brownfield registers, the use of the planning freedom powers taken in the Housing and Planning Act, and use of public sector land.⁵³

Following the Autumn Budget 2017, there has been some suggestion in the housing press that additional borrowing capacity for bespoke deals will not be forthcoming until 2019.⁵⁴

2.6 Housing association stock valuation

The [2014 Autumn Statement](#) contained a commitment to “consult on ways to increase the borrowing capacity of housing associations in relation to the valuation of properties transferred from local authorities.”⁵⁵ The NHF has argued that restrictions placed on how large scale voluntary transfer (LSVT) organisations⁵⁶ are able to dispose of their stock unnecessarily limits their ability to maximise capacity in their

⁵¹ [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.28

⁵² [LGA Briefing on the Housing White Paper](#), February 2017

⁵³ [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.33

⁵⁴ *Inside Housing*, “No borrowing cap flexibility before 2019 for councils discussing bespoke deals”, 30 November 2017

⁵⁵ [Cm 8961](#), December 2014, para 2.

⁵⁶ LSVT is the term used where a local authority transfers the whole of its stock to a housing association.

business.⁵⁷ The NHF said it would “continue to work with Government to influence the shape and nature of any consultation on releasing the borrowing capacity of housing associations.”⁵⁸

DCLG published a consultation paper, [Increasing the borrowing capacity of stock transfer housing associations](#), in March 2015. The website notes that the consultation took place under the 2010-2015 Coalition Government and that “feedback is currently being analysed.”⁵⁹

2.7 Planning gain

Local authorities have been able to secure additional affordable housing development through the use of planning gain (also referred to as section 106 planning agreements).⁶⁰ In 2015-16 housing supply figures showed that 12,560 homes were delivered through planning gain, representing 39% of the total. 3,050 of these units were built for social rent.⁶¹ The Housing White Paper indicates future reform to section 106 agreements:

In addition to considering longer-term reform, the Government believes there is scope to make changes to s106 agreements in the short term to address practical issues in the operation of agreements raised by local planning authorities and developers. This will include consulting on standardised open book Section 106 agreements, to reduce disputes and delays, and on how data on planning obligations could be monitored and reported on to increase transparency. The Housing and Planning Act 2016 includes provision for a Section 106 dispute resolution process. The Government will consider dispute resolution further, in the context of longer term reform.⁶²

2.8 Estate regeneration

[Budget 2014](#) saw the Government announce the creation of a new fund:

The government will establish a £150 million fund to kick start the regeneration of large housing estates through repayable loans, helping to boost housing supply. Bids will shortly be invited from private sector developers, working with local authorities on estates that might be able to benefit. Following the Autumn Statement, expressions of interest have already been made through the Greater London Authority relating to the Aylesbury Estate, Blackwall Reach and Grahame Park regeneration projects in London.

A prospectus and additional information on the programme were published in June 2014.⁶³ The [2014 Autumn Statement](#) confirmed that £150 million had been allocated to projects under this fund including

⁵⁷ See: [NHF response to the 2014 Autumn Statement](#), December 2014 [accessed on 8 December 2014]

⁵⁸ Ibid.

⁵⁹ [DCLG, Increasing the borrowing capacity of stock transfer housing associations, 2015](#)

⁶⁰ For more information see Library briefing paper: [Planning Obligations \(Section 106 Agreements\)](#) (7200)

⁶¹ [UK Housing Review 2017](#), p86

⁶² DCLG, [Fixing our broken housing market](#), February 2017, p40

⁶³ DCLG [Estate Regeneration Programme](#), (accessed on 8 July 2014)

Grahame Park, Blackwall Reach, Aylesbury Estate and New Union Wharf.⁶⁴

In a speech on 11 January 2016, the then Prime Minister outlined a [new approach to estate regeneration](#) under which the “country’s worst housing estates would be removed and replaced with safe and attractive homes for residents” utilising £140 million in loan funding to jump-start the projects.⁶⁵ This announcement followed publication of Government commissioned research by Savills, [Completing London’s Streets](#), which found that up to 360,000 extra homes could be created in London by redeveloping council estates to a higher density along street patterns.⁶⁶

An Estates Regeneration Advisory Panel was established in February 2016 and tasked with the development of a national estate regeneration strategy. The [Estate Regeneration National Strategy](#) was published in December 2016 along with a further £30 million of enabling grant and £2 million of capacity building funding.⁶⁷

The [UK Housing Review 2017](#) notes that regeneration accounts for a proportion of the 3,000 local authority units demolished each year, “but its contribution to new supply is likely to be a mix of affordable and market housing that is impossible to identify in statistics.” One outcome, the authors suggest, “is likely to be further loss of social rented homes, as replacements tend to be for affordable rent or shared ownership.”⁶⁸

The **Autumn Budget 2017** included £400 million in loan funding for estate regeneration:

Estate regeneration – The Budget provides £400 million of loan funding for estate regeneration to transform run-down neighbourhoods and provide new homes in high-demand areas.⁶⁹

3. Direct Commissioning

Housing organisations welcomed the inclusion of housing development in the Coalition Government’s [National Infrastructure Plan 2014](#) (published on 2 December 2014). This plan set out an intention to trial a new delivery model with the HCA taking the lead role:

...the government will take forward development of Northstowe; the government will trial a new delivery model on the site, with the Homes and Communities Agency taking the lead on delivering the site, including through master-planning and commissioning; this will support the construction of up to 10,000 new homes on the site, up to twice as fast as conventional development routes; the government will report by Budget on the delivery vehicle, governance and investment in the site; the government will undertake an evaluation of the Northstowe development, and of

⁶⁴ [Cm 8961](#), December 2014, para 1.134

⁶⁵ [Prime Minister pledges to transform sink estates](#), 11 January 2016

⁶⁶ Savills, [Completing London’s Streets](#), January 2016

⁶⁷ DCLG, [Estate Regeneration National Strategy](#), 2016

⁶⁸ [UK Housing Review 2017](#), p86

⁶⁹ [Budget 2017](#), November 2017, para 5.24

the feasibility and economic impacts of pursuing this model at a wider scale.⁷⁰

Subsequently, on 4 January 2016, the then Prime Minister announced an extension of direct commissioning:

The Prime Minister will today announce that the government is to step in and directly commission thousands of new affordable homes.

In a radical new policy shift, not used on this scale since Thatcher and Heseltine started the Docklands, the government will directly commission the building of homes on publicly owned land. This will lead to quality homes built at a faster rate with smaller building firms – currently unable to take on big projects – able to get building on government sites where planning permission is already in place. The first wave of up to 13,000 will start on 4 sites outside of London in 2016 – up to 40% of which will be affordable ‘starter’ homes. This approach will also be used in at the Old Oak Common site in north west London.

[...]

Communities Secretary Greg Clark said:

“We’re pulling out all the stops to keep the country building with a clear ambition to deliver a million homes by 2020 and support hard-working people into home ownership.

Today’s radical new approach will mean the government will directly commission small and up-and-coming companies to build thousands of new homes on sites right across the country.

This, and the £1.2billion new starter homes fund, will help thousands of people to realise their dream of owning their own home.”

Currently the top 8 house builders provide 50% of new homes. The direct commissioning approach will support smaller builders and new entrants who are ready to build but lack the resources and access to land.

The pilot for direct commissioning on publicly owned land will start in 5 sites:

Connaught Barracks in Dover

Northstowe in Cambridgeshire

Lower Graylingwell in Chichester

Daedalus on Waterfront in Gosport

Old Oak Common in north west London⁷¹

An *Inside Housing* report of 8 January 2016 suggested that progress on the schemes could be limited due to the need for complex infrastructure requirements.⁷²

⁷⁰ HM Treasury, [National Infrastructure Plan 2014](#), December 2014, para 2.16

⁷¹ [PM: The Government will directly build affordable homes](#), 4 January 2016

⁷² *Inside Housing*, “Direct commissioning work could be years away”, 8 January 2016

In November 2016 the Royal Institute of Chartered Surveyors called on the Government to extend direct commissioning and positive intervention to increase housing supply on brownfield sites.⁷³

The Communities and Local Government Select Committee questioned the Chairman of the HCA, Sir Edward Lister, about progress with the pilots during its inquiry into capacity in the homebuilding industry over 2016-17, Sir Edward said:

We have gone a little slower than we would have liked. One of the challenges to us is we have to speed up. On the first one, we have been through the whole tendering process. We learnt a lot from that tendering process and have now completed that, and the order, if it is not already placed, will be placed within the next few days with the successful company. We have a second one that is well on the way to completion and the others are all further behind that. We need to go well north of the five sites to achieve our numbers.⁷⁴

Direct commissioning appears to have been overtaken by the accelerated construction programme (see section 8 of this paper).

4. New Homes Bonus

The New Homes Bonus is a Government scheme which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. The Government initially matched the Council Tax raised on each newly built home for six years:

Starting in 2011-12 the scheme will match fund the additional council tax for each new home and property brought back into use, for each of the six years after that home is built. Central government will help establish the scheme with support of £196 million in the first year and £250 million for each of the following three years. The New Homes Bonus will be a simple, powerful, transparent and permanent feature of the local government finance system. A consultation will shortly be published setting out the government's proposed model for implementation.⁷⁵

For more information see [Library Briefing Paper 05724](#). A National Audit Office report, [New Homes Bonus](#), (March 2013) concluded that there "is little evidence that the Bonus had yet made significant changes to local authorities' behaviour towards increasing housing supply." The Public Accounts Committee called on the Government to evaluate its impact in its Twenty-ninth report of 2013-14, [The New Homes Bonus](#).⁷⁶

The DCLG's evaluation of the scheme over the first four years of operation was published in December 2014: [Evaluation of the New Homes Bonus](#).

As part of Spending Round 2013, it was announced that £400 million from the New Homes Bonus would be pooled within Local Enterprise

⁷³ *Inside Housing*, "RICS: Government should expand direct commissioning", 18 November 2016

⁷⁴ [HC 46, Tenth Report of 2016-17, 29 April 2017](#), para 46

⁷⁵ Cm 7961, October 2010

⁷⁶ HC 114, Twenty-ninth report of 2013-14, [The New Homes Bonus](#), October 2013

Partnership areas to support strategic housing and economic development priorities.⁷⁷ However, the [2013 Autumn Statement](#) advised that pooling would not be taken forward, aside from in London:

The government will formally respond to the technical consultation on the New Homes Bonus and the Local Growth Fund in due course. The government will not include the New Homes Bonus in the Local Growth Fund, except for £70 million for the London Local Enterprise Partnership, which is chaired by the Mayor of London.⁷⁸

London Councils described the decision to pool £70 million of New Homes Bonus in London from 2015 as “outrageous.”⁷⁹

Following the General Election, the [2015 Autumn Statement](#) included an announcement that:

...the government will also consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.⁸⁰

The consultation proposals were published by DCLG in December 2015, [New Homes Bonus: Sharpening the Incentive](#). The consultation was framed in the context of the 2015 Spending Review:

This confirmed the intention to move to full retention of business rates by 2020 and a preferred option for savings of at least £800 million, which can be used for social care. Savings in the overall cost of the Bonus will be redistributed with the local government settlement, in particular to support authorities with specific pressures, such as in adult social care budget.⁸¹

No changes were proposed for the 2016-17 allocations or payments due to be made in 2016-17 relating to previous years.

As part of the [provisional Local Government Finance Settlement 2016](#), Sajid Javid, Secretary of State for Communities and Local Government, said that “for all its successes, the system can be improved.” He confirmed that from 2017 a national baseline for housing growth would be introduced of 0.4%. He also confirmed that in 2017-18, NHB payments would be made for five, rather than six years, and that the payment period would be further reduced to four years from 2018-19.

5. Infrastructure for housing

The measures taken by the Coalition Government to overcome barriers to housing development related to infrastructure are summarised below:

⁷⁷ HM Treasury, [Investing in Britain's Future](#), Cm 8669, p43

⁷⁸ [2013 Autumn Statement](#), para 1.230

⁷⁹ London Councils, “[Outrageous £70m cut must be reversed](#),” 9 December 2013

⁸⁰ [Spending Review and Autumn Statement 2015, p.59](#)

⁸¹ [New Homes Bonus: Sharpening the Incentive](#), December 2015

The government's focus is on supporting local ambition for new long term communities and finding innovative ways to help communities overcome the barriers to delivering the homes they need.

In November 2012, we [announced government support](#) to help progress development on large-scale sites by:

- supporting local capacity
- working across government to resolve barriers to delivery
- providing access to capital funding where appropriate

At the Autumn Statement 2012 we [announced that we would invest £474 million in local infrastructure](#) to support both housing and commercial development.

At Autumn Statement 2013 we committed a further £1 billion of funding to unlock locally-led housing schemes, extending the programme through to the years 2019 to 2020.

A prospectus for the [large sites infrastructure programme](#) was published in April 2014 inviting interested parties to bid for funding.

Following this we published the [Local Growth Fund \(Housing Infrastructure\) prospectus](#), a separate prospectus for £50 million of funding for bids supported by the local enterprise partnerships.

As announced at Budget 2014 we also published the [locally-led garden cities prospectus](#) in April 2014 setting out how interested local authorities could develop their own, locally-led proposals for bringing forward new garden cities.

Bidding for £1 billion of loan funding under the large sites infrastructure programme was reopened in October 2015.⁸² The intention is to run Continuous Market Engagement to the end of March 2020.

The 2015 Government included measures in the *Housing and Planning Act 2016* to allow for major infrastructure projects with an element of housing to apply for development consent through the *Planning Act 2008* regime, rather than having to seek separate planning permission.

The Queen's Speech 2016 included a commitment to introduce a *Neighbourhood Planning and Infrastructure Bill* to:

- Support the Government's ambition to deliver one million new homes, whilst protecting those areas that we value most including the Green Belt.
- Deliver the homes and infrastructure that this country needs.
- Transform the way we plan for major infrastructure projects in this country.⁸³

The benefits of the Bill are described as to:

- Further empower local communities to plan the homes and infrastructure that they need.

⁸² DCLG, [Large sites infrastructure programme: prospectus](#), October 2015

⁸³ [Queen's Speech 2016 Background Briefing Notes](#), May 2016

- Drive more effective and efficient delivery of housing and infrastructure that local communities need, and make the process clearer, faster and fairer.
- Support long term economic growth through an overarching and independent assessment of the long-term infrastructure needs of the nation.
- This will help deliver the manifesto pledge to invest over £100 billion in our infrastructure over this Parliament.⁸⁴

The *Neighbourhood Planning Act 2017* gained Royal Assent on 27 April 2017. For more information see: [Commons Library analysis of the Neighbourhood Planning Bill](#) (7641) and [Neighbourhood Planning Bill: Report on Committee Stage](#) (7760).

There are separate Library briefing papers on [Local Growth Deals](#) (07120); [Local Enterprise Partnerships](#) (05651); and [Garden Cities](#) (06867).

As part of the **Autumn Statement 2016** the 2015 Government announced £2.3 billion for a new Housing Infrastructure Fund:

The fund will be used for projects such as roads and water connections that will support the construction of up to 100,000 new homes in the areas where they are needed most.⁸⁵

The **Autumn Budget 2017** increased the funding available by £2.7 billion:

Increasing the Housing Infrastructure Fund – The government will invest further in infrastructure through the NPIF to support new housing in high-demand areas. The Budget commits a further £2.7 billion to the competitively allocated Housing Infrastructure Fund (HIF) in England. This takes the total investment in the HIF to £5 billion.⁸⁶

A further £630 million in infrastructure funding was announced to help accelerate building on small sites:

Small sites: infrastructure and remediation – The government will provide a further £630 million through the NPIF to accelerate the building of homes on small, stalled sites, by funding on-site infrastructure and land remediation.⁸⁷

6. Home Building Fund

In October 2016 the 2015 Government announced the creation of a £3 billion [Home Building Fund](#) to provide:

- development finance - loan funding to meet the development costs of building homes for sale or rent

⁸⁴ Ibid.

⁸⁵ [DCLG, Autumn Statement 2016](#), November 2016

⁸⁶ [Budget 2017](#), November 2017, para 5.18

⁸⁷ Ibid., para 5.20

- infrastructure finance - loan funding for site preparation and the infrastructure needed to enable housing to progress and to prepare land for development⁸⁸

The Fund is administered by the HCA. Initially, £1 billion was made available for small and custom builders while £2 billion was available as long-term funding for infrastructure.

Several existing funding streams were rolled together to create the £3 billion fund, including: the Builders Finance Fund (£525 million)⁸⁹; the Large Sites Infrastructure Programme (£1 billion)⁹⁰; and the Build to Rent Fund (£1 billion)⁹¹. In addition, the 2015 Government made available

£1.15 billion in new funding for loans.

The **Autumn Budget 2017** announced an increase in funding:

Home Building Fund: SMEs – The Budget announces a further £1.5 billion for the Home Building Fund, providing loans specifically targeted at supporting SMEs who cannot access the finance they need to build.⁹²

7. Housing guarantees

The **Autumn Budget 2017** included a commitment to “explore options with industry to create £8 billion worth of new guarantees to support housebuilding, including SMEs and purpose built rented housing.”⁹³

8. Accelerated Construction

The 2015 Government was keen to seek increased diversification in the house building industry – one of the ways in which this was to be achieved was through the Accelerated Construction Programme - £2 billion in funding was made available. The Housing White Paper explained:

The Government is taking direct action through the Accelerated Construction programme. We will help diversify the house-building sector and see homes built quickly by partnering with small and medium-sized builders, contractors and others to build out surplus public sector land.

Accelerated Construction will:

- see up to 15,000 housing starts over the Parliament, through building out public sector sites faster than traditional disposal routes;

⁸⁸ DCLG, [Introduction to the Home Building Fund](#), 4 October 2016

⁸⁹ This fund was established in 2014 to support SME to access finance via loans to unlock stalled developments of between 15 and 250 units.

⁹⁰ A prospectus for the [large sites infrastructure programme](#) was published in April 2014 inviting interested parties to bid for funding.

⁹¹ The Build to Rent Fund was launched in 2012 and was aimed at stimulating the development of new private rented housing and to provide opportunities for new institutional investment in the sector. The funding was fully recoverable.

⁹² [Budget 2017](#), November 2017, para 5.21

⁹³ [Budget 2017](#), November 2017, para 5.22

- catalyse changes in the wider housing market, through supporting offsite manufacturing techniques and increasing the number of participants in house-building; and
- generate higher receipts for the taxpayer through sharing risk and reward in the development of our land.

Through this programme, the Government will work harder to make public land available and ready to build on. Alongside land from central government, we will work with local authorities to help them bring forward their own sites. The Government will partner directly with innovative private sector partners. Through sharing risk and reward, we will lower developer risk and help overcome issues with access to finance and build out sites up to twice the rate a large developer might. We will also support the development of modern methods of construction, generating the confidence for the private sector to invest in new capacity. In doing so, we will aim to bring forward as many genuinely additional homes as possible.

For all sites, we will consider the most appropriate development route based on the appetite of those we partner with, the characteristics of the site (including its size and viability), and requirement basic infrastructure provision. Sites will be tendered individually, or as part of a portfolio of sites to spread risk, providing the confidence to invest, and obtain best value for the taxpayer. Where appropriate, we will obtain or provide ourselves with outline permission and undertake the costs of some remediation work to reduce development risks.⁹⁴

DCLG issued [Accelerated Construction: local authorities' expressions of interest](#) in January 2017.

The Communities and Local Government Select Committee considered Accelerated Construction during its inquiry into capacity in the homebuilding industry over 2016-17. The Committee was keen to understand how Accelerated Construction differed from direct commissioning (see section 3 of this paper). Isobel Stephen, Director of Housing Supply at DCLG gave evidence to the Committee:

Direct commissioning was the predecessor to Accelerated Construction. Accelerated Construction builds on the ideas we had in direct commissioning and takes them a bit further. When asked what had been learnt from direct commissioning and what lessons could be applied to Accelerated Construction, Ms Stephen said "I do not think we got far enough with any of the pilots to be able to work that evidence in but we are definitely looking to learn from the programme as we go forward". Mr Barwell explained that "We could have sat and waited for a year and a half or two years, but we felt there was enough merit in this idea that we wanted to get on with it".⁹⁵

The Committee recommended:

It is essential that Accelerated Construction does not become another stalled initiative like the direct commissioning pilots which have little to show a year on from the substantial initial financial commitment. The Accelerated Construction programme should be closely monitored by our successors, so as to make it possible to assess its effectiveness at bringing forward more surplus public

⁹⁴ [Cm 9352](#), Fixing our broken housing market, February 2017, paras 3.11-13

⁹⁵ [HC 46, Tenth Report of 2016-17, 29 April 2017](#), para 47

land for development, diversifying the market through partnership arrangements with small and medium sized builders and supporting offsite manufacturing. Accelerated Construction provides a welcome opportunity for public funds to be used to reduce the risk of development through a more proactive role for the HCA. *The HCA should provide regular written updates to the Committee with progress reports against key milestones.*⁹⁶

In March 2017, DCLG announced the appointment of Stephen Kinsella as its new Director of Accelerated Construction.⁹⁷

The Office of Budget Responsibility (OBR) confirmed a reduction in funding for this program in its November 2017 report.⁹⁸

9. Disposal of public sector land

Access to land is a key factor in the development of new housing supply. The 2015 Government said it was committed to speeding up the release of public sector land.

9.1 The Coalition Government's programme

The Coalition Government was active in [Accelerating the release of public sector land](#). In the 2011 Budget the Government announced an intention to test 'build now, pay later' techniques to speed up delivery.

Under [build now, pay later](#) house-builders paid for the land after they had started work on the new homes. The scheme was administered by the HCA.

The DCLG's written evidence to the Public Accounts Committee (September 2015) provided information on sites released under build now, pay later:

As part of the programme the HCA released 31 sites to the market with capacity for 6,026 homes; 2,547 of these homes have been started of which 658 have been completed. The current value of expected receipts from these sales is £130,975,069.⁹⁹

A summary of action taken by the Coalition Government to release public sector land is provided below:

Current public sector land programme

The current public sector land programme's aim was to release surplus public sector land with capacity to provide up to 100,000 homes by March 2015.

By working closely with the [Homes and Communities Agency \(HCA\)](#) and other major land holding departments on 4 March 2015 it was [announced](#) that the Prime Minister's original commitment had been exceeded.

⁹⁶ Ibid., para 48

⁹⁷ [DCLG Press Release](#), 29 March 2017

⁹⁸ [OBR, Economic and Fiscal Outlook](#), November 2017, para 4.111

⁹⁹ [DCLG Written Evidence to the Public Accounts Committee](#), September 2015

Future public sector land programme

The government will set ambitious targets for the release of public sector land between 2015 and 2020 and is committed to releasing land with capacity for up to 150,000 homes.

From April 2015 the HCA will be acting as the government's land disposal agency. It will be concentrating on the sale of land which is surplus and developable for housing or economic growth.

The HCA will improve how the government sells its land by ensuring greater co-ordination between site disposals to maximise value for money. It will also simplify the points of contact for developers and others who are interested in acquiring land for housing and growth.

In addition the HCA provides a strong commercial understanding of the market, combined with local knowledge and has good connections with local planning authorities.¹⁰⁰

The Public Accounts Committee conducted an inquiry into the Disposal of Public Land for New Homes over 2015-16. The resulting report was critical of Government monitoring processes:

The Department for Communities and Local Government cannot demonstrate the success of the land disposal programme in addressing the housing shortage or achieving value for money because it does not collect information on the actual number of houses built or under construction, the proceeds from land sold, or whether the parcels of land were sold at market value. Instead, it chose to focus only on a notional number for 'potential' capacity for building houses on the land sold by individual departments in order to determine 'success'. The Department also counted towards the programme's target the capacity of land sold before the programme had even started. It did not collect basic information necessary to oversee the programme effectively and, where it did collect programme-level data, there were omissions and inconsistencies. With much greater ambitions for land disposals in the new Parliament, the Department must address the weaknesses in the current programme, and the Department has accepted that it needs to improve its general monitoring. If it is to oversee the new programme effectively then this must specifically include tracking sale proceeds and progress with the actual construction of new homes, and overseeing the programme in a way that gives Parliament and the taxpayer much greater assurance over the value for money achieved from all disposals.¹⁰¹

The Spending Review and Autumn Statement 2015 announced an intention to "sell £4.5 billion worth of government land and property, creating space for more than 160,000 new homes, and implement a new commercial approach to land and property management."¹⁰²

The Government's [response](#) to the PAC's report and recommendations was published in December 2015.¹⁰³ A number of recommendations were rejected. The Government said:

The key policy objective of the Public Sector Land for Housing Programme is to dispose of surplus land with capacity for 160,000 homes by 2020. The Department will set out further details of the

¹⁰⁰ [DCLG Single Departmental Plan 2010-2015](#)

¹⁰¹ [HC 289](#), Second Report of 2015-16, September 2015

¹⁰² [Cm 9162](#), November 2015, p5

¹⁰³ [Cm 9170](#), December 2015

programme in Spring 2016, including details of how progress will be monitored.¹⁰⁴

9.2 The 2015 Government's programme

Then Housing Minister, Gavin Barwell, told the House of Lords Economic Affairs Committee that the Government was aiming for 320,000 homes on public land up to 2020.¹⁰⁵ Progress in delivering the 2015-2020 disposals programme had improved, according to the PAC:

The Department has put in place guidance and monitoring arrangements for the 2015–2020 programme, although it has yet to publish these. It has also made clearer other departments' roles and responsibilities. We are also pleased that the Department has now agreed to monitor the number of homes actually built; the programme is an important part of addressing the current housing shortage and the taxpayer has a right to know how many homes are built as a result of it.¹⁰⁶

The Housing White Paper (February 2017) announced the following initiatives on public sector land release:

We have a particular responsibility to make the most of surplus land which is already in public ownership. The Government has an ambition to release surplus public land with capacity for 160,000 homes during this Parliament. We are operating our Accelerated Construction programme on some of this land. Local authorities are working on parallel proposals to use surplus public land for a further 160,000 homes over the Parliament. **We are providing further support for local authorities by launching a new £45m Land Release Fund and have already had a large number of expressions of interest for participation in the Accelerated Construction programme** outlined in Chapter 3.

In addition, we propose to ensure all authorities can dispose of land with the benefit of planning permission which they have granted to themselves. We will also consult on extending **their flexibility to dispose of land at less than best consideration** and welcome views on **what additional powers or capacity they need to play a more active role in assembling land for development** (including whether additional powers are needed to prevent 'ransom strips' delaying or preventing development, especially in brownfield regeneration). For example, in many countries local authorities regularly work with local landowners to assemble land for housing.¹⁰⁷

An update on Government action to release public sector land for housing was provided in response to a PQ on 23 November 2017:

The Government Property Unit in Cabinet Office is responsible for overseeing implementation of the Government Estate Strategy. This means working with Government Departments to ensure the estate is efficient and fit-for-purpose to support operations now and in the future.

¹⁰⁴ Ibid.

¹⁰⁵ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 162

¹⁰⁶ [HC 634](#), Twenty-second report of 2016-17, 2 November 2016, p3

¹⁰⁷ [Cm 9352](#), Fixing our broken housing market, February 2017, paras 1.26-27

The GPU commissions Departments to produce annual Strategic Asset Management Plans, setting out how they plan to implement the Government Estate Strategy within their property portfolio.

Government is working towards our commitment to raise £5 billion from releasing surplus land in 2015 - 2020. In doing so, our ambition is to also unlock land with capacity for 160,000 new homes.

We are also supporting collaboration across the public sector to make better use of our collective estate. Our successful partnership with the Local Government Association to deliver the One Public Estate programme aims to support 95% of councils in England by 2018. Through joint working across central and local Government and the wider public sector we are delivering more integrated public services, local growth (homes and jobs) and efficiencies. We are currently in the process of further expanding the One Public Estate programme. In addition to new and existing partnerships applying for funding and support to deliver collaborative schemes, we have partnered with the Department for Communities and Local Government to include a £45 million capital Local Authority Land Release Fund. This combination of One Public Estate and DCLG funding and support will be a significant boost to unlocking public land for new homes. The current partnerships are expected to release land to deliver 25,000 housing units by 2020.¹⁰⁸

A Land Assembly Fund

The Autumn Budget 2017 announced the establishment of this new fund:

Land Assembly Fund – The government will provide £1.1 billion for a new Land Assembly Fund, funded from the NPIF. The new fund will enable Homes England to work alongside private developers to develop strategic sites, including new settlements and urban regeneration schemes.¹⁰⁹

The Budget also contains a number of planning side initiatives to improve the availability of land, see [paragraphs 5.16 to 5.14](#).

10. Home ownership initiatives

The Coalition Government emphasised the need to stabilise the financial markets in order to assist people to access mortgage finance:

Grant Shapps: The Government are committed to helping those who aspire to own their own home, through ensuring a return to economic and financial stability. The Government are seeking to achieve this through a programme of debt reduction and a commitment to abolish the structural deficit in the life of this Parliament. This will help to keep mortgage interest rates low and improve credit availability.¹¹⁰

[DCLG's Single Departmental Plan 2015-2020](#) aims to increase housing supply and "make it easier for the 86% of people who say they want to own their own home, to achieve that aspiration."¹¹¹

¹⁰⁸ [Public sector land – Written Question – 111227](#), 23 November 2017

¹⁰⁹ [Budget 2017](#), November 2017, para 5.16

¹¹⁰ HC Deb 1 December 2010 c 848W

¹¹¹ [DCLG Single Departmental Plan 2015-2020](#) [accessed on 18 April 2017]

10.1 Help to Buy: equity loan

In Budget 2013 the Chancellor announced the replacement of the FirstBuy scheme:

From 1 April 2013, building on the success of First Buy, Help to Buy: equity loan will be opened up to all those who aspire to own a new build home.

The Government will:

- provide an equity loan worth up to 20 per cent of the value of a new build home, repayable once the home is sold;
- significantly widen the eligibility criteria to ensure as many people as possible are able to benefit. The maximum home value will be £600,000 and there will be no income cap constraint; and
- ensure that the scheme is open not only to first-time buyers but also to all those looking to move up the housing ladder.

Help to Buy: equity loan will be open for the next three years, providing £3.5 billion of investment in England, supporting up to 74,000 more home buyers as well as providing a boost to the construction sector.¹¹²

The Help to Buy Equity Loan scheme was funded to a value of £9.7 billion until 2020 and was expected to cover up to 194,000 new home buyers, but during the Autumn Statement 2015 the Chancellor said the scheme would be extended to 2021. The 2015 Government also launched a Help to Buy London scheme in February 2016 in recognition of higher housing costs in the capital:

The Help to Buy scheme is an equity loan provided by the Government. They lend you up to 40% of the cost of your new build home, so you will need a minimum 5% deposit and a 55% mortgage to make up the rest.

For this scheme you must have a mortgage, which will be a first charge, as the equity loan can only be a second charge. The equity loan is for a maximum of 25 years or before if the property is sold or the mortgage is redeemed, whichever term is the shorter of the two.

You will not be charged any interest on the 40% loan for the first five years of owning your home. However a management fee of £1 a month will be applicable from the date of purchase. From year six, a fee of 1.75% is payable on the equity loan, which rises annually by RPI (Retail Price Index) inflation plus 1%.¹¹³

The Housing White Paper (February 2017) said that the Government would “work with the sector to consider the future of the scheme” beyond 2021.¹¹⁴

In October 2017, the Government confirmed that this scheme would continue up to March 2021 and the **Autumn Budget 2017** confirmed an additional £10 billion in funding:

¹¹² [HC 1033](#), March 2013

¹¹³ [Help to Buy London website](#) [accessed on 9 March 2016]

¹¹⁴ [Cm 9352](#), Fixing our broken housing market, February 2017, para 4.12

Help to Buy Equity Loan – The Help to Buy Equity Loan scheme helps people to buy a home with a 5% deposit and has supported 135,000 people so far. The Budget confirms the announcement in October of a further £10 billion for the scheme, supporting another 135,000 people to buy a new home.¹¹⁵

10.2 Help to Buy: mortgage guarantee scheme (closed)

The other strand of the Help to Buy scheme announced by the Chancellor as part of the 2013 Budget was the development of a new mortgage guarantee scheme:

The Government will create a major new Help to Buy: mortgage guarantee to increase the availability of mortgages on new or existing properties for those with small deposits.

The Help to Buy: mortgage guarantee, a temporary scheme that will run for three years from January 2014¹¹⁶, will:

- increase the supply of high loan-to-value mortgages by offering a government guarantee to lenders who offer mortgages to people with a deposit of between 5 per cent and 20 per cent;
- be open not only to first-time buyers but also to existing homeowners;
- have no income cap constraint; and
- be available on homes with a value of up to £600,000.

Help to Buy: mortgage guarantee will, subject to the final design, make available up to £12 billion of government guarantees, sufficient to support £130 billion of high loan-to-value mortgages.¹¹⁷

The Help to Buy mortgage guarantee scheme closed to new applicants at the end of December 2016.

10.3 Help to Buy: ISA

In the March 2015 Budget Statement the Chancellor announced an expansion of the Help to Buy scheme by introducing a Help to Buy ISA.

First time buyers saving through a Help to Buy: ISA receive a Government bonus of 25% of the amount saved. The Government contributes a maximum of £3,000 for £12,000 of savings. The bonus is calculated and paid when an individual buys their first home; the discount is calculated per person, rather than per household, which means that people buying together can both receive a bonus.

The bonus is available for people buying their first home up to a value of £250,000 outside London and £450,000 in London.¹¹⁸

¹¹⁵ [Budget 2017](#), November 2017, para 5.29

¹¹⁶ The scheme was launched early for applications in October 2013 and will end on 31 December 2016.

¹¹⁷ [HC 1033](#), March 2013

¹¹⁸ HM Treasury, [Help to Buy: ISA, scheme outline](#), March 2015

The 2015 Government produced a [Help to Buy ISA factsheet](#). The ISAs were launched in autumn 2015.

10.4 The lifetime ISA

Budget 2016 announced the introduction of a new savings product (from April 2017) which can be used by first-time buyers to help them buy a property:

The Lifetime ISA

The government wants to help young people save flexibly for the long term and ensure they do not have to choose between saving for retirement and saving for their first home. The Budget announces that from 6 April 2017 any adult under 40 will be able to open a new Lifetime ISA. They can save up to £4,000 each year and will receive a 25% bonus from the government on every pound they put in.

Contributions can continue to be made with the bonus paid up to the age of 50. Funds can be used to buy a first home with the government bonus at any time from 12 months after opening the account, and can be withdrawn from the Lifetime ISA with the government bonus from age 60 for use in retirement.

The government will set the limit for property purchased using Lifetime ISA funds at £450,000. This limit will apply nationally. People can continue to open a Help to Buy: ISA until November 2019, as planned. They can also choose to open a Lifetime ISA, but will only be able to use the government bonus from one of their accounts to buy their first home. During the 2017-18 tax year, those who already have a Help to Buy: ISA will be able to transfer the savings they have built up into the Lifetime ISA and still save an additional £4,000.

Whilst this is a product aimed at encouraging saving for the long term, the government understands that circumstances change so wants to ensure that people can access their own money if they need it whilst also keeping an incentive to leave funds invested for the long term. The government will consider whether Lifetime ISA funds plus the government bonus can be withdrawn in full for other specific life events in addition to buying a first home.¹¹⁹

10.5 Right to Buy

With effect from April 2012, the Coalition Government reintroduced a national maximum discount set at £75,000 with the aim of revitalising the Right to Buy for existing secure tenants:

Right to Buy sales have been in long term decline and minimal in most recent years. A more generous discount will allow a greater number of social tenants to take up their Right to Buy and meet their home ownership aspirations, support social mobility and will help create and sustain mixed communities. Housing need remains high and building replacement homes for affordable rent will help us to meet this need.¹²⁰

In Budget 2013 the Chancellor announced that the maximum discount in London would be increased to £100,000 – this was brought into

¹¹⁹ Ibid., paras 1.108-11

¹²⁰ CLG, [draft impact assessment](#), page 1

effect on 25 March 2013.¹²¹ Budget 2013 also included an announcement on the Government's intention to

...look at ways to simplify the [Right to Buy] application process to ensure applicants are not hampered by a burdensome administrative process; and reduce the qualifying period before tenants become eligible for Right to Buy from five years to three years.¹²²

Measures to achieve this were included in the *Deregulation Act 2015*.

The [Autumn Statement 2013](#) saw the Chancellor announce an intention to appoint RTB 'Agents' to "help buyers complete their home purchase" and "provide £100 million to establish a fund to increase Right to Buy sales, by improving applicants' access to mortgage finance."¹²³

On 3 January 2014 the Secretary of State, Eric Pickles, announced an intention to increase the maximum discount on a house under the RTB from 60% to 70% of its value, together with an intention to increase the discount caps on an annual basis by the Consumer Price Index.

The [Housing \(Right to Buy\) \(Maximum Percentage Discount\) \(England\) Order 2014](#) increased the maximum discount in respect of a house to 70% on 20 July 2014. [The Housing \(Right to Buy\) \(Limit on Discount\) \(England\) Order 2014](#) (SI 2014/1378) came into force on 21 July 2014. This Order increased the maximum discount for properties in London to £102,700 and for the rest of England to £77,000 between 21 July 2014 and 5 April 2015. Since 6 April 2015 the maximum discount has increased annually by the by the percentage change in the Consumer Prices Index published by the Statistics Board from the September before the previous year to the September of the previous year (rounded down to the nearest £100).

The Coalition Government made a commitment to replace the additional homes sold under the reinvigorated Right to Buy on a one-for-one basis. There is some dispute over whether this is being achieved in practice.¹²⁴

Following a Conservative Manifesto pledge in 2015, work began to develop a scheme to allow assured tenants of housing associations to buy their homes. Agreement was reached with the National Housing Federation to operate the scheme on a voluntary, rather than a statutory, basis. Local authorities would be required to make an annual payment to the Secretary of State which would be used to compensate associations for selling homes at a discount. This sum would be based on an assessment of the sale of each authorities' higher-value stock which is likely to become vacant over the year. Section 74 of the *Housing and Planning Act 2016* provides that an agreement may be entered into between the Secretary of State and an authority outside of London to reduce the amount payable. Where this is done, the agreement must ensure that at least one new affordable home is

¹²¹ [Housing \(Right to Buy\) \(Limit on Discount\) \(England\) Order 2013](#) (S.I. 2013/677)

¹²² [HC 1033](#), March 2013

¹²³ [Cm 8747](#), December 2013, para 1.233

¹²⁴ See National Audit Office, [Extending the Right to Buy](#), March 2016 and Public Accounts Committee, [Extending the Right to Buy](#), March 2016

provided for each sold dwelling. Inside of London, the agreement must ensure the provision of two affordable homes for each sold dwelling.

Housing associations said they would replace the homes sold under the voluntary Right to Buy on at least a one-for-one basis. The replacement homes will not necessarily be in the same location or of the same tenure. No roll-out date for the scheme has been announced at this point.

The Autumn Statement 2016 announced that the Government would fund “a large-scale regional pilot of the Right to Buy for housing association tenants.” After some delay, the [Autumn Budget 2017](#) confirmed that the regional pilot will go ahead in the Midlands:

The Budget confirms that government will proceed with a £200 million large-scale regional pilot of the Right to Buy for housing association tenants in the Midlands.¹²⁵

For more information see Library briefing paper 7224, [Introducing a voluntary Right to Buy for housing association tenants in England](#)

10.6 Shared ownership

In addition to an extension to Stamp Duty Land Tax (SDLT) multiple dwellings relief, which has resulted in its application to “lease and leaseback” arrangements with housing associations on shared ownership properties, the [2014 Autumn Statement](#) included a Government commitment to “consult on the options for streamlining the process for selling on shared ownership properties.” The Coalition Government said it intended to work with associations, lenders and the regulator to “identify and lift barriers to extending shared ownership.”¹²⁶

The National Housing Federation (NHF) welcomed the changes to SDLT and, in its response to the Autumn Statement, suggested some changes to the rules governing the purchase and sale of shared ownership dwellings, such as allowing existing shared owners to buy again through shared ownership.¹²⁷

The Coalition Government conducted a review of some of the resale provisions relating to shared ownership in 2015 and resolved to make some changes in respect of future leases entered into.¹²⁸

The then Housing Minister responded to a PQ on the progress of the shared ownership review in March 2016:

The Government carried out an internal review of Shared Ownership policy last year. Following this, the Autumn Statement confirmed £4.1 billion for 135,000 new Help to Buy: Shared Ownership starts by 2021. It also raised the income cap on Shared Ownership in England from £60,000 to £80,000, removed restrictions on who can buy Shared Ownership homes, enabled

¹²⁵ [Budget 2017](#), November 2017, para 5.32

¹²⁶ [Cm 8961](#), December 2014, para 1.139-1.140

¹²⁷ [NHF response to the 2014 Autumn Statement](#), December 2014 [accessed on 8 December 2014]

¹²⁸ See DCLG, [Proposals to streamline the resale of shared ownership properties](#), March 2015

existing shared owners to climb the Shared Ownership ladder and removed restrictions on how many bedrooms Shared Ownership buyers can purchase.

The prospectus for the Shared Ownership and Affordable Homes Programme 2016 to 2021 was launched on 13 April 2016 and invites applications for up to £4.7 billion of funding to increase the supply of new shared ownership and affordable homes.¹²⁹

10.7 Starter Homes

This was one of the 2015 Government's flagship schemes for increasing housing supply and improving access to home ownership for first-time buyers.

In December 2014 the Prime Minister announced the launch of a new scheme aimed at providing discounted Starter Homes exclusively to under 40s at no cost to the tax payer.¹³⁰ Potential applicants have been able to register interest in the scheme since February 2015.¹³¹

The Housing and Planning Act 2016 and associated regulations provide the statutory framework for the development of Starter Homes.

Starter Homes will be exclusively available to first-time buyers aged between 23 and 40 who will benefit from a 20% reduction on market value. A household income eligibility cap of £80,000 (£90,000 in London) will apply. The properties developed under this scheme are set to cost no more than £250,000 outside of London and £450,000 within London.

Restrictions on the resale and letting of starter homes will apply in order to deter people buying them for rental investment or short-term speculation. First-time buyers will have to have a minimum 25% mortgage. A tapered approach will operate in relation to the repayment of the 20% discount on resale of Starter Homes. Regulations, to be issued in due course, will set out the detail on how the taper will work and the period over which some repayment of discount will be required.

Specific funding was made available via the Starter Homes Land Fund (£1.3 billion) to support the acquisition, remediation and de-risking of suitable land for starter home developments. The development of Starter Homes was also to be facilitated through planning policy. See Library briefing paper [Starter Homes for First-Time Buyers \(England\)](#) (7643).

The Government has been probed on progress in building Starter Homes, for example:

To ask the Secretary of State for Communities and Local Government, how many starter homes have been built in each of the last five years.

Our Housing White Paper: Fixing Our Broken Housing Market set out plans for starter homes to help young people into home ownership. We have made clear starter homes should be targeted

¹²⁹ [Commons Written Question: 32617: 15 April 2016](#)

¹³⁰ *Inside Housing*, "[Government launches £26m Starter Homesfund](#)," 10 August 2015

¹³¹ DCLG, [Young first-time buyers can register online for 100,000 cut-price homes](#), 28 February 2015

at first-time buyers who would otherwise be priced out of the market; have consulted on a minimum 10 per cent affordable home ownership national planning policy expectation for major sites; and have made good progress securing suitable sites for starter homes through the starter homes land fund.¹³²

The Office of Budget Responsibility (OBR) confirmed a reduction in funding for this program in its November 2017 report.¹³³

10.8 Affordable Rent to Buy

[Spending Round 2013](#) included the announcement of a new Affordable Rent to Buy scheme with £250 million in funding for 2015-16 and £150 million in 2016-17. The aim of the scheme, the detail of which was to be worked up with the housing industry, is to provide homes for rent that will be sold on in the medium term (the Minister referred sell-on at the 10-year point) with sitting tenants getting first refusal. The HCA's website contained the following information:

What is the new Affordable Rent to Buy, announced in the Spending Round?

This is a new programme to help people who need a limited period of support through a sub-market rent, so they can save for a deposit and achieve their aspiration of home ownership. The £400m funding announced will help fund new build homes that will be let at Affordable Rent for a limited time before being sold, with the tenant getting the first chance to buy.

The HCA, as likely administrator of the scheme, will provide investment which is repayable when the period of sub-market rental ends. We will work with the sector to design the scheme and start delivering the new homes in 2015/16 and 2016/17.¹³⁴

DCLG published an [Affordable Rent to Buy: working paper](#) on 27 May 2014 and the [Rent to Buy 2015 to 2017 Bidding Prospectus](#) was published in September 2014.

The scheme was formally launched by Communities Secretary, Eric Pickles, on 26 September 2014:

Under the scheme, housing associations and other providers can bid for a share of £400 million in low-cost loans to build up to 10,000 new homes across the country to be built from 2015 to 2018 - they will mainly consist of 1 and 2 bedroom apartments.

Landlords must then make the homes available for rent at below-market rates for a minimum of 7 years. This fixed period will give tenants the opportunity to save up for a deposit and get ready to buy their own home.

At the end of the period, the tenant will have first refusal to buy the property – alternatively they may choose to move out and buy a different property, or rent another property either privately or with the housing association.

If the home is sold, the housing association will then have the option to use any returns on their investment to build even more affordable homes in the area. Alternatively, they will still have a

¹³² [Written Question – 9807](#), 5 October 2017

¹³³ [OBR, Economic and Fiscal Outlook](#), November 2017, para 4.111

¹³⁴ [HCA reflects on Spending Round](#), 1 July 2013 [accessed on 1 June 2016]

home, which they can look to rent at an affordable rate to another tenant who needs help to buy.¹³⁵

The Housing White Paper (February 2017) emphasised that funding under the Affordable Homes Programme up to 2021 could be used for Rent to Buy schemes:

At Autumn Statement we announced an extra £1.4bn for our Affordable Homes Programme, taking total investment in this programme to over £7bn to build around 225,000 affordable homes in this Parliament.

This investment will help families to find a decent home that is right for them. The 2016-21 Affordable Homes Programme was originally designed to focus on delivering shared ownership. **Now we have opened up the programme, relaxing restrictions on funding so providers can build a range of homes including for affordable rent.**

This includes Rent to Buy homes alongside shared ownership, which will enable thousands of households to access home ownership through a product that fits their circumstances. Rent to Buy will help hard-working households to benefit from a discounted rent set flexibly at levels to make it locally affordable so they can save for a deposit to purchase their home.¹³⁶

¹³⁵ [DCLG Press Release](#), 26 September 2014

¹³⁶ [Cm 9352](#), Fixing our broken housing market, February 2017, paras 4.26-28

11. Private rented housing

The Treasury (under the last Labour Government) launched a [consultation exercise](#) in February 2010 to consider the contribution the Private Rented Sector (PRS) could make to addressing housing demand and increasing supply, and to identify if there were any substantive barriers to investment in the sector. The Coalition Government published its [response](#) in September 2010:

The Government is committed to creating the best possible environment for a sustainable private sector led economic recovery, though the financial position means that priority must be given to maintaining the fiscal base. However, the Government will continue to keep all taxes under review and considers proposals for new reliefs carefully.

In this context the Government will be considering further the case for changes to the UKREITs regime in order to reduce barriers to entry to the regime and changes to the threshold for rent-a-room relief to encourage better use of the existing housing stock. To the extent that any such changes are likely to carry a cost to the Exchequer at a time when deficit reduction remains the government's main priority, these measures will need to be considered in the round, alongside other policy priorities, with any announcement made as part of the 2011 Budget.

In effect, the Government ruled out giving any financial support to increase the supply of new private sector homes to rent.

In February 2012 Communities and Local Government (CLG) published [Review of the barriers to institutional investment in private rented homes - A call for evidence](#). The findings of the [Montague report](#) were published in August 2012. The then Housing Minister, Grant Shapps, described the report as a "blueprint" for reform of the PRS.¹³⁷ The report called for, amongst other things, reforms to planning rules, including flexibility over affordable housing requirements when developing schemes for new private rented homes.

The [Montague report](#) also suggested that public land could be released to developers if they guarantee a certain threshold of long-term private rented housing. Commentators have tended to reject the idea that a land release programme should focus on the private rented sector. Tim Leunig, chief economist with the Centre Forum think tank said:

'I think [the Montague Review] is not a good option,' he states. 'It's just really dangerous to try to incentivise the least popular tenure.'¹³⁸

Despite its status as the least popular tenure, the private rented sector is now England's second largest tenure after home ownership having overtaken the social rented sector in 2014. Detailed information on new-build private rented housing can be found in Library paper 7094, [Building the new private rented sector: issues and prospects \(England\)](#).

¹³⁷ *Inside Housing*, '[Shapps: Montague is blueprint for PRS reform](#)', 23 August 2012

¹³⁸ *Inside Housing*, '[Emergency drop](#)', 7 September 2012

11.1 Build to Rent

The [Housing Stimulus Package](#) (2012) included a commitment to build an “additional 5,000 homes for rent at market rates in line with proposals outlined in Sir Adrian Montague’s report to Government on boosting the private rented sector.” The [Build to Rent prospectus](#) was published in December 2012 – bidding closed on 4 February 2013. The aim of the Build to Rent Fund is to stimulate new private rented housing supply and to provide opportunities for new institutional investment in the sector. The funding is fully recoverable.

Budget 2013 contained an announcement of additional funding for the Build to Rent scheme:

The £200 million Build to Rent fund announced at Autumn Statement 2012 was significantly oversubscribed. **Budget 2013 announces that this fund will be expanded to £1 billion to support the development of more homes in England.** The fund will provide equity or loan finance to support the development finance stage of building new homes for private rent.¹³⁹

On 27 June 2013 the then Housing Minister announced that the Build to Rent scheme was expected to deliver up to 10,000 new homes with the first contracts due to be signed by the end of July 2013. A second bidding round opened in September 2013.¹⁴⁰ Short-listing of bids and due diligence commenced in early 2014.¹⁴¹ On 26 June 2014, Eric Pickles announced that £49 million in allocated funding “would support the delivery of new homes for private rent on 3 new sites under the Build to Rent programme, bringing the total to over 1,600 homes.”¹⁴²

The Communities and Local Government Select Committee considered the potential of the Build to Rent fund to increase housing supply as part of its inquiry into [The Private Rented Sector](#) over 2012-13. The Committee probed some of the successful bidders over whether the funding would lead to additional homes being built or “merely speed up the delivery of those already in the pipeline.”¹⁴³ In conclusion, the Committee welcomed the expansion of the fund and recommended that the Government “should take steps to ensure that the fund makes a net addition to new housing, as well as speeding up delivery of those homes already in the pipeline.”¹⁴⁴

Applications for funding were opened up on a continuous market engagement basis in January 2015.¹⁴⁵

The Housing White Paper (February 2017) contained proposals to:

- change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build

¹³⁹ [HC 1033](#), March 2013

¹⁴⁰ [CLG Press Release](#), 12 September 2013

¹⁴¹ [Cm 8730](#), October 2013

¹⁴² DCLG [Press Release](#), 26 June 2014

¹⁴³ HC 50, First Report of 2013-14, [The Private Rented Sector](#), 18 July 2013, para 137

¹⁴⁴ Ibid.

¹⁴⁵ [Build to Rent Fund – continuous market engagement: prospectus](#), January 2015

to Rent developers to offer affordable private rental homes instead of other types of affordable housing;

- ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.¹⁴⁶

[Planning and affordable housing for Build to Rent - a consultation paper](#) was published alongside the White Paper – consultation closed on 1 May 2017. A summary of responses was published in August 2017: [Planning and affordable housing for Build to Rent: summary of consultation responses](#). The Government said that its final response “will be set out in the forthcoming National Planning Policy Framework revision.”

11.2 Private rented sector guarantees scheme

In addition to announcing, as part of the [Housing Stimulus Package \(2012\)](#), legislation to enable the Government to underwrite the debt of housing associations,¹⁴⁷ the Coalition Government said it would provide £3.5 billion in housing guarantees to support the building of new homes for the private rented sector:¹⁴⁸

The housing guarantees will support the building of new homes for the [private rented sector](#). They will enable housing providers to raise debt with a government guarantee, where they commit to purchasing additional new homes for private rent. This will help to reduce their borrowing costs, increasing the number of new homes they can afford to provide.

The guarantee is designed specifically to attract investment into the private rented sector from fixed-income investors who want a stable, long-term return on investment without exposure to residential property risk. The [scheme rules for the private rented sector housing guarantee scheme](#) were published on the 1st February 2013.¹⁴⁹

On 20 June 2013 the Minister announced that the full application process would “open shortly.” This announcement followed press reports stating that no private company had formally expressed an interest in running the scheme.¹⁵⁰

As part of its inquiry into the private rented sector, the Communities and Local Government Select Committee considered the potential impact of the guarantee scheme and concluded:

It remains to be seen how much impact the guarantee scheme for the private rented sector will have in delivering additional new homes. The policy may be well intentioned in its aim to encourage organisations to have more confidence to invest in the sector, but

¹⁴⁶ [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.23

¹⁴⁷ *The Infrastructure (Financial Assistance) Act 2012*

¹⁴⁸ The rules under which these schemes will operate were published in February 2013: [DCLG: Housing guarantee scheme rules - Private rented sector](#); [DCLG: Housing guarantee scheme rules - Affordable housing](#)

¹⁴⁹ [2010 to 2015 government policy: rented housing sector](#) [accessed 9 June 2017]

¹⁵⁰ *Financial Times*, “Build to let plans fall flat after investors show scant interest,” 10 June 2013

the Government needs to measure results. We invite the Government in its response to our report to update us on the number of applications it has received for the private rented sector guarantee scheme, and to provide an estimate for the number of additional homes it expects the scheme to deliver. If there is any doubt that the scheme is going to deliver the homes required, we recommend that the Government rapidly explore other options for the use of the resources identified.¹⁵¹

The Government's response to the Committee included a report on progress:

Since June 2013, the Government has been open to discuss direct applications for the Private Rented Sector Guarantees Scheme with potential applicants, after the response to our invitation to tender for delivery of the scheme indicated a demand from larger investors for individual direct debt guarantees and that Government should take the first steps in helping to develop this new market.

We are in conversation with the sector, including a number of potential borrowers and are committed to exploring all of the market-led options, which will lead to guarantees becoming available as soon as possible. We will look to offer direct guarantees on money raised in the bond market by housing providers investing in large-scale and purpose-built private rented sector projects. A formal application process will open shortly.

We have undertaken an extensive programme of engagement in developing the scheme, and have had a lot of interest from the market in accessing the guarantees.

The Government has committed to guarantee £3.5bn of debt for the private rented sector guarantee, with another £3bn in reserve for allocation to either this scheme, or the affordable housing guarantee scheme, depending on demand.¹⁵²

DCLG also established a private rented sector taskforce:

The expert Private Rented Sector Taskforce brings together developers, management bodies and institutional investors; with the objective to support expansion of the sector and facilitate the delivery of the above initiatives.¹⁵³

The Communities and Local Government Select Committee invited the Government to set out the progress made by the taskforce in its first few months of operation: "This update should quantify the amount of additional investment brokered, and the number of additional homes it would deliver."¹⁵⁴ The Government's response is reproduced below:

The Government has underlined its determination to build a bigger and better Private Rented Sector. The core mission of the Taskforce is to kick-start the new private rented sector in the UK. This will provide an abundance of good, small-scale private landlords but it will be characterised by a growing number of large-scale, professionally managed developments, owned and managed by institutional investors and private sector organisations.

¹⁵¹ HC 50, First Report of 2013-14, [The Private Rented Sector](#), 18 July 2013, para 142

¹⁵² [Cm 8730](#), October 2013

¹⁵³ <https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2/supporting-pages/private-rented-sector> (accessed on 15 July 2013)

¹⁵⁴ HC 50, First Report of 2013-14, [The Private Rented Sector](#), 18 July 2013, para 144

We share the concerns of the committee about the dangers of the Taskforce becoming just another quango, that's why we under the terms of reference the work of Taskforce will be reviewed in March 2014 to ensure that they still add value and plan to close to the Taskforce in March 2015.¹⁵⁵

The Committee recommended that if, in a year's time, there was no evidence of the Government's measures to increase the supply of privately rented housing having had an impact on improved choice, quality and affordability "the Government must reconsider its strategy and look to other measures to boost supply across the sector as a whole."¹⁵⁶

12. Real Estate Investment Trusts (REITs)

The Coalition Government announced in the Budget on 21 March 2012 that it would undertake a consultation to (1) explore the role the REITs can play in supporting the social housing sector; and (2) whether to change the tax treatment of income received by a REIT when it invests in another REIT. The consultation period closed on 27 June 2012: [Real Estate Investment Trust \(REIT\) consultation document](#).

August 2012 saw reports that the first social housing REIT had begun to accept bids from landlords for up to £700 million in funding.¹⁵⁷

The [Government's response](#) to the consultation exercise was published in December 2012 – no changes to the REIT regime were proposed:

The overall message was therefore that for some stakeholders the changes to the REITs regime in Finance Act 2012 were sufficient to enable them to set up a social housing REIT. However for those who did not feel social housing REITs were a viable option, further additional changes to the REITs regime would be unlikely to make difference to their thinking.

After considering all the responses received, the Government has therefore concluded that it does not intend to amend the regime at this stage.¹⁵⁸

13. Self-build/custom build schemes

In [Laying the foundations: a housing strategy for England](#) (2011), the Coalition Government set out plans to enable more people to build or commission their own home. Various measures were introduced to ease the path for those wanting to build their own home including (repayable) funding; an exemption from the Community Infrastructure

¹⁵⁵ [Cm 8730](#), October 2013

¹⁵⁶ HC 50, First Report of 2013-14, [The Private Rented Sector](#), 18 July 2013, para 148

¹⁵⁷ *Inside Housing*, "[First social REIT open for bids](#)," 16 August 2012

¹⁵⁸ HM Treasury, [Government's response to consultation on reforms to the REIT regime](#), December 2012

Levy; amendments to planning guidance; and improved access to public sector land.

Richard Bacon's *Self-build and Custom Housebuilding Bill* gained Government support in the 2014-15 Parliamentary Session and obtained Royal Assent on 26 March 2015. Since April 2016 local planning authorities in England have been required to establish local registers of custom builders who wish to acquire suitable land on which to build their own home. It also requires local authorities to have regard to the demand on their local register when exercising planning and other relevant functions. The Act extends to Wales but has only been brought into force in England.

A Government consultation exercise was conducted between October and December 2014: [Right to Build: supporting custom and self build: consultation](#) the outcome of which was announced in March 2015: [Right to Build: supporting custom and self build: government response to consultation](#). The Coalition Government said it would build on the legislative framework provided by the *Self-build and Custom Housebuilding Act 2015* to introduce a Right to Build under which local authorities would be required to meet demand on the register by granting development permissions for sufficient serviced plots of land.

The [Conservative Party's 2015 Manifesto](#) contained a commitment to introduce a Right to Build and double the number of self and custom build homes by 2020. Chapter 2 of the *Housing and Planning Act 2016* introduced this Right to Build with effect from 31 October 2016. A [custom and self-build toolkit](#) has also been developed.

Detailed information can be found in Library briefing papers: [The Self-build and Custom Housebuilding Act 2015](#) (6998) and [Self-build and custom build housing sector](#) (6784).

14. Bringing empty homes back into use

The [Coalition's Programme for Government](#) included a commitment to "explore a range of measures to bring empty homes into use". Specific funding was made available for this purpose and councils can also benefit from additional funding under the New Homes Bonus scheme when they bring empty homes back into use. Chapter 5 of the Coalition Government's Housing Strategy, [Laying the Foundations](#) (November 2011) set out its strategy in relation to empty homes. The Homes and Communities Agency produced an [Empty Homes Toolkit](#) and an interactive mapping toolkit to provide information and practical advice on tackling empty homes.

The 2015 Government made no specific funding available to bring empty homes back into use.¹⁵⁹

¹⁵⁹ [PQ 10766](#), 19 October 2015

The Autumn Budget 2017 include a Council Tax measure aimed at reducing the number of empty homes:

Empty homes premium – The government is keen to encourage owners of empty homes to bring their properties back into use. To help achieve this, local authorities will be able to increase the council tax premium from 50% to 100%.¹⁶⁰

Additional information on powers to bring empty homes into use can be found in Library briefing paper [03012](#).

¹⁶⁰ [Budget 2017](#), November 2017, para 5.31

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BRIEFING PAPER

Number 07671, 9 June 2017

Tackling the under-supply of housing in England

By Wendy Wilson
Cassie Barton
Louise Smith

Contents:

1. How much new housing does England need?
2. Trends in UK housing supply
3. Increasing supply in England: barriers and solutions
4. Housing White Paper: additional proposals and responses



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Summary

According to current projections, an average of 210,000 new households will form in England in each year between 2014 and 2039. In 2015/16, the total housing stock in England increased by around 190,000 residential dwellings: 12% higher than the previous year's increase but a long way short of the estimated 240-250,000 new homes needed to keep pace with household formation.

Housing need manifests itself in a variety of ways, such as increased levels of overcrowding, acute affordability issues, more young people living with their parents for longer periods, impaired labour mobility resulting in businesses finding it difficult to recruit and retain staff, and increased levels of homelessness.

The 2015 Government set out an ambition to deliver 1 million net additions to the housing stock by the end of the Parliament in 2020. Net additions includes, for example, conversions and changes of use. Critics said that the figure did not take account of the backlog of housing need. The House of Lords Select Committee on Economic Affairs concluded in [Building More Homes](#) (2016) that the target "was not based on a robust analysis" and went on to recommend that the housing crisis required the development of at least 300,000 new homes annually "for the foreseeable future" In addition to questioning whether a target of 1 million homes is ambitious enough, there is some doubt over whether even this number is achievable.

There is general consensus around the long-term under-supply housing and the need to address this, but there is less agreement within the industry about *how* best to achieve the necessary step-change in supply. Commentators agree that there is no 'silver bullet' and call for a range of solutions across a number of policy areas.

The 2015 Government took action to stimulate housing supply through a variety of schemes. These schemes were referred to in the Government's response to [Building More Homes](#) which acknowledged that "we have much more to do as a country to build more homes and that the Government has a role to play in making sure our housing market works for everyone." February 2017 saw the publication of the Housing White paper [Fixing our broken housing market](#), which set out "a comprehensive package of reform to increase housing supply and halt the decline in housing affordability." The White Paper identified a threefold problem of "not enough local authorities planning for the homes they need; housebuilding that is simply too slow; and a construction industry that is too reliant on a small number of big players." The White Paper focused on four main areas:

- Building the right homes in the right places.
- Building them faster.
- Widening the range of builders and construction methods.
- 'Helping people now' including investing in new affordable housing and preventing homelessness.

Consultation on proposals in chapters 1 and 2 of the White Paper closed on 2 May 2017. A separate consultation exercise on [Planning and affordable housing for Build to Rent](#) was launched alongside the White Paper.

This briefing paper considers key trends in housing supply in the UK and goes on to focus on some of the of the key barriers and potential solutions to increasing supply in England. The paper has been updated to take account of the key measures announced by the 2015 Government in [Fixing our broken housing market](#).

The barriers and solutions cover issues including:

- The potential contribution of the local authority and housing association sectors. The delivery of more than 200,000 homes per year in England has, since 1939, only happened largely as a result of major public sector (local authority) housebuilding programmes.
- How to ensure that more land suitable for development is brought forward at a reasonable price, including how more public land can be brought forward more quickly.
- How to properly resource local authority planning departments and tackle a planning system that is widely seen as slow, costly and complex. There is some agreement on the need to incentivise authorities and communities to approve development, and for measures to encourage developers to build-out permissioned land without unnecessary delays.
- Consideration of how essential infrastructure to support housing development can be funded.
- How to encourage and support more small and medium sized building firms into a market that is currently dominated by a small number of large companies.
- How to ensure that the construction industry is in a fit state to deliver the housebuilding capacity that England requires. The Government commissioned [Farmer Review of the UK Construction Labour Model](#) (2016) concluded that “many features of the industry are synonymous with a sick, or even a dying patient.”

Recent Government action to stimulate housing supply can be found in Library briefing paper 06416: [Stimulating housing supply - Government initiatives \(England\)](#).

Other relevant Library papers include:

- [Planning for Housing](#) (March 2017 – updated to take account of the Housing White Paper)
- [Commons Library analysis of the Neighbourhood Planning Bill](#) (September 2016)
- [Neighbourhood Planning Bill: Report on Committee Stage](#) (November 2016)
- [Planning Reform Proposals](#) (March 2017 – updated to take account of the Housing White Paper)

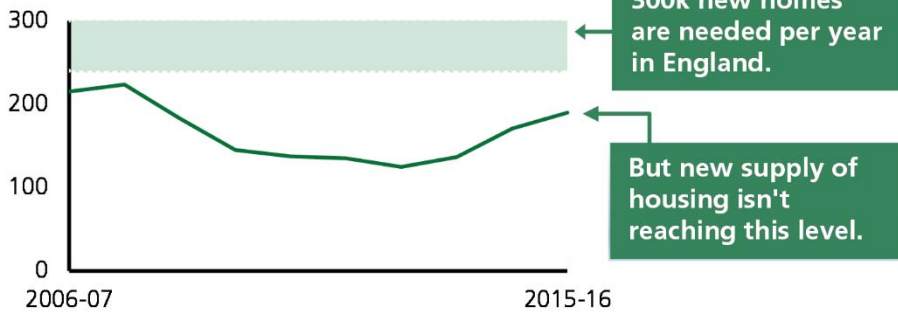
Statistics in this briefing paper

Sections 1 and 2 of this briefing paper explain trends in housing need and supply. Where possible, statistics for the whole UK are provided. However, statistics for England only are provided where this is the only data available, or where the focus is on an English policy change.

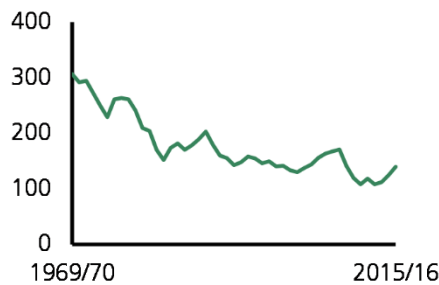
Tables summarising the data used in this briefing paper can be downloaded from the landing page.

The Library has also produced an interactive tool, [Housing supply for local authorities](#), for comparing trends in local housing supply in England.

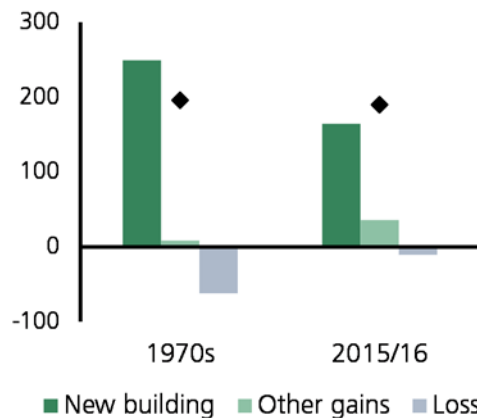
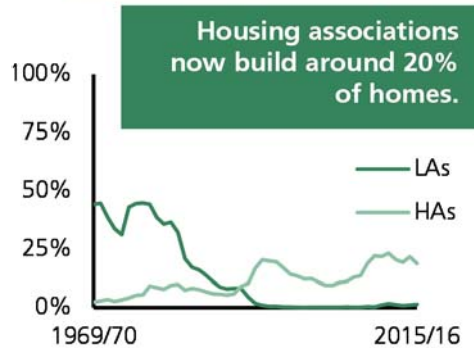
In charts: Housing supply in England¹



House building has declined since the 1970s.



The % of homes built by local authorities has fallen.

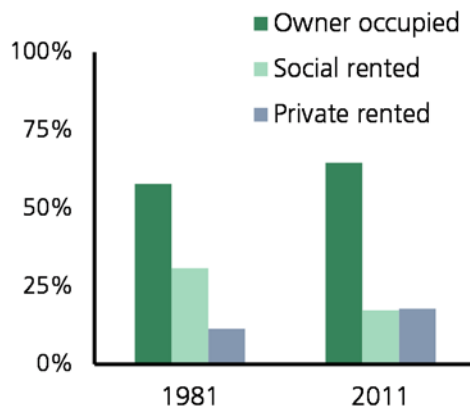


New supply in 2015-16 was close to the yearly average in the 1970s.

New building was higher in the 1970s, but there was more demolition and less conversion of existing buildings.

The tenure makeup of the housing stock has changed.

Private renting has grown, while the social rented sector has shrunk as a proportion of all housing.



¹ Sources (top to bottom) DCLG, [Live Table 120](#); DCLG, [Live Table 209](#); DCLG, [Live Table 120](#) and Holmans, *Historical Statistics of Housing in Great Britain*; DCLG, [Live Table 104](#)

1. How much new housing does England need?

Summary

Estimating the need for housing depends on making a judgement about the amount of housing space people should live in, being able to predict how many new households will form, and understanding the existing backlog of households that don't have suitable accommodation.

According to current projections, an average of 210,000 new households will form each year between 2014 and 2039. Other estimates say that 240-250,000 new homes will need to be built to meet newly-arising need.

1.1 Defining housing need

There is no strict definition of **housing need**, but it can be understood as the amount of housing required for all households to live in accommodation that meets a certain normative standard. By contrast, **housing demand** usually refers to the amount of housing that households will choose to buy, given their preferences and ability to pay.² The amount and type of new supply required by the housing market is affected by both need and demand.

Projected growth in the number of households is often used as a proxy for housing need, but it doesn't give the whole picture. There is an existing **backlog of need**: for example, households living in unsuitable or overcrowded accommodation. Additionally, many households take up more housing space than they might be said to 'need' – those who can afford to may choose to live in a house with a spare bedroom, or buy a second home. Dame Kate Barker's evidence to the Treasury Select Committee's inquiry into housing policy emphasised the role of income growth in driving housing demand:

Indeed, house prices respond a lot to income growth because—this point is made in the review but not brought out enough—when people get richer they want more space. If you simply work on household projections then you will not supply as much space as people would like, given their incomes, and the result of that is that people with money do get the space they want. People without money do not get the space.³

² DCLG, November 2010. [Estimating housing need](#).

³ [HC 861](#), 7 December 2016, Q2

1.2 Estimating housing need

Projections for the number of households in England

According to DCLG's projections, the number of households in England is expected to grow from 22.7 million in 2014 to 28.0 million in 2039. This is an average increase of around 210,000 households per year.⁴

These figures are projections rather than predictions – they are based on past demographic trends and do not attempt to model the effect of future policies or other circumstances. They are put together by combining assumptions about how much the population will grow and the size of households that people will live in.

DCLG's projections are based on the ONS' population projections for the UK. The most recent version is based on the 2011 Census and is updated with estimates of births, deaths and migration up to 2014.

Migration and increasing life expectancy have the most impact on projected household growth:

- The number of households headed by someone aged 65 or over is expected to grow by 155,000 per year. Within this group, the number of over-65s living alone is expected to grow by around 43,000 per year.
- DCLG estimates that net migration into England from outside the UK accounts for 37% of projected household growth.⁵

Average household size is expected to decrease slightly, meaning that the number of households will grow faster than the number of individuals in the population.

Other estimates of need

As discussed above, DCLG's projections are based on past demographic trends – they do not attempt to predict the future. However, it has been argued that the projections are based on trends which are unlikely to continue.⁶

DCLG's projections are based in changes in the number of households between the 2001 and 2011 Censuses. The number of new households in 2011 was lower than expected, which led to a conservative projection for new household formation beyond 2011.

It has been suggested that the lower-than-expected growth in households between 2001 and 2011 was partly caused by families continuing to live in one household (e.g. young adults continuing to live with their parents), and that this was mainly caused by the recession. Additionally, levels of immigration were higher between 2001 and 2011 than previously, and research suggests that recent migrants tend to live

⁴ DCLG, July 2016. [2014-based household projections in England, 2014 to 2039](#).

⁵ The principal migration projection from the ONS result in 37% more households than the ONS' theoretical projection in which there is zero net migration.

⁶ E.g. by A.E. Holmans in [Housing need and effective demand in England](#) (2014) and [New estimates of housing demand and need in England, 2011 to 2031](#).

in larger household groups than long-term UK residents. This would keep the number of new households low relative to the growth in population.⁷

Trends in household formation and migration are difficult to predict. A set of alternative estimates of housing need were made by the Town and Country Planning Association (TCPA) in 2013.⁸ The alternative estimates adjusted DCLG's initial 2011-based projections by making the assumption that the economy would improve, causing new household formation to increase. Migration was assumed to follow similar trends to 2001-11.⁹ This led to an estimate that 240-245,000 homes would have to be built in each year to meet 'newly arising demand and need'.

Shelter in 2015 put forward a similar figure based on a review of the literature. They estimate that around 250,000 new homes would be needed in each year to keep up with new household formation, and add:

Demand is not uniform across the country, with some areas experiencing much higher population growth. Unsurprisingly, the highest levels of projected household growth over the next decade are in London and the South East, with high growth also expected in the South West and Yorkshire and Humber.

Years of undersupply have also left a backlog of housing need, manifested in concealed households, rising overcrowding, homelessness and the rise in young adults living with their parents. The most recent estimates suggest the backlog may be as large as two million households. To clear this, England would need to build well over 250,000 homes each year for many years, or change the distribution of the existing housing stock - or most likely both.¹⁰

Current new housing supply is lower than these estimates of housing need. DCLG's main house building series has often been cited (e.g. in the Shelter report above) as evidence that supply has long been well below the level required. The series records 139,000 dwellings built in England in 2015/16.¹¹ However, DCLG also publish a separate, more complete series on net housing supply which shows levels of supply which are somewhat closer to identified need. The figures include more housing completions than the main house building series¹², as well as gains from conversions of existing property. Together, these add up to a net increase in dwelling stock of approximately 190,000 in 2015/16. The series goes back to 2006/07 and peaks with a net increase of 224,000 dwellings in 2007/08 – still lower than the estimates of need discussed above. See sections 2.3 and 2.4 for more discussion of housing supply trends.

⁷ Ibid.

⁸ A.E. Holmans (2013), [New estimates of housing demand and need in England, 2011 to 2031](#).

⁹ In reality, migration is now higher than it was in 2011 (see ONS, [Migration Statistics Quarterly Report, December 2016](#)). Projections do not take account of future policy changes affecting migration, e.g. as a result of the UK exiting the European Union.

¹⁰ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), pp. 19-20

¹¹ DCLG, [Live Table 209](#)

¹² DCLG, [Live Table 120](#)

2. Trends in UK housing supply

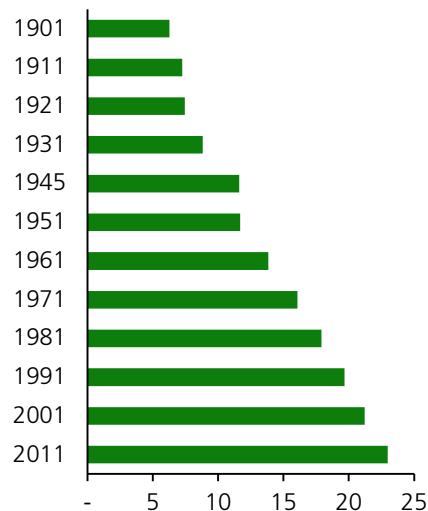
2.1 Growth in housing supply

On 31st March 2014, there were approximately 28.07 million residential dwellings in the UK. Of these, 23.5 million were in England, 1.41 million were in Wales, 2.53 million were in Scotland and 0.77 million were in Northern Ireland.

The total housing supply in England has increased by more than four times since the start of the 20th century (see chart, right). The table below has more detail on growth since 1951 in the regions of the UK. Overall, the dwelling stock in the UK increased by 94% between 1951 and 2011. Scotland saw less growth (an increase of 81%), while the stock more than doubled in Northern Ireland.

Change between the 1991 and 2011 censuses can be examined in finer detail (see map, below). In both England and the UK the overall increase was 16%, but many regions saw less growth than this – the North East (9%) and the North West (11%) had the lowest growth. The South West had the largest increase in dwelling stock in England (22%), while Northern Ireland had the largest in the UK (32%).

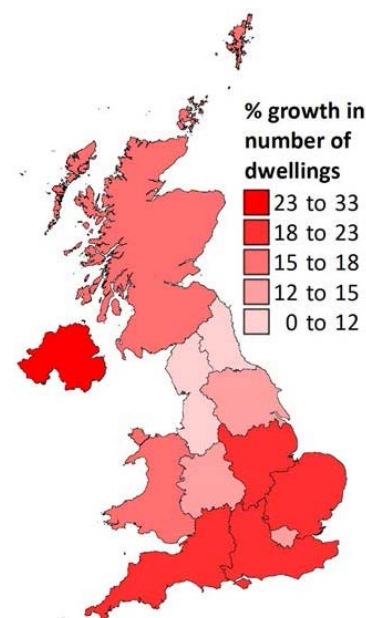
Total dwelling stock (millions), England 1901-2011



Source: A.E. Holmans, *Historical Statistics of Housing in Britain* (1945 data); DCLG, Live Table 104 (all other years)

Growth in the number of dwellings, UK and regions¹³

	Number of dwellings (thousands)			Change 1951 to 2011	Change 1991 to 2011
	1951	1991	2011		
England	11,678	19,671	22,814	95%	16%
North East	..	1,072	1,164	..	9%
North West	..	2,792	3,111	..	11%
Yorkshire & the Humber	..	2,021	2,294	..	14%
East Midlands	..	1,634	1,961	..	20%
West Midlands	..	2,079	2,358	..	13%
East of England	..	2,093	2,520	..	20%
London	..	2,912	3,318	..	14%
South East	..	3,099	3,683	..	19%
South West	..	1,968	2,403	..	22%
Wales	711	1,184	1,384	95%	17%
Scotland	1,375	2,160	2,495	81%	16%
Northern Ireland	354	573	759	114%	32%
UK	14,118	23,588	27,452	94%	16%



¹³ Source: DCLG, [Live Tables 104, 106, 107, 108 and 109](#)
 All figures are taken from the censuses for each year, with the exception of 1991, which uses December 1990 data for Scotland and Northern Ireland.
 .. = data not available.

2.2 Expenditure on housing

While it is difficult to produce a consistent estimate of public spending on new housing supply, figures on broader expenditure on housing and related areas are available from the Treasury's *Public Expenditure Statistical Analyses* (PESA).

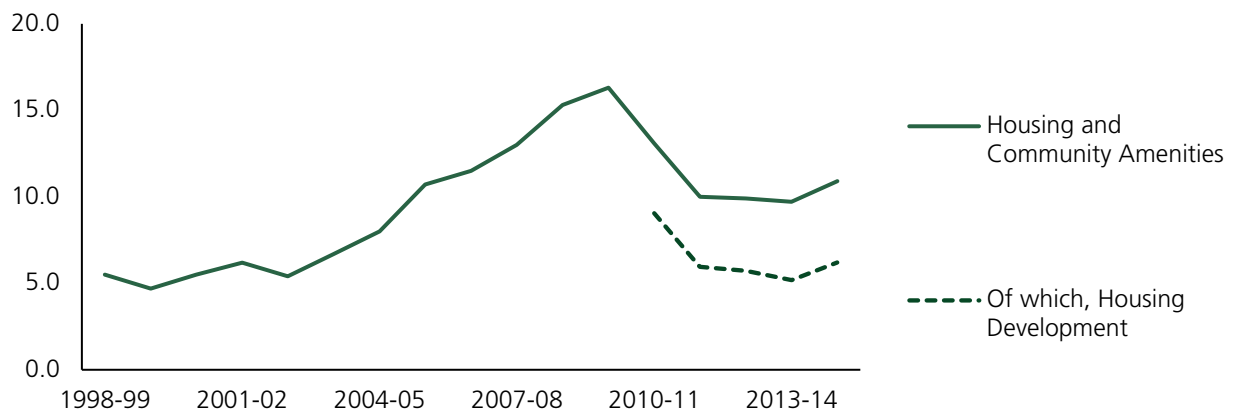
PESA records spending by the UK government on 'housing and community amenities' – a category that includes spending on items such as water supply, street lighting and planning. However, the bulk of spending in this category is on 'housing development', including building, improvements, land acquisition and administration. Housing development accounted for 57% of housing and community amenities spending in 2014-15.

PESA's longest time series covers spending on housing and community amenities in the UK. As the chart below shows, spending on housing and community amenities increased fairly steadily from 1998-99 onwards, reaching a peak of £16.3bn in 2009-10.¹⁴ Spending decreased sharply after the Coalition government came to power, although 2014-15 saw a slight increase in spending (to £10.9bn).

Data on housing development spending is only available for 2010-11 onwards but shows a similar trend. £9.0bn was spent on housing development in 2010-11 compared to £6.2bn in 2014-15.

Spending on housing & community amenities and housing development¹⁵

UK, 1998-99 to 2014-15 (£bn, 2014-15 prices)























Recent cuts in housing expenditure have varied regionally. As the table overleaf shows, per capita spending in England fell by 33% between 2009-10 and 2013-14. The South East and South West experienced more of a decrease than other regions. In 2013-14, the South West had the lowest per capita spend of all the regions and London had the highest.

¹⁴ All spending in this section is given in 2014-15 prices. Adjustments made using the Treasury's [GDP deflators for December 2016](#).

¹⁵ HM Treasury, [PESA 2015](#), Tables 4.2 and 5.2

Expenditure on housing & community amenities per head¹⁶

English regions, 2009-10 to 2013-14

	2009-10	2013-14	% change
North East	£326 	£227 	-30%
North West	£220 	£140 	-36%
Yorkshire and the Humber	£220 	£138 	-38%
East Midlands	£165 	£144 	-13%
West Midlands	£200 	£128 	-36%
East of England	£170 	£116 	-32%
London	£489 	£336 	-31%
South East	£177 	£104 	-41%
South West	£172 	£101 	-42%
England	£242 	£161 	-33%

Comparison with Housing Benefit expenditure

Comparisons have been made between the Government’s investment in housing supply and its expenditure on Housing Benefit. For example, in a 2014 report Shelter commented:

Housing benefit is widely recognised as having facilitated a switch from supply side to demand side subsidies. The period following 1975 saw a move away from investment in bricks and mortar with a corresponding rise in expenditure on housing benefit. This was not an accidental shift. Successive governments remained committed to the idea that support should be targeted at individuals rather than bricks and mortar investment to increase the supply of housing.¹⁷

It is possible to draw an approximate comparison between Housing Benefit expenditure and housing expenditure as recorded in PESA. However, there are some limitations to this analysis:

- The geographical extent of the two sources is different. PESA statistics cover all spending in the UK. Housing Benefit expenditure recorded by the Department for Work and Pensions (DWP) covers Great Britain.
- As discussed above, PESA statistics cover spending in a broad range of areas related to housing and community development. Spending in this area is intended to meet a broader range of needs than Housing Benefit spending.

The chart overleaf shows how spending in the two areas compares. Although spending on both Housing Benefit and housing and community amenities increased during the 1990s and 2000s, the gap between the two narrowed. Housing Benefit expenditure was 3.2 times higher than housing and community amenities expenditure in 1999-00; by 2010-11 the ratio had fallen to 1.7.

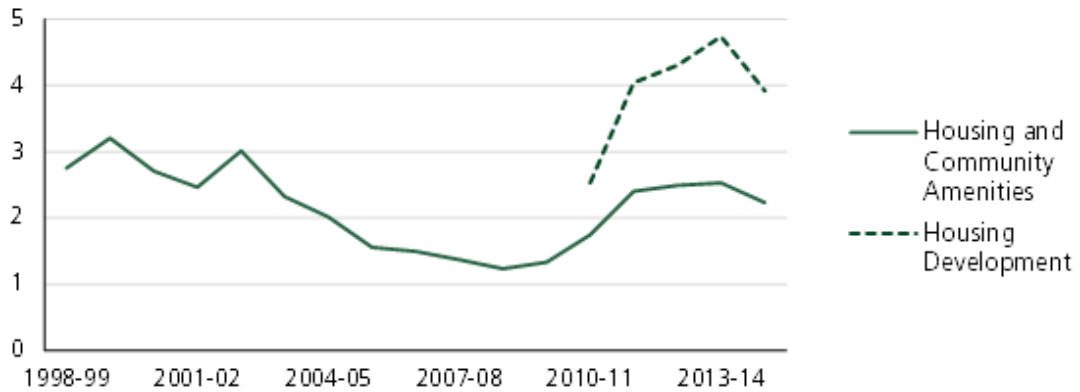
¹⁶ HM Treasury, [PESA 2015](#), Table 9.10 and Annex F, Population numbers by country and region

¹⁷ Shelter, 2014, [Bricks or Benefits?](#), p.9

After 2010-11, decreased spending on housing and community amenities coincided with an increase in Housing Benefit expenditure, meaning that by 2014-15 the ratio had increased again to 2.2.

Data on spending on housing development offers a slightly more precise comparison. Housing Benefit went from being 2.5 times higher than spending on housing development to being 3.9 times higher.

Ratio of Housing Benefit spending (GB) to other housing spending (UK)
1998-99 to 2014-15¹⁸



¹⁸ HM Treasury HM Treasury, [PESA 2015](#), Tables 4.2 and 5.2; DWP, [Benefit expenditure and caseload tables](#). Outturn and forecast: March budget 2016, Table 1a

2.3 Components of new housing supply

Change in dwelling stock is not just a product of building new houses. Conversions and change of use can add to the dwelling stock (or deplete it), while demolitions and other damage also reduce it. The charts below break down the components of change in housing supply.

The first chart shows the average annual components of change through the 20th century. Before 1980, the net increase in housing stock was generally lower than the number of houses completed because of high levels of demolition activity. Losses due to enemy action also played a role during WWII, although overall net change remained marginally positive. The 1960s saw more demolition activity – mostly slum clearance – and more building than any point previously.

Since 1980, the net increase in housing stock has tended to be higher than the number of completions as activity has shifted away from demolition and towards conversion of existing properties.

There was a net gain of around 190,000 properties in 2015-16. This is close to the estimated annual average for the 1970s (196,000 properties) despite a lower number of new building completions.

This is partly because demolitions were considerably lower in more recent decades. Additionally, conversions (of existing residential properties) and change-of-use (of non-residential property) have started to make up an increasing proportion of new housing supply. 35,400 new dwellings in 2014-15 came from these categories, compared to 27,800 in 2006-07.¹⁹

These figures aren't directly comparable, however: figures up to 2010-11 are adjusted to take account of 2011 Census results. Later figures may likewise be revised upwards after a future Census.

Quality of housebuilding statistics

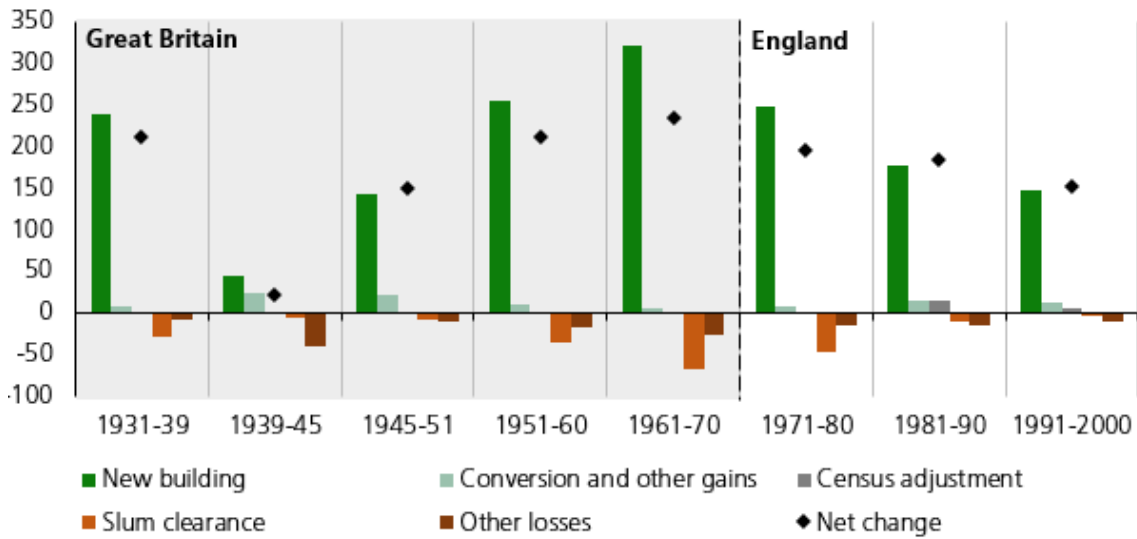
The housing completions figures used in the charts overleaf don't match those used elsewhere in the briefing paper. This is because DCLG publishes two separate series: one on net housing supply and a broader house building series.

DCLG say that their net housing supply series is 'more comprehensive but less timely' than their main house building series. House building figures recorded as part of the net housing supply series are more accurate, but those published in the broader house building series cover a longer time-span, provide a breakdown by tenure and cover the whole of the UK.

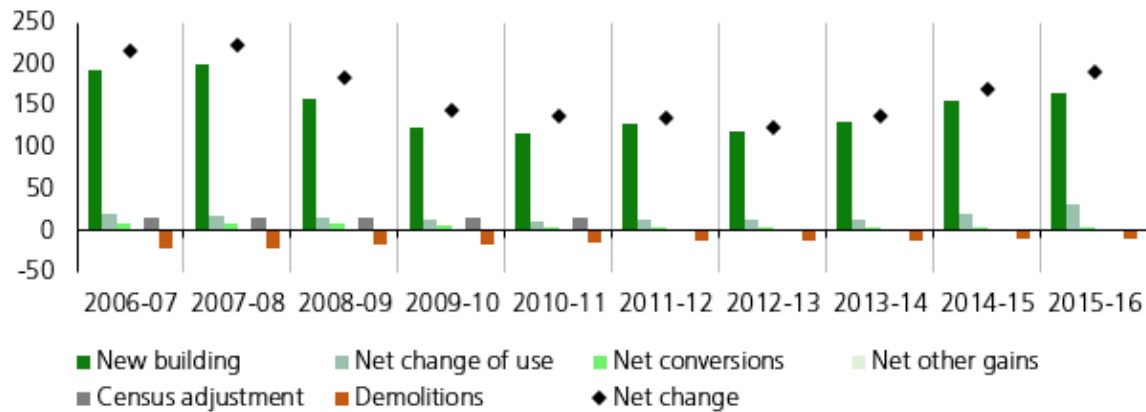
For these reasons, the main house building series is used in this briefing paper where a comparison by time, tenure or geography is likely to be useful.

¹⁹ Source: DCLG, [Live Table 120](#)

Components of change in housing supply, GB and England, 1931-2000²⁰
Thousands of dwellings, annual average



Components of change in housing supply, England 2006-07 to 2015-16²¹
Thousands of dwellings



²⁰ Source: A.E. Holmans, *Historical Statistics of Housing in Great Britain*, Table B.17. Holmans reports the total number of dwellings for each time period; this chart shows the average per year. 'Slum clearance' refers to demolitions carried out by local authorities using specific powers for removing unfit dwellings under the Housing Act 1930 and Housing Repairs and Rents Act 1954.

²¹ Source: DCLG, [Live Table 120](#). Figures from 2010/11 onwards are provisional and subject to revisions after the release of future census data.

2.4 Trends in house building

Housebuilding is the main driver of change in overall housing supply, although other factors are involved (see *Components of new housing supply*, above).

Housing starts and completions

The first chart on the right shows trends in housebuilding in the UK since 1935. Housebuilding recovered after dropping substantially during WWII, reaching peak levels in the late 1960s (the highest number of completions was 413,000 in 1968). Housebuilding has seen an overall decline since then, with the most recent drop taking place after the 2008 financial crisis. The 2012/13 financial year had the smallest number of completions since 1947.

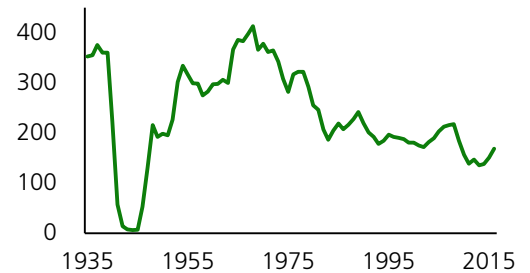
The second chart shows the difference between the number of dwellings started in each year since 1970 and the number of dwellings completed. Trends in dwelling starts tend to be starker: the speed of completions is limited by a range of factors, whereas starts are more directly impacted by planning and financial changes. For example, starts dropped by 46% between 2007/08 and 2008/09, whereas completions decreased more gradually over the following years.

House building by type of developer

The chart overleaf shows housing completions broken down by type of developer: private enterprise, local authorities and housing associations. The annotations show some of the trends and policies that shaped the number and type of homes being built.

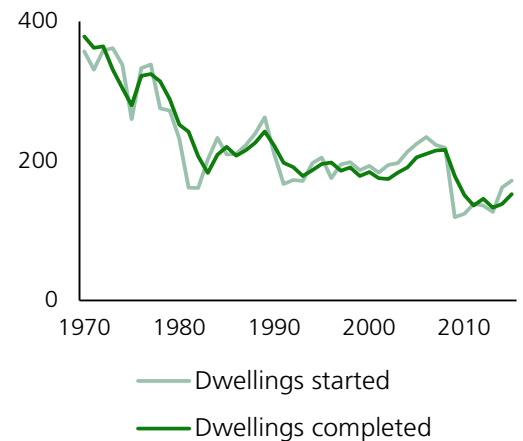
The type of developer building a property doesn't always correspond to the property's final use. For example, homes built by private enterprise may end up being let in the social rented sector.

Housebuilding, UK 1935-2016



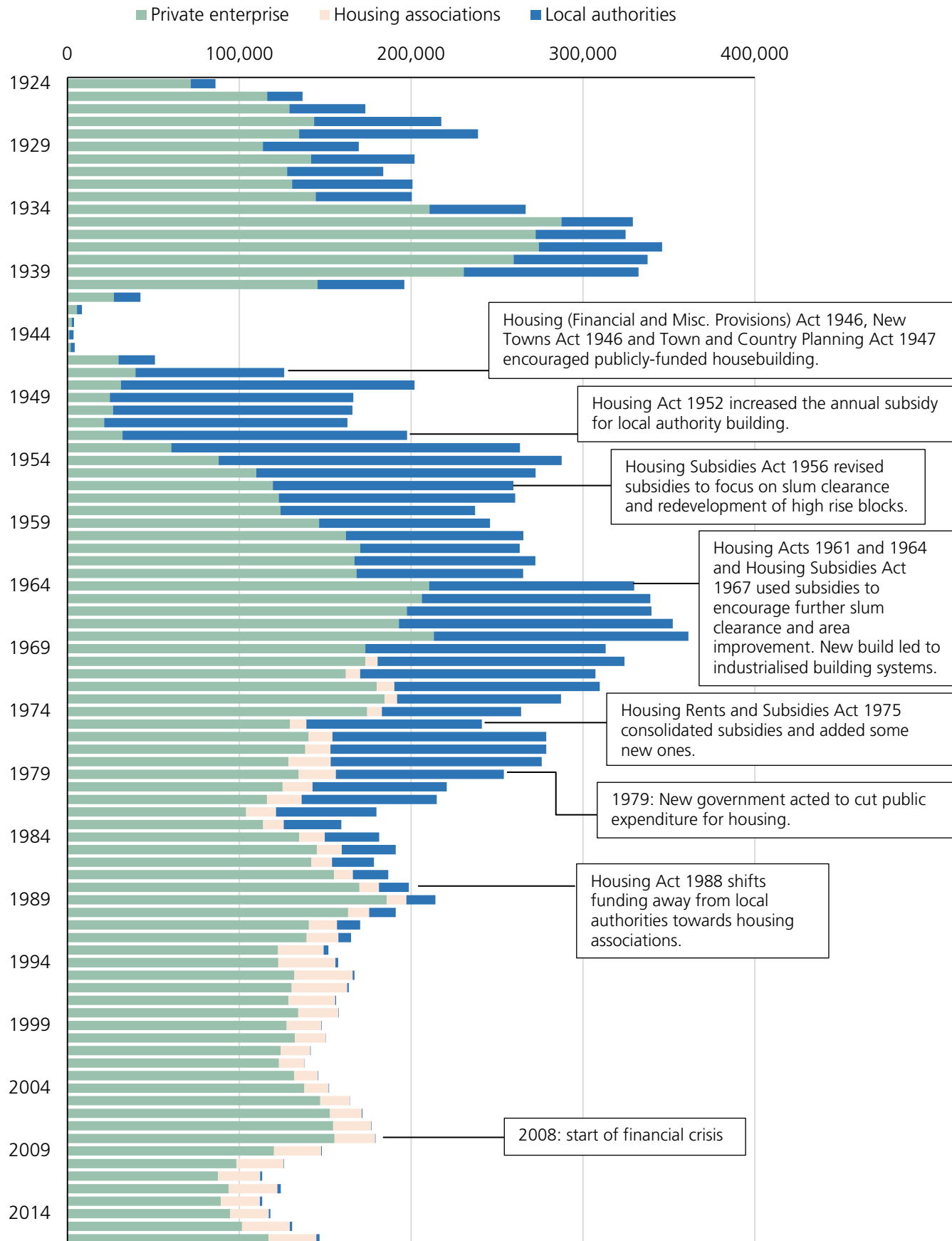
Source: B.R. Mitchell, *British Historical Statistics* (1935 to 1969, financial/calendar years); DCLG, Live Table 209 (1970 to 2016, financial years)

Dwellings started and completed, UK 1970-2015



Source: DCLG, Live Tables 208 and 209 (financial years)

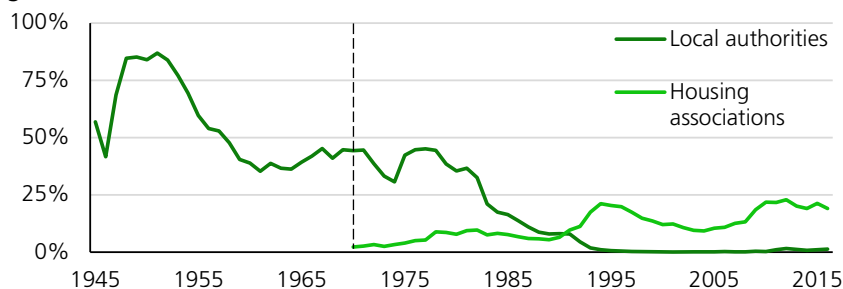
Housing completions by type of developer
England and Wales, 1924 to 2016



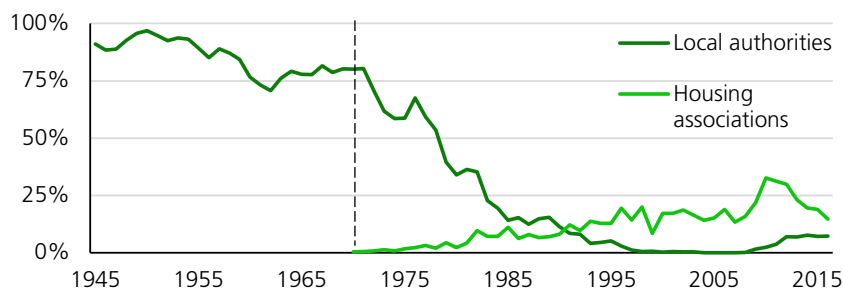
The proportion of homes built by the social housing sector has changed considerably since 1945. The charts below show trends in the proportion of dwellings built by local authorities and housing associations in this period.

Proportion of new houses built by local authorities and housing associations, 1945 to 2016²²

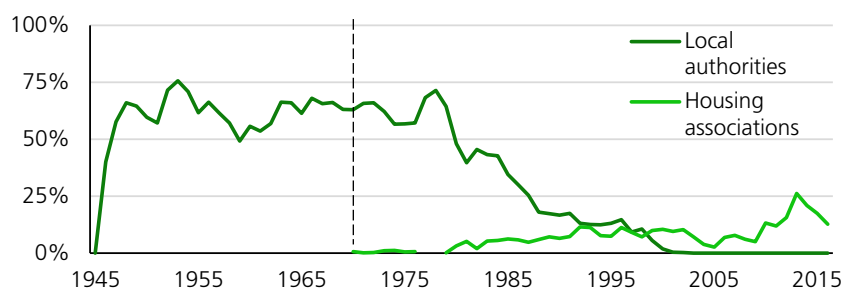
England and Wales



Scotland



Northern Ireland



All nations have seen a major decline in local authority housebuilding. Building by housing associations has generally increased since the 1970s, but building by the social rented sector remains a much lower proportion of the overall total than in the post-war period.

Local authority housebuilding peaked in the 1940s to 1950s, particularly in Scotland (where 97% of homes were built by local authorities in 1950). In England and Wales, the peak was 87% in 1951, while in Northern Ireland it was lower (76% in 1953). Scotland and Northern

²² Sources: B.R. Mitchell, *British Historical Statistics* (1935 to 1969); DCLG, [Live Table 209](#) (1970 onwards). Figures from 1946 to 1969 is at 31 December of that year; all other figures are at 1 April. Data for housing associations is available from 1970 onwards; prior to this housing association activity would have been counted under private enterprise.

Ireland maintained relatively high proportions throughout the post-war period, while in England and Wales the proportion had dropped below 50% by the end of the 1950s.

By the end of the 1980s, local authorities accounted for less than a quarter of all house building across the UK. Building by housing associations increased, however, and now makes up slightly less than a quarter of all house building. Scotland is the only nation to have seen a notable increase in local authority house building: 7% of Scottish house building was completed by local authorities in 2015/16, compared to 1% in England and Wales.

In all nations, the overall proportion of building by the social sector increased relative to the private sector in the years following the financial crisis, even though the actual number of completions reduced. The private sector experienced a greater drop in the volume of completions during this period.

Profile of new builds in England

The English Housing Survey (EHS) provides data on the characteristics of new dwellings built in England (i.e. those built during or after 2005).

According to their estimates for 2014, new-builds are more likely to be flats (44% are, compared to 18% of older dwellings). They also tend to be smaller. Over half (54%) of new-builds have one or two bedrooms, compared to 37% of older dwellings. The total number of habitable rooms in a new-build is also likely to be lower: 44% of new homes had three or fewer habitable rooms compared to 23% of older homes.

Floor space is generally lower for new-builds in the owner-occupied and private rented sectors. However, new-builds which are currently in the social rented sector tend to have more floor space than older social rented homes.

In general, new-builds are more likely to be let by a housing association and less likely to be let by a local authority. They are also more likely to be rented privately and less likely to be owner-occupied compared to older dwellings.

Profile of dwelling stock by date built: England, 2014²³

	New dwellings (2005+)	Old dwellings (pre-2005)	Mean floor area (m ²) by current tenure	
Dwelling type			New dwellings	87
Terrace	24%	30%	Owner occupied	98
Semi-detached	13%	28%	Private rented	72
Detached	19%	23%	Social rented	73
Flat	44%	18%	Old dwellings	94
			Owner occupied	107
			Private rented	77
			Social rented	67
Number of bedrooms				
1	14%	10%		
2	40%	27%		
3	24%	43%		
4 or more	22%	20%		
Number of habitable rooms				
3 or less	44%	23%		
4	16%	22%		
5	16%	29%		
6 or more	23%	26%		
Current tenure				
Owner occupied	57%	63%		
Private rented	24%	19%		
Local authority	1%	8%		
Housing association	18%	10%		

²³ Source: English Housing Survey 2014-15, Housing stock report, Annex Tables 2.1, 2.3 and 2.4

2.5 Trends in the tenure of housing stock

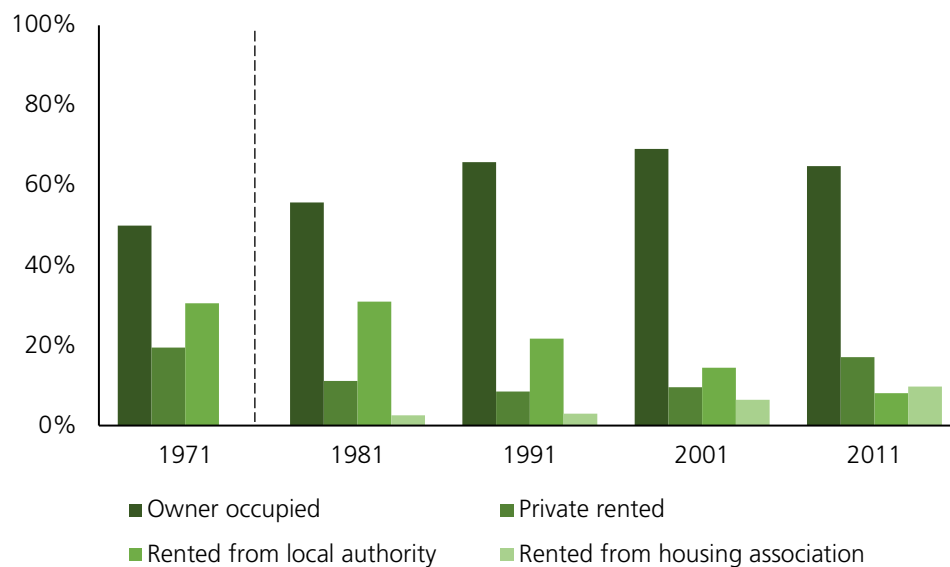
National tenure trends

The proportion of dwelling stock in each tenure group has changed over the last 45 years – the chart below shows proportions at census years since 1971.

Half of UK dwellings were owner-occupied in 1971. This figure increased to 69% in 2001 alongside a decline in private and social rented accommodation. However, the proportion of owner-occupied homes decreased to 65% in 2011. Private renting increased in the same time period, from 10% in 2001 to 17% in 2011.

These trends have continued in recent years. DCLG estimates that in April 2014, 63% of dwellings were owner-occupied and 19% were privately rented in the UK. This is the first year in the series in which the private-sector has been larger than the social-rented sector (18% of properties were social rented).²⁴

Proportion of dwelling stock by tenure group²⁵ UK, 1971-2011



Regional tenure trends

The table and maps overleaf show how the tenure of the housing stock has changed regionally.

The private rented sector grew substantially in the period from 1991 to 2011, particularly in the North, the Midlands and in London. The South West and Wales were the only regions that did not at least double their private rented stock.

²⁴ DCLG, [Live Table 101](#). Series begins in 1971.

²⁵ Source: DCLG, Live Tables 104, 106, 107, 108 and 109.

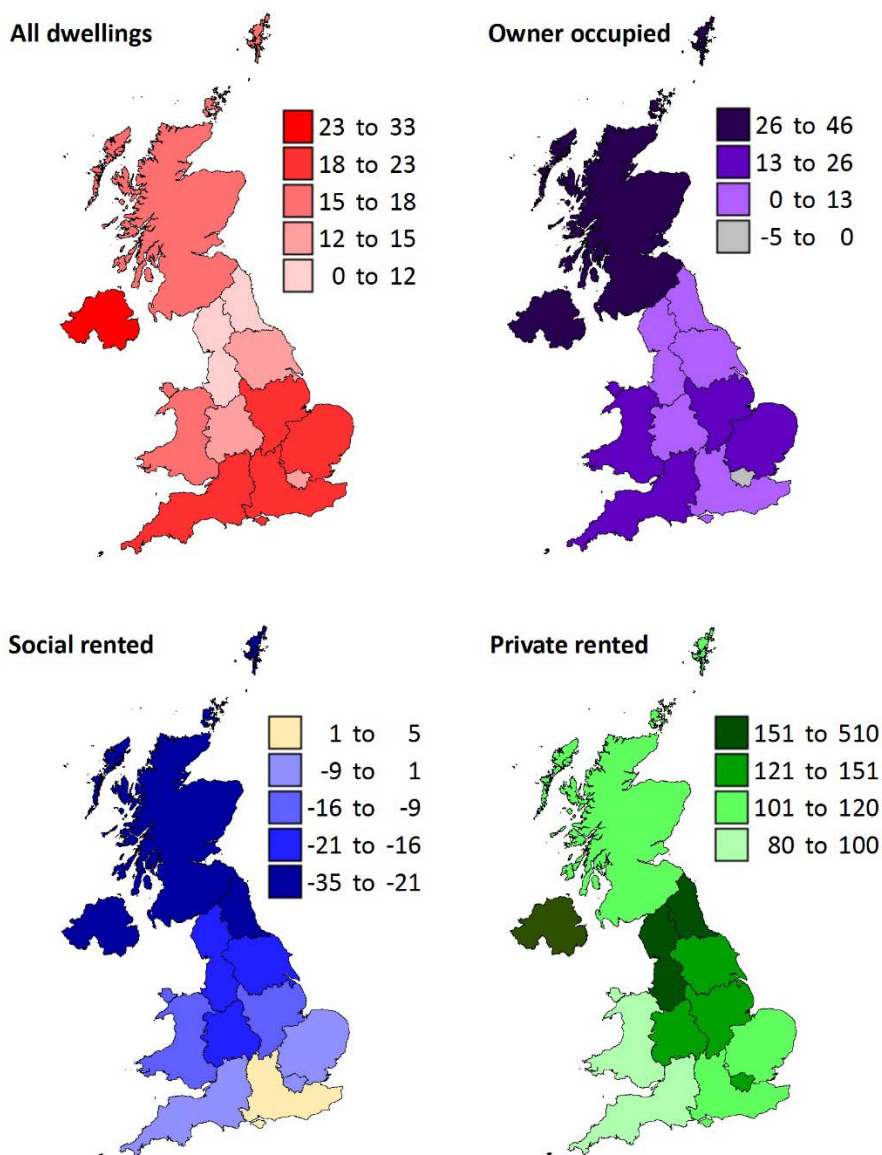
All figures are from the census for each year (i.e. for April), with the exception of 1991 (which uses December 1990 data for Scotland and Northern Ireland) and 2001 (which uses December 2000 data for Northern Ireland).

Housing associations were not counted as a separate category until the 1981 census. Prior to this, housing association homes were counted as private rented.

The North and Midlands also saw a bigger proportional reduction in their social rented stock, along with Scotland and Northern Ireland. In general, the regions that had a bigger drop had more social rented stock to start with. The composition of the social rented sector also changed. Local authority owned stock reduced, often by more than half, across the UK; this drop was mitigated to varying extents by growth in the number of housing association properties.

There was mild growth in the owner-occupied sector, mainly in regions that saw overall growth in their housing stock. The stock in Scotland and Northern Ireland, and to a lesser extent Wales, grew more than in England. Within England, the South West saw the most growth and London was the only region with a decline in owner occupied stock.

Percentage change in the number of dwellings by tenure and region UK, 1991 to 2011²⁶



²⁶ DCLG, [Live Table 109](#)

**Percentage change in the number of dwellings by tenure and region
UK, 1991 to 2011²⁷**

	Owner occupied	Private rented	Social rented	Of which:	
				Housing Association	Local Authority
England	10%	134%	-12%	271%	-56%
North East	11%	202%	-27%	334%	-65%
North West	7%	170%	-20%	296%	-81%
Yorkshire & the Humber	9%	150%	-20%	293%	-50%
East Midlands	14%	149%	-10%	339%	-41%
West Midlands	12%	146%	-17%	316%	-56%
East of England	14%	118%	-3%	324%	-53%
London	-2%	138%	-8%	147%	-41%
South East	10%	113%	5%	247%	-52%
South West	17%	92%	0%	475%	-63%
Wales	17%	86%	-11%	379%	-60%
Scotland	40%	108%	-32%	382%	-61%
Northern Ireland	36%	505%	-29%	200%	-43%
UK	13%	134%	-15%	283%	-56%

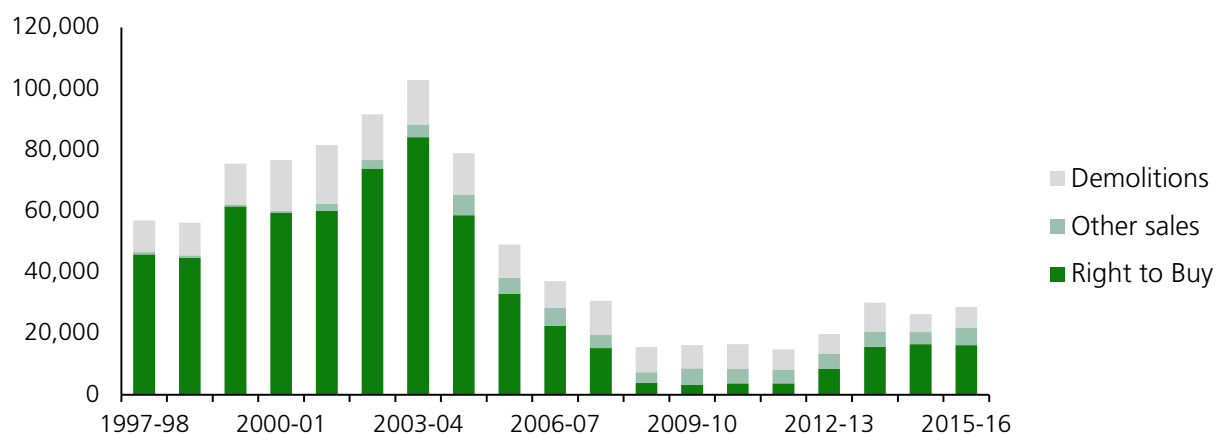
Why has the social rented stock declined in England?

Sales and demolitions

Homes can be removed from the social rented stock by being demolished or sold. The chart below shows recent trends in demolitions and sales of local authority and housing association properties.

Social housing sales and demolitions²⁸

Total at end of financial year, England



²⁷ DCLG, [Live Table 109](#)

²⁸ Source: DCLG, [Live Tables 678 and 684](#)

Right to Buy (RTB) accounted for the bulk of social housing losses between 1998 and 2008. By 2009, however, RTB sales had declined to the extent that they were outnumbered by other sales and demolitions. Following the Coalition Government’s efforts to ‘reinvigorate’ RTB, sales increased in each year from 2012-13, before levelling out between 2014-15 and 2015-16.

New supply

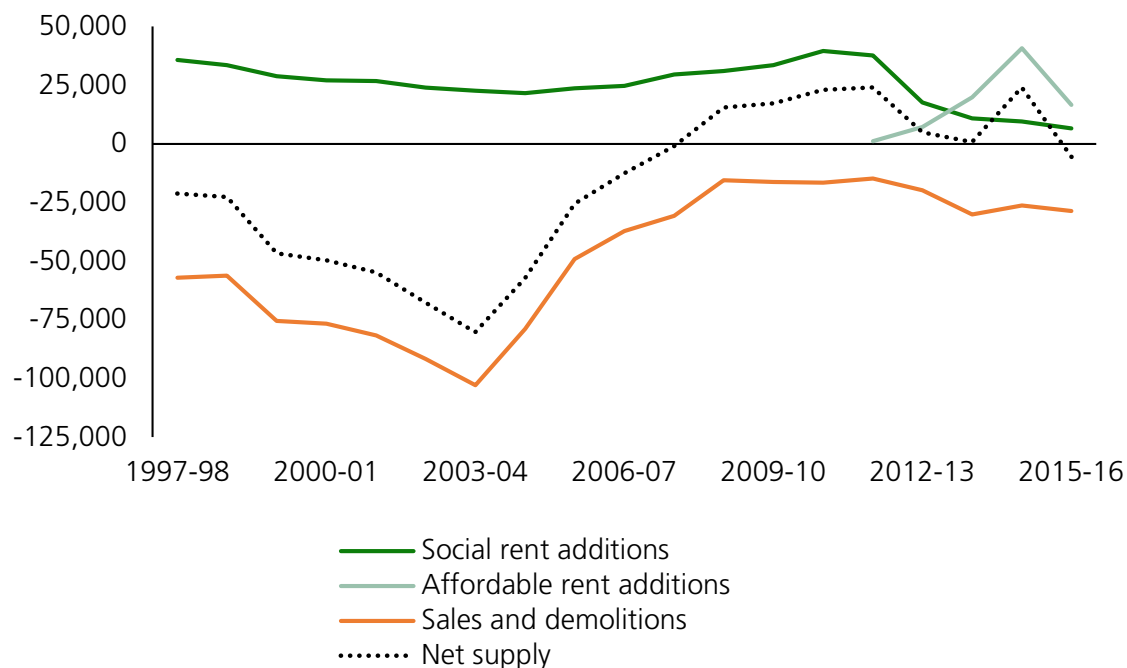
The new supply of social housing has not kept pace with growth in other sectors; in the long term, it has generally been lower than the amount lost through sales and demolitions (see chart below).

Reductions in the stock were greater than gains from 1994-95 until 2008-09. From 2011-12, social housing providers have had the option of letting properties at affordable rents (which can be set at up to 80% of market rent) as well as social rents (for which a target rent level is set nationally). Supply of new affordable-rented homes has increased steadily following their introduction, but declined sharply between 2014-15 and 2015-16. In 2015-16, total new supply of social-rented homes was lower than any other point recorded (the series starts in 1997-98).

Net supply of social-sector housing was positive from around 2008-09 onwards, although it dipped marginally into the negative in 2015-16.

Net supply of social housing²⁹

Thousands of dwellings, England 1997-98 to 2015-16



²⁹ Source: DCLG, Live Tables [1000](#), [678](#) and [684](#). Totals for social and affordable rent additions include both new builds and acquisitions. Social and affordable rent additions figures for 2014-15 are provisional.

3. Increasing supply in England: barriers and solutions

Box 1: Manifesto commitments General Election 2017

Conservative Party: A commitment to meet the 2015 commitment to deliver a million homes by the end of 2020 and deliver half a million more by the end of 2022. The Manifesto refers to the implementation of proposals in the Housing White Paper (February 2017).

Labour Party: A commitment to invest to build over one million new homes over the Parliament. By the end of the Parliament councils and housing associations would be building at least 100,000 homes a year.

Liberal Democrats: A commitment to build 300,000 homes per year by 2022.

Green Party: A commitment to build affordable, zero carbon homes, including 100,000 social rented homes each year by 2022.

UKIP: A focus on factory-build modular homes which, together with a traditional home building programme "could build another one million homes by 2022."

Although there is general consensus around the long-term under-supply of housing and the need to address this, there is less agreement within the industry about *how* best to achieve the necessary step-change in supply. Commentators agree that there is no 'silver bullet' and call for a range of solutions across a number of policy areas. For example, the [UK Housing Review 2015](#) called for "a comprehensive housing strategy" with "actions coordinated and sustained over at least a decade."³⁰ Shelter and KPMG in [Building the homes we need: a programme for the 2015 government](#) (2015), set out a series of measures aimed at reversing "the model of a high cost, low output housing sector to a low cost, high output one" having identified that there are "a number of self-sustaining and self-reinforcing problems that must all be addressed if the housing shortage is to be rectified."³¹

The 2015 Government set out an ambition to deliver 1 million net additions to the housing stock in England by the end of the Parliament, which was expected to be in 2020.³² This translated into around 200,000 net additions per year. This 'target' was arrived at after consideration of the household formation statistics.³³ Critics said that the figure did not take account of the backlog of housing need, section 1.2 of this paper refers to studies which have identified a need for between 240-245,000 homes new homes in each year to meet newly arising demand and need. Some estimates go higher; Shelter's 2015

There is no 'silver bullet' that will increase housing supply. A range of policy responses is required.

The 2015 Government's ambition was to deliver 1 million net additions to the housing stock – to include conversions and changes of use.

³⁰ [UK Housing Review 2015](#), Steve Wilcox, John Perry and Peter Williams, March 2015

³¹ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p32 and p50

³² Net additions includes, for example, conversions and changes of use in addition to newly built housing.

³³ [22 Mar 2016 - Economics of the United Kingdom Housing Market - oral evidence](#), Q237

literature review identified a need to develop 250,000 new homes annually.³⁴

In addition to questioning whether a target to deliver 1 million homes is ambitious enough, there is some doubt over whether even this number is achievable. The House of Lords Select Committee on Economic Affairs put this question to the then Housing Minister, Brandon Lewis, during its [Building More Homes](#) inquiry. The Committee concluded that the target “was not based on a robust analysis” and went on to recommend that the housing crisis required the development of at least 300,000 new homes annually “for the foreseeable future”.³⁵ The Committee called on the Government to “recognise the inability of the private sector, as currently incentivised, to build the number of homes needed.”³⁶

The 2015 Government took action to stimulate housing supply through a variety of schemes.³⁷ In its response to [Building More Homes](#), the Government referred to these schemes and also to additional funding and measures announced during the [Autumn Statement 2016](#).³⁸ The response acknowledged that “we have much more to do as a country to build more homes and that the Government has a role to play in making sure our housing market works for everyone.”³⁹

February 2017 saw the publication of the Housing White paper [Fixing our broken housing market](#),⁴⁰ which set out “a comprehensive package of reform to increase housing supply and halt the decline in housing affordability.”⁴¹ When giving evidence to the Public Accounts Committee in February 2017, Melanie Dawes, Permanent Secretary at DCLG, was questioned on when the gap between net additions to the stock and the demand for new housing, estimated to be 189,000 and 277,000 respectively, would be eliminated. She replied:

It will continue as it has done for decades. I agree, and that will show itself primarily in affordability and in some places in homelessness. I am simply being honest with you. For something on this scale and of this magnitude, we do not have some neat line that tells us when those paths will cross.⁴²

The following sections highlight some of the key barriers and potential solutions to increasing housing supply which have been identified by commentators. As noted above, there is a lack of consensus around all of the issues and possible approaches, some proposals, such as building on the green belt, are particularly contentious. The paper has been

³⁴ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), pp19-20

³⁵ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 84

³⁶ Ibid., para 85

³⁷ For more information see Library briefing paper 06416: [Stimulating housing supply - Government initiatives \(England\)](#)

³⁸ [Government response to the House of Lords Economic Affairs Committee Report: "Building more homes"](#) CM 9384, December 2016

³⁹ Ibid.

⁴⁰ [Cm 9352](#), Fixing our broken housing market, February 2017

⁴¹ Cm 9362, [Autumn Statement 2016](#), November 2016, para 3.11

⁴² [HC 958, 22 February 2017, Q132](#)

updated to include reference to proposals contained in the Housing White Paper where appropriate.

A request made by the economist, Dame Kate Barker, when giving evidence to both the House of Lords Economic Affairs Committee⁴³ and the Treasury Committee, during its inquiry into housing policy following the Autumn Statement 2016,⁴⁴ was for housing policy to be joined up between the Treasury, Department for Work and Pensions (DWP), Department for Communities and Local Government (DCLG) and the Bank of England.

3.1 The local authority and housing association contribution

The table on page 17 of this paper demonstrates that the delivery of more than 200,000 homes per year in England has, since 1939, only happened largely as a result of major public sector (local authority) housebuilding programmes. The Shelter and KPMG report [Building the homes we need: a programme for the 2015 government](#) (2015) states that, since World War II, private housebuilding has been through three major periods of expansion followed by contractions and after each crash, the recovery has been slower with the result that:

...for more than half the period, private house building has either been contracting or stagnant, and total output has ratcheted steadily down with each cycle.⁴⁵

In this context, the contribution of the local authority and housing association sectors could be significant in achieving the necessary step-change in housing supply. The House of Lords Select Committee on Economic Affairs was emphatic on this point:

To achieve its target the Government must recognise the inability of the private sector, as currently incentivised, to build the number of homes needed.⁴⁶

Local authorities and housing associations need to make a much bigger contribution to housebuilding if it is to reach required levels.⁴⁷ A further argument which is used to support the development of more social and affordable rented housing, is its potential to reduce Housing Benefit expenditure over the long-term.⁴⁸

The local authority and housing association sectors are keen to do more and argue that they have the capacity to deliver. The National Housing Federation's (NHF)⁴⁹ submission on the 2016 Autumn Statement expressed a desire in the housing association sector to work with the

Since 1939, the delivery of 200,000 new homes per year in England has largely been due to major public sector building programmes.

The NHF said that with Government help, housing associations could deliver 335,000 homes over the lifetime of this Parliament – which was expected to run up to 2020.

⁴³ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 59

⁴⁴ [HC 861](#), 7 December 2016, Q50

⁴⁵ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p20

⁴⁶ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 85

⁴⁷ *Ibid.*, para 56

⁴⁸ *Ibid.*, para 201

⁴⁹ The representative body of housing associations.

Government to “deliver 335,000 homes over the lifetime of this Parliament” with an offer of “£6 of private investment for every £1 of public money, maximum flexibility in the way we use our existing resources and a guarantee that all profits are reinvested in homes and communities.”⁵⁰ The NHF set out five Government measures that would assist associations in achieving this level of new supply, these ‘asks’ are explained below.⁵¹

Flexible funding – a move away from the focus on tenure and towards housebuilding numbers in order to help ramp-up supply. The Autumn Statement 2016 delivered on this point with the announcement of a relaxation of grant restrictions “to ensure that providers are able to deliver homes across Shared Ownership, Rent to Buy, and Affordable Rent.”⁵² The NHF also called for a more flexible approach to housing investment over the long-term. For example, associations would contract to build a given number of homes over a period in exchange for an agreed level of Government investment. Associations would be free to deliver a mix of tenures to meet local needs.

Additional investment – while acknowledging the level of existing Government investment, the NHF argued that the scale of the crisis warranted the use of “the power of government to drive up supply.” The submission included a request for £3 billion in flexible funding to allow associations to build an additional 100,000 houses. The Autumn Statement 2016 offered an additional £1.4 billion of funding to build 40,000 new affordable homes:

This flexibility and additional investment for affordable housing providers is a proven mechanism to boost supply and will ensure that providers have the resources to meet the housing needs of people at different stages in their lives.⁵³

The 2015 Shelter and KPMG report also called for the prioritisation of capital investment in affordable homes. Analysis conducted by Capital Economics for the report concluded that:

...an increased budget for central government capital grant is the most straight forward, practical and efficient method for stimulating building.⁵⁴

A further advantage of increasing the level of upfront ‘bricks and mortar’ subsidies for new housing is seen as the impact this can have on reducing housing costs, and therefore reliance on Housing Benefit, in the longer-term. Shelter made the case for this approach in its 2012 report: [Bricks or benefits? Rebalancing housing investment](#).⁵⁵

Support for innovation – the NHF is keen to use flexible funding to develop innovative products such as ‘buy as you go’ – a product aimed at those who struggle to save a deposit and under which rent payments

The NHF called for an additional £3bn in flexible funding – the Autumn Statement 2016 allocated an additional £1.4bn for 40,000 affordable homes.

⁵⁰ NHF, [An offer for everyone](#), October 2016

⁵¹ Ibid.

⁵² [Government response to the House of Lords Economic Affairs Committee Report: "Building more homes"](#) CM 9384, December 2016

⁵³ Ibid.

⁵⁴ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p10

⁵⁵ Shelter, [Bricks or benefits? Rebalancing housing investment](#), 2012, pp19-20

would be lower than market rents and would enable tenants to acquire equity and move to full ownership after 25 years.

Access to land – the NHF called on the Government to reach an agreement with the sector on priority access to public land in return for speeding up building rates. The NHF said that by incentivising bidding on the basis of number and speed of homes built on public land, rather than price alone, the Government could further drive up supply. A need to review Treasury guidance on best value was also identified.

The NHF also identified opportunities that could arise out of devolution deals in England with the development of a mechanism for the “identification, assessment and release of land and assets for housing development.”⁵⁶ One suggested mechanism is via a Land Commission following examples in the West Midlands, or a Joint Assets Board as in the North East. The NHF said that “further clarity is still required regarding the powers these commissions will have to bring public land forward more quickly and at a price that supports the delivery of affordable housing.”⁵⁷

Unlocking private finance – associations use public funding in order to lever in private finance for housing development. The NHF argued that there was a “strong case” for the continuation of the Affordable Homes Guarantee scheme (AHGS) which had given them access to long-term, competitively priced finance to deliver affordable homes:

By the time the scheme is complete, it will have provided £2.5bn of guaranteed lending to 70 housing associations to deliver 27,000 new affordable homes. In addition to the affordable homes directly funded under the AHGS, by virtue of its lower cost of finance, the programme has produced an estimated interest saving capable of financing a further 6,000–6,500 homes.

The sector’s no default record means it came at no cost to the taxpayer, so there is a strong case for it continuing. A total of £10bn of guarantee capacity was committed by the Coalition Government via the Infrastructure (Financial Assistance) Act 2012. We understand that there is up to £4bn of unused guarantee capacity that could be allocated to support additional affordable housebuilding. To make more effective use of the Government’s strong balance sheet, and the confidence funders have in the sector, this guarantee capacity could also be extended to cover refinancing of existing debt. This would allow housing associations to lower the cost of historic debt and take on more private finance to fund affordable housing.⁵⁸

Shelter and KPMG proposed **the establishment of a national Housing and Infrastructure Bank funded from Housing ISAs** along the lines of the Dutch Bank, *Nederlandse Gemeenten* (BNG):

A similar structure could be set up in the United Kingdom, with ownership of the bank exclusively in the hands of the government, shared with local authorities or as a not-for-profit vehicle. The bank would need to raise finance so that it could extend loans to housing associations and other providers of new

⁵⁶ NHF, [An offer for everyone](#), October 2016

⁵⁷ Ibid.

⁵⁸ Ibid.

affordable housing. This could come from issuing bonds to the capital markets, as is the case with BNG, and the bank could also use special savings accounts (housing ISAs) to raise finance from retail deposits, as in the french livrét A scheme. The Bank could be a new institution, or part of an existing or planned institution such as the Green Investment Bank, British Investment Bank or homes and communities Agency (HCA).⁵⁹

In addition to the five specific requests set out above, the NHF has long argued for **flexibility for associations to set their own rents**. The sector had welcomed the Coalition Government's announcement of a ten-year rent increase settlement of CPI plus 1% in 2013; however, the certainty delivered by this announcement was short lived as in the Summer Budget 2015 the Chancellor announced that rents in social housing would be reduced by 1% a year for four years resulting in a 12% reduction in average rents by 2020-21. The NHF estimated a significant reduction in development as a result of this measure:

Our own estimates suggest that the reduction will result in a loss of almost £3.85bn in rental income over the four years. Simply dividing this by the average build cost in the 2011-15 programme of £141,000, suggests that at least 27,000 new affordable homes won't be built as a result of the change. This of course assumes the lost income wouldn't be matched by any government grant or used to leverage in private finance, so the actual total could be higher.⁶⁰

In [A Plan For Homes](#), launched on 13 July 2015, the NHF called on the Government to offer, inter alia, greater flexibility in setting rents within an overall envelope in order to achieve "genuinely affordable rents while creating the most effective income stream." With this and other measures, the NHF claimed that associations could develop 120,000 new homes per year.⁶¹

[Fixing our broken housing market](#) promised the development of a long-term rent policy for housing associations and local authorities:

To support housing associations to build more, the Government will: set out, in due course, a rent policy for social housing landlords (housing associations and local authority landlords) for the period beyond 2020 to help them to borrow against future income, and will undertake further discussions with the sector before doing so. Our aim is to ensure that they have the confidence they need about their future income in order to plan ahead. The Government also confirms that the 1% rent reduction will remain in place in the period up to 2020.⁶²

The Housing White Paper promised clarity on a rent policy for social landlords beyond 2020 to enable them to plan ahead. The sector would be consulted but no timescale for this was announced.

The ability of associations to deliver more homes relies on the confidence of investors. The investors also want certainty on rents post-2020

⁵⁹ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p75

⁶⁰ [Summer Budget 2015 Briefing](#), National Housing Federation (NHF), 10 July 2015

⁶¹ [A Plan For Homes](#), NHF, 13 July 2015

⁶² [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.26

The **local authority contribution** to new housing supply has been contracting since the early 1980s, but some authorities are keen to explore how they can increase their contribution. The self-financing settlement, which became operational from April 2012, was seen as giving authorities the opportunity, within certain parameters, to use their rental income to support housing investment.⁶³ These opportunities have been limited by the imposition of borrowing caps and, more recently, the requirement on social landlords to reduce rents by 1% in each year for four years from April 2016.

Authorities that are keen to develop new social housing have taken a cautious approach due to borrowing caps and social sector rent reductions.

A report by the Chartered Institute of Housing (CIH) and the Chartered Institute of Public Finance and Accountancy (CIPFA), [Investing in Council Housing](#) (2016), estimated that the 2012 settlement originally offered the potential for authorities to develop 550,000 new build properties over 30 years. Inflationary changes have reduced this to 160,000 units while rent reductions have reduced capacity further to 45,000 units.⁶⁴ Financial uncertainty, coupled with challenges posed by Government proposals on selling higher-value properties and changes to Housing Benefit entitlement, which, in turn, threaten local authorities' rental streams, means that authorities have tended to take a cautious approach to new housing development.

Since 2012 there have been various calls for **a relaxation of local authority borrowing caps**.⁶⁵ Opponents of the caps argue that local authorities should be able to borrow to build social housing within the existing prudential regime. The Government has resisted these calls on the basis that additional borrowing would have an impact on the Public Sector Borrowing Requirement (PSBR):

The borrowing caps were introduced as part of the Housing Revenue Account self-financing settlement, which entailed a once and for all rebalancing of housing debt. There are no plans to lift the caps, which are part of the government's strategy to manage the overall level of public debt.

Local authorities do have the capacity to borrow to build new homes, there is nearly £3.4 billion headroom available nationally and £2.9 billion in reserves.⁶⁶

Both the Labour and Liberal Democrat 2017 manifestos committed to lift local authority borrowing restrictions to stimulate house building.

The Local Government Association (LGA) and CIH favour a move to **calculating public debt using international rules which exclude council-owned housing**.⁶⁷ In [Building More Homes](#), the House of Lords Economic Affairs Select Committee described restrictions on authorities' ability to borrow to build housing as "arbitrary and anomalous" and recommended "that the Government allows local

⁶³ See Library briefing paper 06776, [Local housing authorities - the self-financing regime: progress and issues](#)

⁶⁴ CIH and CIPFA, [Investing in Council Housing](#), July 2016

⁶⁵ See Library briefing paper 06776, [Local housing authorities - the self-financing regime: progress and issues](#)

⁶⁶ [HL3457 – Written Question - 7 December 2016](#)

⁶⁷ See for example section 4 of Library briefing paper 06776, [Local housing authorities - the self-financing regime: progress and issues](#)

authorities to borrow under the prudential regime to build all types of housing.”⁶⁸

The [CIH submission to the Autumn Statement 2016](#) suggested that an **offer could be made to individual authorities to halt the rent reduction policy for future years** “in return for concrete and deliverable commitments to increase their contribution to housing supply.” CIH estimated that this could deliver around 2,000 additional units per year if authorities with tight borrowing cap limits were given flexibility to borrow more.⁶⁹ More detail on how local authorities Housing Revenue Accounts (HRAs) could be ‘reshaped’ to release new supply within the Treasury’s assumed overall envelope for local authority borrowing is set out in [Investing in Council Housing](#) (2016).

When challenged on borrowing caps, the Government has referred to the fact that authorities are not utilising their existing borrowing headroom. Evidence submitted to the Communities and Local Government Committee’s inquiry, [Capacity in the homebuilding industry](#) (April 2017), suggested that this is a reaction to funding cuts and uncertainty: “They argue that the chance for increased borrowing headroom is no longer seen as an opportunity to take additional action, but as a necessary protection from further cuts and intervention.”⁷⁰

There is no correlation between an authority’s need and desire to invest in its existing stock or develop new housing and its ability to utilise additional borrowing capacity under self-financing. London Councils’ evidence to the Communities and Local Government Select Committee’s inquiry into [Financing New Housing Supply](#) (2010-12) highlighted this issue and **proposed that authorities should be able to share their borrowing capacity:**

This would in effect merely re-distribute existing debt around local authorities and would not add to the aggregate HRA-related debt. However, at the moment it is not possible and would need central government’s approval to happen. As such a move would not add to the aggregate debt, and would allow boroughs to act far more like the housing business managers that HRA devolution implies, the freedom to swap headroom in this manner is something that we would strongly urge the Government to actively consider in the coming months.⁷¹

This approach, which the Committee recommended, was also supported by Labour Party-commissioned [Lyons housing review](#) (2014).⁷² The Coalition Government rejected the proposition.⁷³

⁶⁸ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 220

⁶⁹ [CIH submission to the Autumn Statement 2016](#), October 2016

⁷⁰ [HC 46. Tenth Report of session 2016-17](#), 29 April 2017, para 54

⁷¹ HC 1652, Eleventh Report of 2010-12 Volume I, [Financing New Housing Supply](#), May 2012, Ev 134-5

⁷² [The Lyons housing review](#), 2014 p145

⁷³ [Cm 8401](#), July 2012, para 17

A further issue highlighted by CIPFA and the CIH's work is **how stock holding authorities might be compensated for selling higher-value properties**.⁷⁴ The suggested approach is to:

- allow them to reinvest the receipt to generate a replacement income stream, or
- let them deduct the present value of residual costs from the sale receipt, or
- permit them to redeem debt, or
- a combination of the above.⁷⁵

There is also scope, according to the CIH, for authorities to be **empowered to replace properties sold through the Right to Buy (RTB)** by:

...allowing councils to keep all of the receipts from sales and relaxing rules on how these are reinvested, for example by extending the three year time limit and removing restrictions which prevent receipts from being used to fund more than 30 per cent of the cost of a new home.⁷⁶

The 2013 Autumn Statement announced that the Coalition Government would launch a review into the role local authorities could play in supporting overall housing supply.⁷⁷ The [Elphicke-House report](#) of January 2015 also expressed concerns about the ability of local authorities to offer local one-for-one replacement of sold RTB properties and supported additional borrowing flexibilities in certain limited circumstances:

Government considers within its overall current spending plans flexibilities in any possible further HRA borrowing programme to enable councils to use both additional borrowing and 1:1 receipts to enable councils to deliver replacement units for Right to Buy stock.⁷⁸

Overall, The [Elphicke-House report](#) recommended that local authorities should become "**housing delivery enablers**", through the use of innovative financing mechanisms including: the creation of housing companies funded by the General Fund; private finance initiatives; and housing investment from local authority pension funds:

A number of stock owning council respondents indicated that they would not be able to build more homes without additional borrowing capacity. However, local authorities with little or no borrowing headroom have developed innovative finance models, including via local housing delivery vehicles, to lever-in private finance to support house building programmes.⁷⁹

The Minister's evidence to CLG Committee in February 2017 conceded that RTB replacements would not be on track in the future.

⁷⁴ It is expected that proceeds from these sales will be used to finance the extension of the Right to Buy to housing association tenants.

⁷⁵ CIH and CIPFA, [Investing in Council Housing](#), July 2016

⁷⁶ [CIH submission to the Autumn Statement 2016](#), October 2016

⁷⁷ Cm 8747, [2013 Autumn Statement](#), December 2013, para 1.229

⁷⁸ [The Elphicke-House report](#), January 2015, para 4.27

⁷⁹ [The Elphicke-House report, From statutory provider to housing-delivery enabler](#), January 2015, para 4.24

The [CIH submission to the Autumn Statement 2016](#) noted that many councils *are* exploring **alternative models for housebuilding such as housing companies and other means of funding development outside of the HRA**. The CIH called on the Government to “consider options to support this kind of development.”⁸⁰ On 9 December *Inside Housing* reported that over a third of authorities in England have, or are considering setting up a housing company.⁸¹

[Fixing our broken housing market](#) expressed support for local housing companies:

There are a number of good examples of Local Development Corporations, local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that end we will seek to address the issues that hold them back. However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home.⁸²

The Housing White Paper said the Government would seek to support local authority owned housing companies and help them to build. (para 3.28)

Commentators are concerned that a requirement to offer the Right to Buy to tenants occupying properties built by council owned housing companies could threaten the viability of schemes.⁸³

The White Paper also included a commitment to consider ‘bespoke deals’ with local authorities:

Housing markets are different right across the country, and we are interested in the scope for bespoke housing deals with authorities in high demand areas, which have a genuine ambition to build. We will look seriously at any request from local authorities for Government powers to be used to support delivery in their local area, and will be prepared to consider all the levers at our disposal to do so, so long as this results in genuinely additional housing being delivered.⁸⁴

The Housing White Paper said the Government would consider bespoke deals with local authorities to deliver additional housing. (para 3.33)

The representative bodies of both housing associations and local authorities agree that in order to make a significant contribution to housing supply, **the sectors require certainty around public policy matters**. The House of Lords Select Committee on Economic Affairs concluded:

Government must recognise the effect that constant changes in public policy have on the housing market; housebuilders, housing associations and local authorities are unlikely to commit to large building programmes amid such uncertainty.⁸⁵

⁸⁰ [CIH submission to the Autumn Statement 2016](#), October 2016

⁸¹ *Inside Housing*, “More than a third of councils set up housing companies”, 9 December 2016

⁸² [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.28

⁸³ See for example: [LGA Briefing on the Housing White Paper](#), February 2017

⁸⁴ [Cm 9352](#), Fixing our broken housing market, February 2017, para 3.33

⁸⁵ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 61

3.2 Land supply

Around 10% of land in England is classed as 'urban' and 1% has domestic buildings on it.⁸⁶ While there is sufficient land to build on, land is scarce in economic terms as its supply is inherently limited and fixed. This leads, it is argued, to developers having to undergo 'fierce' competition for land "while remaining uncertain as to what planning permission they will be able to secure."⁸⁷ The price of land is certainly viewed as a barrier to housebuilding. The gain in value that planning permission offers is said to encourage strategic land trading, rather than development, "resulting in the most profitable beneficiaries of residential development being the land owner, not the developer."⁸⁸ High land prices can, in turn, force down the quality and size of new homes and present difficulties for small and medium sized enterprises (SMEs) when seeking to compete for sites to develop.

Shelter and KPMG suggest that combined features of the land market mean that there is little competitive pressure at the consumer end of development process:

...the development process is highly vulnerable to shocks, requiring developers to minimise build costs and maximise sale prices by building at a rate that is not related to demand for homes, but demand for homes at certain prices. This strategy is only possible because barriers to entry and market concentration mean there is little competitive pressure at the consumer end of the development process, which might otherwise drive down margins. Competition is focused on acquiring land, rather than satisfying consumers. the result is a vicious circle in which high land prices ensure housing output remains low and house prices high – which in turn feedback to sustain higher land prices.⁸⁹

One potential response to this could be a **Land Value Tax (LVT)**. Essentially, under this system land owners would be required to make payments based on the current market value of land, irrespective of whether or how well the land is actually used. Proponents argue that:

The necessity to pay the tax obliges landowners to develop vacant and under-used land properly or to make way for others who will.⁹⁰

There is some support amongst economists for a LVT to replace business rates, and, ultimately, Council Tax and Stamp Duty Land Tax, but it does not appear to have garnered political support.⁹¹

There is support for an **increase in transparency of the land supply system** through the release of data on land market activity and for **incentives to promote the development of stalled sites**. Better data would, it is argued, create a more level playing field and enable

The 2015 Government said it would amend the NPPF to make efficient use of land and restrict low density developments where there is a land shortage. (Housing White Paper para 1.53)

⁸⁶ [UK National Ecosystem Assessment](#), 2011, p 23

⁸⁷ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p8

⁸⁸ Ibid.

⁸⁹ Ibid., p39

⁹⁰ [Land Value Taxation Campaign](#) [accessed on 4 January 2017]

⁹¹ Institute for Economic Affairs, [The case for a Land Value Tax](#), 15 February 2016

small builders to find sites more easily.⁹² The [Lyons Housing Review](#) of 2014 recommended that the Land Registry should open up land ownership information to the public and that it should be made a legal requirement to register land option agreements, prices and transactions:

Greater transparency about ownership, options and transactions would deliver a number of important benefits that would result in better operation of the land market. It would assist in effective plan making by enabling local authorities to properly assess land availability and the record of landowners, agents and developers in bringing forward sites. It would greatly assist local authorities and other developers in land assembly, and provide information on achievable prices to landowners. It would also improve understanding of the viability of schemes to assist in negotiations of planning obligations. This would also increase the chance of planning gain being financed by a landowner rather than a developer.⁹³

[Fixing our broken housing market](#) set out measures the 2015 Government intended to take to increase the transparency of land ownership and interests, including:

- A target for HM Land Registry to achieve comprehensive land registration by 2030 with all publicly held land in areas of high housing need registered by 2020, with the rest to follow by 2025.
- Consult on improving the transparency of contractual arrangements used to control land with legislation to follow “at the earliest opportunity.”
- The release of the commercial and corporate ownership data set and the overseas ownership data set free of charge, and publication of a draft Bill on the reform of restrictive covenants and other interests.⁹⁴

The Housing White Paper contained measures aimed at improving the transparency of land ownership and interests in land. (paras 1.17-21)

The annex to the White Paper contained consultation questions on these proposals. Responses could be submitted up to 2 May 2017.

⁹² Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p13

⁹³ [The Lyons Housing Review](#), 2014, p63

⁹⁴ [Cm 9352](#), Fixing our broken housing market, February 2017, paras 1.17-21

Box 2: Is land banking a problem?

Land banking describes the practice of land owners who retain land while its value grows until such time as it can be built on more profitably, sold on at an increased price, or is simply retained as an asset.

A number of studies have considered whether land banking actually happens. For example, a [report](#) by Molior for the London Mayor in 2012 found that of the 210,000 existing planning permissions for new homes in London, 55% were in the control of building firms while 45% were in the control of non-building firms such as investment funds, historic land owners, government and 'developers' who do not build. Molior concluded that accusations of land banking directed at builders were 'misplaced.' An update [report](#) in 2014 found a smaller percentage of planning permissions held by non-developers.

It is acknowledged that developers retain stocks of land with planning permission as a strategy for managing pipelines and 'smoothing out peaks and troughs in resource allocation.' There are also holdings of 'strategic land banks' which are sites without planning permission which are generally held 'under option,' i.e. not recorded as in the developer's ownership. Shelter and KPMG conclude that incentives to get strategic land through planning are 'very high' and expect any issues to be:

...more at the strategic and local planning level, with a lack of visibility over land control and intent meaning that it is less each to match planning strategy with land that is controlled by developers and hence more likely to be able to be brought forward quickly for development.⁹⁵

If land banking is not the main problem, there does appear to be a case for ensuring that the majority of suitable land for development is held by firms who intend to build on it.

Release of public sector land

Government activity since 2010 in relation to land supply has been focused on **ensuring that land in public ownership is released for housebuilding**. Evidence submitted by the Home Builders Federation to the Lords Economic Affairs Committee said that between a quarter and a third of all potential residential land was controlled by the public sector.⁹⁶ In June 2011 the then Minister for Housing announced a plan to release enough public land to build up to 100,000 new homes by 2015.⁹⁷ The Autumn Statement 2015 saw a commitment to sell land for more than 160,000 new homes up to 2020, while the then Housing Minister told the Economic Affairs Committee that the 2015 Government was aiming for 320,000 homes on public land in the Parliament.⁹⁸

The Coalition Government's land release programme attracted criticism from both the National Audit Office and the Public Accounts Committee (PAC).⁹⁹ Progress in disposing of sites was described as 'slow' and many of the potential sites were considered to be at 'high risk' of falling out of the programme. The PAC concluded that the disposals programme

⁹⁵ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p37

⁹⁶ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 154

⁹⁷ [DCLG Press Release](#), 8 June 2011

⁹⁸ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 162

⁹⁹ [HC 634](#), Twenty-second report of 2016-17, 2 November 2016

up to 2015 “could not demonstrate the success of the programme in addressing the housing shortage or achieving value for money.”¹⁰⁰

Progress in delivering the 2015-2020 disposals programme had improved, according to the PAC:

The Department has put in place guidance and monitoring arrangements for the 2015–2020 programme, although it has yet to publish these. It has also made clearer other departments’ roles and responsibilities. We are also pleased that the Department has now agreed to monitor the number of homes actually built; the programme is an important part of addressing the current housing shortage and the taxpayer has a right to know how many homes are built as a result of it.¹⁰¹

In [Building the homes we need: a programme for the 2015 government](#) Shelter and KPMG suggested that local authorities could set up **joint ventures to lease land to affordable house builders**, or institutional investors, while retaining the freehold. Leasing the land would mean that authorities could receive a share of any rental income:

Capital Economics modelling shows that such a model could be set up which requires no upfront grant funding to build the affordable homes and returns between 15% and 30% of rental income to the local authority dependent on location. The downside to local authorities would simply be the opportunity cost of not selling the land to a developer for full market value at that point (although freehold ownership would be retained).¹⁰²

The Lords Select Committee on Economic Affairs expressed support for these types of initiative and referred to calls from Orbit Group, a large housing association, for the identification and release of government owned land specifically for the building of rented properties. Orbit’s suggested model would involve deferring the land costs for a period, e.g. 30 years, in order to ensure rents charged are affordable.¹⁰³

The Committee supported **the relaxation of the requirement to achieve best market value when releasing public land** but concluded that this would only work “if there is a central scheme that approves and compensates public bodies who sell land below market value.”¹⁰⁴

The annex to the Housing White Paper contained consultation questions on disposal at less than best value:

We will consult on using powers in the Growth and Infrastructure Act 2013 to issue a new General Disposal Consent, which would enable authorities to dispose of land held for planning purposes at less than best consideration without the need for specific consent from the Secretary of State. The consultation will seek views on a threshold below which specific consent would not need to be

The Housing White Paper said the Government would consult on extending flexibility to dispose of land at less than best consideration. (para 1.27)

¹⁰⁰ Ibid., para 8

¹⁰¹ Ibid., p3

¹⁰² Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p76

¹⁰³ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 176

¹⁰⁴ Ibid., para 177

obtained. We will also consult on revising the existing £2m threshold for the disposal of other (non-housing) land.¹⁰⁵

Direct commissioning

Housing organisations welcomed the inclusion of housing development in the Coalition Government's [National Infrastructure Plan 2014](#) (published on 2 December 2014). This plan set out an intention to trial a new delivery model with the Homes and Communities Agency (HCA) taking the lead role. Essentially, direct commissioning involves the HCA leading on site delivery (public land) on which the development of new homes is directly commissioned by Government. An extension of direct commissioning was announced on 4 January 2016.¹⁰⁶ This approach was also aimed at supporting smaller companies and new entrants to the housebuilding market.

The 2015 Government launched a £45m Land Release Fund and an Accelerated Construction Programme. (White Paper para 1.26).

The Lords Select Committee on Economic Affairs **called for direct commissioning to form a bigger part of the housebuilding programme:**

We welcome the trial of direct commissioning but it should be a much bigger part of the housebuilding programme. The implementation of our recommendations on the financing of local authority building would help with this. Direct commissioning would also provide opportunities for smaller builders.¹⁰⁷

New Towns and Garden Cities

The Conservative Manifesto 2015 contained a commitment to support locally-led garden cities and towns in places where communities want them. The package of support available was set out in the prospectus: [Locally-led Garden Villages, Towns and Cities](#) (March 2016). The aim is for developments to take place on brownfield and/or public sector land. There is a commitment to work with bidders in exchange for guaranteed delivery; additional planning freedoms may be available to support housing growth in certain circumstances.

The Government would legislate to allow locally accountable New Town Development Corporations to be set up. (Housing White Paper para 1.36)

[The Lyons Housing Review](#) (2014) referred to "a growing consensus, clearly reflected in the evidence to this review that a new programme of Garden Cities and New Towns would make an important contribution to delivering the homes we need."¹⁰⁸

Dame Kate Barker also said she supported a return to thinking about new towns in her evidence to the Treasury Select Committee:

Dame Kate Barker: There are two things I would favour the most. One would be a return to thinking about new towns. I stress "towns" rather than villages. I am not opposed to garden villages, because we need a whole range of solutions. In some ways, however, I do not find them totally attractive, because we have a view in England—maybe it is not right—that what we like is quite close urban areas and then open countryside. While garden villages remove the objection that you are building next to somebody, they will inevitably impinge on open countryside. They

¹⁰⁵ [Cm 9352](#), Fixing our broken housing market, February 2017, para A47

¹⁰⁶ [PM: The Government will directly build affordable homes](#), 4 January 2016

¹⁰⁷ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 172

¹⁰⁸ [The Lyons Housing Review](#), 2014, p90

may very well not be places large enough to sustain a secondary school, which means you have to bus children all around. They may not be places where there is huge local economic activity.

Chair: I also mentioned expansion of existing villages.

Dame Kate Barker: Yes, I would very much prefer to see existing towns and villages expanded rather than moved to garden villages, given some thought about the appropriate transport links and, as I say, education.¹⁰⁹

Dame Kate emphasised that she would want to see “as much land as possible brought in at existing use value” in order to use the resultant planning gain to fund infrastructure.¹¹⁰

[Building the homes we need: a programme for the 2015 government](#) expressed **support for the use of New Homes Zones** under which planning authorities would designate zones suitable for the development of significant numbers of housing but short of major settlements (e.g. more than 200 units but less than 5,000). This is described as a proactive approach which would offer incentives “so long as the land value uplift generated is used to improve the scheme, as well as compensate land owners, and to provide value for the local community.”¹¹¹ The previous Mayor of London, Boris Johnson, announced the use of [Housing Zones](#) in London in March 2016.

[Fixing our broken housing market](#) said that the Government would explore further opportunities for garden cities and new towns:

The Government will also explore what opportunities garden cities, towns and villages might offer for bringing large-scale development forward in ways that streamline planning procedures and encourage locally-led, high quality environments to be created. The Centre for Policy Studies proposed the idea of ‘pink zones’ with this goal in mind and we are looking carefully at their recommendations.¹¹²

3.3 Funding infrastructure

A large scale housebuilding programme requires investment in infrastructure. Shelter and KPMG (2015) were critical of the failure to recognise housing formally as a national infrastructure asset and “a particularly effective route to economic growth.”¹¹³ The Autumn Statement 2016 announced a new Housing Infrastructure Fund of £2.3 billion by 2020-21:

...funded by the NPIF [national productivity investment fund] and allocated to local government on a competitive basis, will provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest. This will deliver up to 100,000 new homes. The government will also examine options

Bids for the Housing Infrastructure Fund were to open in 2017 – joint bids across local authority boundaries would be welcomed. (White Paper para 2.19)

The Housing White Paper committed to a more coordinated approach across government to provide the right infrastructure to unlock housing delivery. (para 2.18)

¹⁰⁹ [HC 861](#), 7 December 2016, Q5

¹¹⁰ *Ibid.*, Q8

¹¹¹ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p52

¹¹² [Cm 9352](#), [Fixing our broken housing market](#), February 2017, para 1.36

¹¹³ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p46

to ensure that other government transport funding better supports housing growth.¹¹⁴

[The Lyons Housing Review](#) (2014) pointed out that much of the infrastructure for the post-1949 New Town developments was publicly funded with Government loans over 60 years.¹¹⁵ Lyons went on:

A key challenge will be balancing the large up-front infrastructure costs against the longer term receipts and uplift. The lessons from the New Towns and the financial modelling conducted by some entrants to the Wolfson Prize shows that new settlements could be largely self-financing over the long term if they have an effective means of land value capture. This will need to be underpinned by reforms to powers for compulsory purchase which we propose. However, up-front financing will be required to support early, up-front costs incurred by the new development.¹¹⁶

A pilot scheme has been launched which is aimed at unblocking infrastructure delays on housing developments. The scheme is in the south east and is being led by the Housing & Finance Institute (HFI). It will bring together various parties and is focused on housing developments that have been delayed due to a lack of water, sewage, electricity, gas or road connectivity. If successful, the scheme may be rolled out across the UK in 2017.¹¹⁷

In addition to the Housing Infrastructure Fund, [Fixing our broken housing market](#) said that the Government would amend national planning policy so that local authorities will be expected to identify development opportunities arising out of new infrastructure, such as High Speed Rail 2. The 2015 Government intended to consult on a requirement that authorities have planning policies in place showing how high quality digital infrastructure will be delivered in their areas. There was also to be a review to ensure that utilities planning and delivery keeps pace with house building and supports development. An obligation on utility companies to take account of proposed development could be introduced.¹¹⁸

3.4 The planning system

The planning system in England is frequently cited as a 'blocker' to achieving the necessary rates of housing delivery. The planning system regulates, amongst other things, where housing development takes place, density levels, the necessary supporting infrastructure, and the obligation to provide a proportion of affordable housing as part of a development.

It is an area that has attracted a good deal of Government attention. The Coalition Government abolished nationally set housing targets and regional planning bodies with the *Localism Act 2011*. National planning policy is now set out in the Government's National Planning Policy

¹¹⁴ [Autumn Statement 2016](#), para 3.11

¹¹⁵ [The Lyons Housing Review](#), 2014, p92

¹¹⁶ *Ibid.*, p93

¹¹⁷ *Inside Housing*, "Government-backed pilot on infrastructure delays launched", 4 January 2017

¹¹⁸ [Cm 9352](#), *Fixing our broken housing market*, February 2017, paras 2.20-24

Framework (NPPF), published in March 2012. The NPPF and its accompanying Planning Practice Guidance gives some broad guidance to local authorities about calculating the supply of housing.

Following the election of the Conservative Government in May 2015, there were a number of planning related consultations and announcements. Changes to the planning system by the 2015 Government have already been made through the *Housing and Planning Act 2016*¹¹⁹ and *Energy Act 2016*. Additional reforms to the planning system are contained in the *Neighbourhood Planning Act 2017*. Information can be found in the following Library Briefing Papers:

- [Planning for Housing](#) (March 2017 – updated to take account of the Housing White Paper)
- [Commons Library analysis of the Neighbourhood Planning Bill](#) (September 2016)
- [Neighbourhood Planning Bill: Report on Committee Stage](#) (November 2016)
- [Planning Reform Proposals](#) (March 2017 – updated to take account of the Housing White Paper)

The 2015 Government's response to the Lords Economic Affairs Committee's report [Building More Homes](#) (2016), set out how the reforms made to date had impacted:

The Government strongly believes that our planning reforms to date have done much to streamline the planning system and remove barriers to development. 83 per cent of major applications were determined on time between April and June 2016, which is the highest percentage on record.

In addition, in the year to 30 June 2016, the reformed planning system has given permission for 277,000 new homes. Finally, our reforms to Permitted Development Rights have led to a strong contribution to housing supply from conversions and changes of use in addition to new house building.¹²⁰

The response went on say that the forthcoming Housing White Paper "will set out a further package of reforms to ensure that our planning system better supports housing delivery."¹²¹ [Fixing our broken housing market](#) was published in February 2017. A summary of its proposals on planning, together with initial reactions, can be found in Library briefing paper [Planning reform in the housing white paper](#) (7896).

There is **no groundswell of support for another round of major planning reform**. The industry requires certainty and where this is lacking housing supply can be constrained. The [Lyons housing review](#) (2014) said:

¹¹⁹ Not all of these changes have been implemented at this point.

¹²⁰ [Government response to the House of Lords Economic Affairs Committee Report: "Building more homes"](#) CM 9384, December 2016

¹²¹ Ibid.

The evidence submitted to the review overwhelmingly cautioned against further fundamental and wholesale reform of the system which would lead to widespread uncertainty and undermine a rapid increase in housing supply.¹²²

Witnesses to the Lords Economic Affairs Committee expressed a variety of opinions on the need for planning reforms. Some thought that reform was 'critical' while others thought that planning 'was not a problem'.¹²³

Planning conditions

Planning is clearly an essential part of the delivery process but many argue that reforms to planning alone will not provide the answer to the housing supply crisis. The Home Builders Federation (HBF) has pointed to **an increase in the number of planning permissions granted**, but still describes the planning system as a 'constraint':

Permissions for 76,242 homes were granted in England between July and September, with the total number for the 12 months to September reaching 289,011, the highest since the survey began in 2006. However, the number of actual sites these permissions are on dropped, indicating Local Authorities are granting permission for an increasing number of large strategic sites as opposed to the mix of size and type of site needed to deliver more homes.

This is an encouraging headline figure but few of those recently permitted will yet be buildable. Permissions are recorded once one of the 'conditions' attached to them by the Local Authority is satisfied- or 'discharged'. Many will have dozens of 'pre commencement' conditions attached and so builders will not legally be entitled to commence construction until they are all discharged- a process which could take some months and is dependent on the ability and capacity of the authority to provide this service.¹²⁴

The HBF has welcomed Government measures in the *Neighbourhood Planning Act 2017* to introduce a new process for agreeing pre-commencement conditions, but would like to see **a limit on the number of conditions authorities can impose, and authorities prevented from imposing 'spurious' conditions** that, the HBF argues, could be dealt with later in the construction process to enable builders to get on site more quickly:

Many conditions – such as the Local Authority needing to approve a final children's play area design – should not be holding up building work and could be agreed once work is underway through the imposition of a 'pre-occupation' condition. Information collected by HBF shows how authorities are holding up construction with demands for scale drawings of the placement of picnic tables and refuse bins in children's play areas and detailed statements on the 'engagement and recruitment of local artists' to provide public art on the new estate.¹²⁵

The number of planning permissions granted has increased but this does not mean that work on those sites will start quickly.

The Secretary of State is gaining powers to prohibit conditions that do not meet national policy tests. A deemed discharge provision has operated since 2015.

¹²² [Lyons housing review](#), 2014 p43

¹²³ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 148

¹²⁴ HBF, [New home planning 'permissions' up – but system remains a constraint](#), 3 January 2017

¹²⁵ Ibid.

Evidence submitted to the Lords Economic Affairs Committee inquiry, [Building More Homes](#) (2016) referred to the planning system as **slow, costly and complex**.

Section 106 agreements and the Community Infrastructure Levy

There is a divergence of opinion on the merits of section 106¹²⁶ and Community Infrastructure Levy (CIL)¹²⁷ requirements. Section 106 has been credited with ensuring a substantial supply of affordable housing; an additional 14,370 homes were supplied through this route in 2014/15.¹²⁸ Witnesses to the Lords Economic Affairs Committee commended the flexibility of CIL. However, others, including small builders, believe that section 106 and CIL are ineffective and act as an obstacle to development. One company, Pocket Living, told the Committee that it took 16 weeks to get planning consent and a further 22-44 weeks to negotiate the section 106 agreement.¹²⁹ Small builders face the same level of complexity as larger developers – the Committee was told that an increasing number now have to buy-in expertise in order to navigate the system.¹³⁰

David Orr, CEO of the National Housing Federation, referred to the complexity of section 106 agreements which make it difficult to calculate the value of the contributions made. Professor Paul Cheshire of the London School of Economics told the Committee that section 106 and CIL should be replaced by a single, national development charge of 20% of the sale value of land.¹³¹

The Chartered Institute of Housing's (CIH) submission to the Autumn Statement 2016 called for a restoration of requirements on developers to provide affordable housing via the planning system. These requirements were relaxed in order to boost a sluggish housing market but, the CIH argues, the provision of social or affordable rent properties can help to underpin building projects.¹³²

The Committee recommended that, as part of its ongoing reviews of planning obligations and CIL, **the Government should aim for simplicity, transparency and a system that is responsive to smaller builders**. The value of developer contributions should act as a sufficient incentive to local authorities to grant planning permission.¹³³

There is a divergence of opinion on the merits of section 106 agreements and Community Infrastructure Levy.

An independent review of CIL and its relationship with s.106 was published in February alongside the Housing White Paper. The Government said it would respond to the review at Autumn Budget 2017 and that consultation would take place on short-term changes to s.106 agreements to reduce disputes and delays.

¹²⁶ Developers and local authorities agree a contract relevant to a specific development that will mitigate its impact. These can include the provision of affordable housing and payment for additional infrastructure.

¹²⁷ A local authority may set a levy on all new building in their area. The money raised is used to fund general infrastructure.

¹²⁸ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 141

¹²⁹ *Ibid.*, para 115

¹³⁰ *Ibid.*, para 116

¹³¹ *Ibid.*, paras 140-46

¹³² [CIH submission to the Autumn Statement 2016](#), October 2016

¹³³ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 147

In November 2015 the Government [asked](#) Liz Peace, former chief executive at British Property Federation, to chair an independent group to conduct a review of the Community Infrastructure Levy (CIL). The purpose of this group is to assess the extent to which CIL does or can provide an effective mechanism for funding infrastructure, and to recommend changes.¹³⁴ The group has been asked to specifically take into account the Government's pre-election manifesto commitment that "when new homes are granted planning permission, we will make sure local communities know up-front that necessary infrastructure such as schools and roads will be provided". The review group's report was submitted to the 2015 Government but has not yet been published. The Government's response was expected to be part of the White Paper.¹³⁵

Resourcing authorities' planning capacity

One area where there appears to be a good deal of agreement in the industry is on the **need for proper resourcing of local authority planning departments**. The Lords Economic Affairs Committee noted that cuts in local government expenditure "have fallen particularly heavily on planning departments."¹³⁶ Local authority witnesses told the Committee that they were "under resourced and "desperately short of ...staff." **There is a view that the balance of power has shifted towards developers when negotiating planning matters.**¹³⁷

A potential solution would be to introduce **a more flexible planning fee system to allow authorities to invest in their planning capacity**. The Lords Economic Affairs Committee recommended that the Government:

- a) allows local authorities to set and vary planning fees in accordance with the needs of their local area. To prevent abuse there should be an upper limit or cap on the level of fees. To allow sufficient discretion to local authorities, this cap should be significantly higher than the current fees that can be charged; and
- b) provides that the money raised from these fees is ring-fenced for expenditure on planning and development.

It was expected that the forthcoming Housing White Paper would contain measures on planning fees following proposals from Government in its February 2016 [Implementation of planning changes: technical consultation](#). The consultation proposed a system whereby planning fees could be increased for Local Planning authorities which are "performing well." [Fixing our broken housing market](#) (February 2017) did set out the 2015 Government's intention to increase nationally set planning fees:

Planning departments are under resourced and under staffed. The balance of power in negotiations has shifted towards developers.

The Housing White Paper said that £25m in new funding would be available for ambitious authorities in areas of high housing need to plan for new homes and infrastructure. (para 2.16)

¹³⁴ HM Government, [Review of the Community Infrastructure Levy: Terms of Reference](#), November 2015

¹³⁵ Neighbourhood Planning Bill, Public Bill Committee seventh sitting 27 October 2016 [c243](#)

¹³⁶ *Ibid.*, para 119

¹³⁷ *Ibid.*, para 120

Local authorities will be able to increase fees by 20% from July 2017 if they commit to invest the additional fee income in their planning department. We are also minded to allow an increase of a further 20% for those authorities who are delivering the homes their communities need and we will consult further on the detail. Alongside we will keep the resourcing of local authority planning departments, and where fees can be charged, under review.¹³⁸

The Housing White Paper also set out an intention to consult on the introduction of a fee for making a planning appeal on the basis that “unnecessary appeals can be a source of delay and waste taxpayer’s money.”¹³⁹

Delivering a variety of sites for development

The HBF has proposed that **authorities should not rely on one large site to meet local housing needs** given the significant infrastructure requirements that this can entail, and should instead be approving a range of site sizes.¹⁴⁰ This position is supported in a report from Nathaniel Litchfield & Partners (NLP), [Start to Finish – How quickly do large-scale housing sites deliver?](#) (November 2016):

Large-scale sites can be an attractive proposition for plan-makers. With just one allocation of several thousand homes, a district can – at least on paper – meet a significant proportion of its housing requirement over a sustained period. Their scale means delivery of the infrastructure and local employment opportunities needed to sustain mixed communities.

But large-scale sites are not a silver bullet. Their scale, complexity and (in some cases) up-front infrastructure costs means they are not always easy to kick start. And once up and running, there is a need to be realistic about how quickly they can deliver new homes. Past decades have seen too many large-scale developments failing to deliver as quickly as expected, and gaps in housing land supply have opened up as a result.¹⁴¹

NLP suggest that if authorities’ Local Plans and five year land assessments are placing reliance on large-scale developments, including Garden Towns and Villages, to meet housing need, then “the assumptions they use about when and how quickly such sites will deliver new homes will need to be properly justified.”¹⁴²

¹³⁸ [Cm 9352](#), Fixing our broken housing market, February 2017, para 2.15

¹³⁹ *Ibid.*, para 2.17

¹⁴⁰ HBF, [New home planning ‘permissions’ up – but system remains a constraint](#), 3 January 2017

¹⁴¹ NLP, [Start to Finish – How quickly do large-scale housing sites deliver?](#), November 2016 p1

¹⁴² *Ibid.*

The duty to cooperate and housing market areas

The [Lyons Housing Review](#) (2014) called for **more cooperation across local authority boundaries when identifying land suitable for development**:

The responsibility of councils to identify sufficient land for new homes in local plans should be strengthened, as should their ability to deliver these plans. Where there is a failure to cooperate across boundaries to meet needs in a housing market area, councils will be required to produce a joint strategic plan, with the Secretary of State having the ability to intervene and instruct the Planning Inspectorate to ensure that it happens. This will address the weaknesses in the current Duty to Cooperate and ensure that places that need it can exercise a "Right to Grow".¹⁴³

The duty to cooperate has been criticised for not being a duty of any substance.¹⁴⁴ It is a duty which does not require agreement, it simply requires that evidence is shown that attempts to cooperate have been made. As noted in an article in the Planner, there is little incentive for a neighbouring authority to actually cooperate and its enforcement relies on planning inspectors taking a "robust approach".¹⁴⁵

In its final report to Government, the [Local Plans Expert Review Group](#) (LPEG)¹⁴⁶ said that it received "strong representations" that the duty to cooperate was "not effective in ensuring agreement between neighbouring authorities about the distribution of housing needs and that this was one of the most significant constraints to effective plan making."¹⁴⁷ The LPEG recommended changes to planning policies to strengthen the duty, as well as an expectation that where there has been no agreement across boundaries on distributing housing needs, the Government should take and use powers to direct the preparation of a high level Joint Local Plan for the housing market area.¹⁴⁸

Shelter and KPMG also referred to the limitations of local boundaries in [Building the homes we need: a programme for the 2015 government](#):

If local authorities could capture more of the returns of their spending across a functional economic or "travel to work" area, it may incentivise those areas usually resistant to a certain type of development to coordinate.¹⁴⁹

Incentives to develop: speeding up and monitoring build-out rates

Witnesses to the Lords Economic Affairs Committee inquiry considered that **the system does not provide authorities with sufficient incentives to allow developments** and that this lack of incentives

Provisions in the *Neighbourhood Planning Act 2017* will allow the Secretary of State to direct a group of authorities to work together to produce a joint plan.

The Housing White Paper noted that the duty to cooperate had not been successful in some areas and said that consultation would take place on changes to the NPPF to require authorities to prepare a Statement of Common Ground setting out how they will work together to meet housing requirements. (para 1.9)

¹⁴³ [The Lyons Housing Review](#), 2014, p8

¹⁴⁴ "The duty to cooperate: What next?" [The Planner](#) 14 March 2016

¹⁴⁵ "The duty to cooperate: What next?" [The Planner](#) 14 March 2016

¹⁴⁶ The Local Plans Expert Group (LPEG) was established by the then Communities Secretary, Greg Clark and the Minister of Housing and Planning, Brandon Lewis MP, in September 2015, with a remit to consider how local plan making can be made more efficient and effective

¹⁴⁷ Local Plans Expert Review Group, [Local Plans Report to Government](#), March 2016, p3

¹⁴⁸ Ibid

¹⁴⁹ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p48

also affects local residents and developers. Three linked problems were identified:

- Local opposition creates pressure on local councils to resist development.
- The lack of any immediate financial benefit to the local authority from the planning process. In contrast, a ‘windfall’ created by the granting of planning permission is retained by the landowner. The Community Infrastructure Levy (CIL) can act to address this disparity but it is not transparent and it is not always clear to residents what a development has funded. **One suggestion is to reward developing authorities with the retention of business rates.**
- A lack of incentives for builders to develop permissioned land.¹⁵⁰

In terms of solutions, there is some support for a ‘**use it or lose it**’ approach. For example, the [Labour Party Manifesto 2015](#) included a commitment to:

...introduce greater transparency in the land market and give local authorities new ‘use it or lose it’ powers to encourage developers to build.¹⁵¹

The [Lyons Housing Review](#) (2014) **proposed disincentives to holding a planning permission and not building it out, in addition to measures to incentivise swift delivery of land allocated in a plan**, for example:

- Shortening the lifetime of planning permission to 2 years with higher fees for renewal.
- Requiring greater substantive progress to demonstrate that works have started on site.
- Giving local authorities the option to charge Council Tax on the land owner in respect of the number of proposed dwellings where development has not started on sites with planning permission within an expected timeframe.
- Compulsory Purchase Order powers strengthened and streamlined to make it easier for public bodies to acquire land where it is not brought forward and where it is a priority for development.¹⁵²

The 2015 Government said it would consider the implications of amending the timescale for implementing planning permission from 3 to 2 years. (White Paper para 2.41)

These options were also considered by the Lords Economic Affairs Committee. Developers said that they were not in favour of these schemes, arguing that a range of factors outside their control can influence build-out rates.¹⁵³ **The Committee supported giving local authorities the power to levy Council Tax on developments that remain incomplete within a given time period.**¹⁵⁴ The Government’s response did not address this specific recommendation

¹⁵⁰ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, paras 110-14

¹⁵¹ [Labour Party Manifesto 2015](#), p46

¹⁵² [The Lyons Housing Review](#), 2014, p67

¹⁵³ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, paras 131-33

¹⁵⁴ *Ibid.*, para 139

but said that the Housing White Paper would set out a further package of reforms to “ensure that our planning system better supports housing delivery”.¹⁵⁵ The Government also said: “We are also clear that it is the responsibility of the house building industry to be more transparent and forthcoming in agreeing a trajectory for build-out rates on sites with local authorities.”¹⁵⁶

Lyons specifically commented on the **need to persuade communities of the benefits of housing development:**

The public is frequently concerned that houses are often built in the wrong place, for the wrong people and without adequate attention to the pressures created for existing infrastructure. As new housing changes and shapes the places in which people live, communities should make the decisions about how they grow. It is the job of elected local authorities to do this with their communities and to ensure the homes they need are provided. We therefore recommend that local authorities play a much more energetic role in leading housing development for their communities.¹⁵⁷

Also relevant here are references in the previous section to the desirability of incentives to encourage authorities to work across boundaries with a better focus on functional economic areas:

In housing, the responsibility for need assessments and land use planning rests at the individual local authority level, when the reality is that people live and work across administrative boundaries.¹⁵⁸

[Fixing our broken housing market](#) (February 2017) said that the Government wanted development to happen as soon as possible where planning permission is granted.¹⁵⁹ The White Paper contained the following proposals aimed at achieving this, several of which pick up on some of the themes set out above:

- The Government is considering the implications of amending national planning policy to encourage authorities to shorten the timescale in which developers should implement planning permission from the default three years to two years, with an exception where this could hinder viability.¹⁶⁰
- There is a proposal to simplify and speed up the completion notice process under which planning permission can be withdrawn where no substantive progress is made on a site.¹⁶¹
- Authorities will have strengthened compulsory purchase powers which the Government wants to see authorities use to promote development on stalled sites. Separate consultation will take place

The Housing White Paper’s proposals picked up on several of the themes identified above which are aimed at improving build-out rates.

¹⁵⁵ [Government response to the House of Lords Economic Affairs Committee Report: "Building more homes"](#) CM 9384, December 2016

¹⁵⁶ Ibid.

¹⁵⁷ [The Lyons Housing Review](#), 2014, p8

¹⁵⁸ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p48

¹⁵⁹ [Cm 9352](#), Fixing our broken housing market, February 2017, para 2.41

¹⁶⁰ Ibid., para 2.41

¹⁶¹ Ibid., para 2.42

on new guidance to encourage authorities to use these powers in this way.¹⁶²

- The planning application forms will be amended to include information on estimated start dates and build out rates for schemes including housing development.¹⁶³
- A duty on developers is proposed to provide planning authorities with basic information on progress in delivering the permitted number of homes after planning permission is granted.¹⁶⁴
- There is a proposal to add new requirements to the Authority Monitoring Report produced by local authorities to provide more standardised information on the delivery of the housing plan.¹⁶⁵
- Consultation is taking place on an amendment to the NPPF to encourage authorities to consider how realistic it is that a site will be developed when granting planning permission for housing. This would be relevant in regard to sites where there is evidence of previous non-implementation of planning permissions for housing.¹⁶⁶
- Consultation is taking place on whether an applicant's track record in delivering previous housing permissions should be taken into account in regard to large-scale sites.¹⁶⁷

Better use of green belt land

[Government statistics](#) on green belt land in England 2014/15 estimated that it covered 1,636,620 hectares, i.e. around 13% of the land area of England.

The 2015 Government's policy on protection for the green belt is set out in chapter 9 of the National Planning Policy Framework (NPPF). The fundamental aim of green belt policy is to prevent urban sprawl by keeping land permanently open. The NPPF states that that the construction of new buildings should be regarded as "inappropriate" for the green belt, although there are some exceptions, which are listed.¹⁶⁸

Greenbelt policy is generally regarded as having been effective in preventing urban sprawl and maintaining a clear physical distinction between town and country. The 2010 Natural England and CPRE report, [Green Belts: A greener future](#), concluded green belt policy was "highly effective" in its principal purpose, but called for "more ambition" to further enhance the green belt protection for future generations.¹⁶⁹

It is inevitable that discussions about securing a sufficient supply of land suitable for housing development often turn to the question of whether some areas of green belt land should be utilised for this purpose. The

¹⁶² Ibid., para 2.44

¹⁶³ Ibid., para A97

¹⁶⁴ Ibid., para A97

¹⁶⁵ Ibid., para A97

¹⁶⁶ Ibid., para A99

¹⁶⁷ Ibid., para A102

¹⁶⁸ Background information on green belt policy can be found in Library Briefing Paper 0934: [Green Belt](#)

¹⁶⁹ Natural England and CPRE, [Green Belts: A greener future](#), 2010,p90

question was put to Dame Kate Barker during the Treasury Select Committee's evidence session on housing policy:

Dame Kate Barker: I have not said anything about the green belt. I would not put too much weight on the green belt, on both sides. The people who do want to build on green belt talk about it as though the whole thing was some wonderful environmental preserve, and the people who do want to build over it talk as though it was all complete scrub and purposeless. Neither of those things are true. Green belt is a planning designation, and there are lots of places in which the green belt is quite important. It should be used up rather thoughtfully, but I find it hard, particularly—

Chair: I am sorry. Can I just interpret that? You used the phrase "rather thoughtfully". You mean that it should be built on, but thoughtfully.

Dame Kate Barker: You should ask yourself about each piece of green belt, whether the planning purpose that caused it to be put in is as true today as it was originally. The sentence I disliked most in the original green belt policy, which was called PPG2, explained that the key characteristic of the green belt was its "permanence". That is quite an odd thing to say about a piece of land that is a planning designation.

If we are going to use the green belt, however, particularly around London, I would prefer for us to take very strategic views. You have to build quite a significant place, a place big enough to have a proper transport link. I find the lack of solution for London overspill around London very difficult. Commuting into London gets harder and harder all the time; I say this with feeling.

If we are going to build around London, my preference would be to do something that was less piecemeal and more strategic, linked to either the transport links we are already thinking about putting in—Crossrail is an obvious one—or where we are thinking of having some new transport links altogether. I am sort of reluctant to see further building around that is not really going to help resolve some of the problems. Transport linkages are a real issue.¹⁷⁰

Witnesses to the Lords Economic Affairs Committee's inquiry expressed divergent views. Martin Wolf, chief economics correspondent at the *Financial Times* said that building on the green belt was "probably not the whole solution" but noted that a lot of protected fields are "not particularly beautiful" and that building on them could form part of the solution.¹⁷¹ Trudi Elliot of the Royal Town Planning Institute said that green belt land served "a very important purpose" and building on it "is a complex issue that is not really helped by some of the simplistic debate we have about it."¹⁷²

¹⁷⁰ [HC 861](#), 7 December 2016, Q7

¹⁷¹ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 149

¹⁷² *Ibid.*, para 150

Shelter and KPMG point out that the value of land mainly depends on what it can be used for. In this context, the planning system drives the motivations of key participants in the development process:

...restrictions on land use reduce the supply of land at the right price in the right places. for example, green belt designation in the south east restricts development around London and forces expansion beyond the green belt with people commuting across it in huge numbers.¹⁷³

Paul Cheshire, Professor Emeritus of Economic Geography, LSE, [has argued](#) that **building on the least attractive and lowest amenity parts of green belts could solve housing supply and affordability problems**.¹⁷⁴ His evidence to the Lords Economic Affairs inquiry stated that it is 'imperative' for land supply decisions and demand to "systematically respond to price information since this is the signal allowing our economy to provide enough of any good or service: with the single exception of land for development."¹⁷⁵ He set out a method for achieving this outcome:

...the price differential between land in any use and its alternative proposed use, if it exceeds some threshold, should constitute a 'material consideration'. There would then be a presumption that the alternative development would be permitted **unless** (and this is an important 'unless') it can be demonstrated that the environmental or amenity benefits generated by keeping the land in its existing use were of sufficient value to society to refuse the proposed development. It would be necessary to decide on an appropriate 'threshold' level for price differentials not to trigger a potential presumption of development. If the threshold was set at, say, £1 million, this would represent a significant hurdle to changes of use since the costs associated with such changes would not normally be as much. One can envisage, for example, agricultural land on the urban fringe or land zoned for industrial use in places where there is an undersupply of housing, so housing land prices exceed agricultural or industrial land prices by £1m or more. In neither case is it likely that basic infrastructure investment to make the land suitable for development in the new use would exceed £1m per Ha. So, if one was envisaging developing agricultural land on the urban fringe, a threshold of £1m could be viewed as the equivalent of a tax on Greenfield development, reducing the total urban land take.¹⁷⁶

The Housing White Paper said that the NPPF would be amended to make it clear that authorities should amend green belt boundaries only when they can demonstrate that other reasonable options have been fully examined for meeting their development requirements. (para A61)

There are calls on all sides for green belt principles to be re-evaluated in a 21st century context. The Royal Town Planning Institute, in a November 2016 policy statement called for the purposes of green belts to be revisited:

But it is important to revisit the purposes that green belts need to fulfil over the coming generation. The value of green belts is not simply about what is ugly and what is attractive, as some argue. We need to talk about who green belts are for, and about their

¹⁷³ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p35

¹⁷⁴ "Greenbelt myth is the driving force behind housing crisis" [The Conversation](#), 13 September 2013

¹⁷⁵ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, [written evidence [EHM0156](#)]

¹⁷⁶ Ibid., [written evidence [EHM0156](#)]

social impact, along with their continued role in shaping and managing urban growth.

Green belt boundaries may well need to change, but only through careful reviews over wider areas than single local authorities, and where safeguards are put in place to ensure that development is sustainable, affordable and delivered in a timely manner, and without prejudice to the renewal of brownfield land.¹⁷⁷

3.5 Support for SME developers

Most of England's new housing is built by a small number of large firms. By 2012, 70% of homes in England were built by large firms operating on similar business models.¹⁷⁸ This concentration of market power is felt to inhibit competition, and can exacerbate the impact of market shocks when all the large firms simultaneously reduce output. Section 3.2 of this paper considers the barriers that smaller and medium sized enterprises (SME) face in trying to compete for land.

Housebuilding requires considerable up-front investment, meaning that in the vast majority of cases, new housing developers need access to finance. In common with the rest of the economy, finance has been less readily available in the construction sector since the financial crisis, although this situation has improved over the past 18 months.¹⁷⁹

For the housebuilding industry, a particular concern is access to finance for SME developers. The Aldermore Group, a bank specialising in finance to small businesses, have stated:

...smaller developers continue to struggle with access to finance, with a recent industry survey showing that more than 50,000 construction and real estate firms have begun the year in 'significant' financial distress...unless more is done by lenders to increase funding to smaller regional developers, the potential for the industry to reach... [the Government's house building target]...will be less likely.¹⁸⁰

Problems accessing finance can have an impact on house builders' ability to produce high quality housing, as well as on the overall capacity of the house building industry. With reduced access to upfront investment, house builders may choose to use cheaper, less skilled construction workers or lower quality materials. Both these strategies for cost saving can have a direct impact on the quality of completed homes.

[Budget 2014](#) included a commitment:

To support SME access to finance, the government will create a £500 million Builders Finance Fund, which will provide loans to developers to unlock 15,000 housing units stalled due to difficulty in accessing finance.¹⁸¹

¹⁷⁷ RTPI, [Where should we build new homes?](#) November 2016

¹⁷⁸ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p9

¹⁷⁹ BBA, [High street bank lending](#), July 2016

¹⁸⁰ Mortgages for business, [Smaller property developers struggling to access finance](#), 18 January 2016

¹⁸¹ HC 1104, Budget 2014, March 2014, para 1.141

In July 2015 the Housing Minister announced that the Fund would be extended; Spending Review and Autumn Statement 2015 said that the £1 billion Fund would be extended to 2020-21.¹⁸²

October 2016 saw the launch of a £3 billion [Home Building Fund](#) under which builders, including SME builders, can obtain loan finance to assist with development costs and infrastructure work.

In [Building the homes we need: a programme for the 2015 government](#) Shelter and KPMG recommended the **provision of government guarantees for bank lending:**

This would work through a guarantor bank, which would guarantee certain tranches of the loans to SME builders, conditional on the funding being used to develop homes. The loan guarantees would be made by government, but this doesn't mean that government would take all of the risk. Risk sharing arrangements would be put in place, to reduce the government's risk and ensure that the guarantor bank remains incentivised to lend to those firms most likely to succeed.¹⁸³

This proposal was described as a 'mirror' of the Help to Buy: Mortgage Guarantee scheme (now closed). KPMG and Shelter argued that the biggest impact of such a scheme would be to improve the percentage of loan to value (LTV) that SMEs could achieve. Capital Economics estimated that reducing SME builders' funding costs and restoring their credit allocation to pre-2007 ratios would support the development of an extra 3,000 homes per year.¹⁸⁴

SME developers are less able to withstand market shocks. This is illustrated by the fact that their share of total housing starts declined after each of the last two house price crashes. A factor that would reduce risk and improve confidence in the development process is house price stability. Shelter and KPMG called for the launch of a **review led by the Bank of England** "on the impact of house price volatility on the economy and the policies that would be required to stabilise prices relative to incomes over the long term."¹⁸⁵ They also called for a **review of property taxation** to consider "potential extra revenue for the affordable house building programme but also in the context of economic and housing market stability."¹⁸⁶

When giving evidence to the Treasury Select Committee on housing policy, Dame Kate Barker was asked what key housing measure she would introduce if given the opportunity, she said:

Dame Kate Barker: I fear that I would be Chancellor of the Exchequer for a very short time, because I would probably wish to put capital gains tax on your first property.

The Housing White Paper said that the Accelerated Construction Programme would support diversification in the market "through partnering with small and medium-sized firms and others as development partners and contractors. There was also a commitment to continue to work with the British Business Bank to encourage investment in SMEs. (para 3.9)

¹⁸² [Cm 9162](#), November 2015, p41

¹⁸³ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p64

¹⁸⁴ Capital Economics, [Increasing investment in affordable homes](#), 2014, section 6.4

¹⁸⁵ Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p67

¹⁸⁶ *Ibid.*

Chair: So it is the absence of a tax on imputed rent, for which most people consider the gains relief as a rough and ready substitute, that most concerns you. This is the abolition of schedule A.

Dame Kate Barker: Yes, it is.¹⁸⁷

The Lords Economic Affairs Select Committee considered changes to the taxation system and, while supporting amendments to Council Tax, the Committee concluded that “it is wrong to create specific tax rules, as is the case with recent changes to capital gains tax and inheritance tax, around housing.”¹⁸⁸

The Home Builders Federation (HBF) published an analysis of the position of SME builders and possible measures to tackle the issue: [Reversing the decline of small housebuilders: Reinvigorating entrepreneurialism and building more homes](#) (2017).

3.6 The construction industry

In order for any package of solutions to deliver a step-change in housing supply the construction industry has to have capacity to be able to deliver. A number of issues have been identified within the industry which require strategic intervention in order to address them.

Labour market and skills

A 2015 report from Arcadis, a built-environment design consultancy, identified significant problems in attracting and retaining sufficient trained recruits in the construction industry:¹⁸⁹

- Arcadis argues that if the government’s target for building new houses is to be met, then the industry will **need to recruit** 224,000 new people by 2019.
- The fact that **the number of people joining the sector has been declining** for some years leads Arcadis to argue that there is a weak “pipeline of talent” into the house building sector.
- Arcadis found that many construction workers are **retiring early**, meaning that around 700,000 new recruits will be required just to replace the current workforce by 2019.
- Another issue is a **lack of relevant skills needed to build houses among existing construction workers**. Arcadis reports that the following trades or professions are constraining house building due to under-supply of labour: bricklayers, plasterers, architects and quantity surveyors.
- **Training or re-training existing workers is more difficult** in the construction sector compared with other sectors due to above average rates of self-employment and “the fragmentation of the

¹⁸⁷ [HC 861](#), 7 December 2016, Q50

¹⁸⁸ Select Committee on Economic Affairs, 1st Report of Session 2016-17, [Building More Homes](#), HL Paper 20, 15 July 2016, para 253

¹⁸⁹ Arcadis, [People and money: fundamental to unlocking the housing crisis](#), 2015, pp4-7

supply chain". These factors make organising widespread training difficult.¹⁹⁰

- Arcadis report that a large number of **construction workers are operating in different sectors**. But there is also evidence that people with relevant skills are operating in shrinking sectors (such as manufacturing), suggesting a potential source of new labour for the construction sector.
- **The construction sector is "heavily reliant" on non-UK born workers**: around 12% of construction workers are non-UK born, according to *Inside Housing*.¹⁹¹ Construction and house building trade associations have expressed concern that the UK's new relationship with the EU could adversely affect the supply of migrant labour, which, combined with the other labour issues mentioned above, could cause considerable "damage" to the sector's capacity. The Federation of Master Builders said:

...It is now the government's responsibility to ensure that the free-flowing tap of migrant workers from Europe is not turned off...

Innovation in construction

Innovation in construction methods and materials can mean more homes being produced quickly, cost-effectively and to modern standards. Among other things, this can increase the life-span of housing, improve energy efficiency and reduce the need for major repairs.

The UK construction industry has been slow to adopt technological and other innovations which are frequently used by house building industries in other countries.¹⁹²

These innovations include:

- Increased use of data and data management in the design and planning of house building. This forms an important part of the recently published [Construction strategy 2016-20](#).
- Innovation in the way the workforce and businesses involved in house building are organised might provide a way to standardise more house building, and so make the industry more efficient, according to [Innovate UK](#).
- Mass produced modular components are a feature of commercial building, but are less regularly used in house building in the UK. These methods speed up the time required to build houses and require less manpower. They also help to ensure standardised levels of quality and durability.

Adopting modern construction methods can also lead to increased productivity in the sector, meaning that fewer people are required to build the same number of houses.

The Housing White Paper said that the Government would support a joint working group to ensure mortgages are readily available for a range of tested methods of construction. (Para 3.40)

The Housing White Paper said that the Government would consider how the planning system operates to support modern methods of construction (MMC) developments. (para 3.40)

¹⁹⁰ The Construction Index, [Ministers tell industry leaders to sort out skills shortage](#), 1 February 2016

¹⁹¹ *Inside Housing*, [Builders: immigration rules must protect construction workers](#), 1 July 2016

¹⁹² Innovate UK, [Construction industry summit, blog post](#), 18 September 2015

Between 1998 and 2015, labour productivity in the construction sector has grown by 0.4%. Productivity in the whole economy, despite stagnating since 2007, has increased by 22.7% over the same period.¹⁹³

The 2015 Government launched its [Accelerated Construction prospectus](#) on 3 January 2017:

Through our new Accelerated Construction programme, we now want to provide a tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace. The programme aims to deliver up to 15,000 homes (housing starts) on central and local surplus public sector land in this Parliament through £1.7 billion of investment. In doing so, we want to use Accelerated Construction to tackle broader constraints to seeing more homes built. The programme is designed to support our market diversification objectives by supporting non-major builders and help tackle the construction skills gap, including through greater use of Modern Methods of Construction (MMC).¹⁹⁴

The Housing White Paper said that the Accelerated Construction Programme and Home Builders' Fund would create new opportunities for the use of modern methods of construction. (para 3.40)

The Farmer Review's recommendations 2016

A combination of these issues led the 2015 Government to commission research from the [Construction Leadership Council](#) into how the industry's skills and manpower problems might be overcome. The [Farmer Review of the UK Construction Labour Model: 'Modernise or die'](#) was published in December 2016. The review concluded that the construction industry and clients that rely on it are "at a critical juncture". The following symptoms of failure and poor performance were identified:

- Low productivity.
- Low predictability.
- Structural fragmentation.
- Leadership fragmentation.
- Low margins, adversarial pricing models and financial fragility.
- Dysfunctional training funding and delivery model.
- Workforce size and demographics.
- Lack of collaboration and improvement culture.
- Lack of RandD and investment in innovation.
- Poor industry image.¹⁹⁵

Amongst these, the review identified the industry's workforce size and demographic as "the real ticking time bomb." There is potential, according to the review, for the workforce to decline by 20-25% within a decade:

This scenario has never been faced by UK construction before and would be a capacity shrinkage that would render the industry

¹⁹³ ONS, [Labour productivity Oct-Dec 2015, figure 1](#), 7 April 2016

¹⁹⁴ DCLG, [Accelerated Construction: expressions of interest](#), 3 January 2017

¹⁹⁵ [Farmer Review of the UK Construction Labour Model: 'Modernise or die'](#), December 2016, p7

incapable of delivering the levels of GDP historically seen. Just as importantly, it would undermine the UK's ability to deliver critical social and physical infrastructure, homes and built assets required by other industries to perform their core functions.¹⁹⁶

The review proposed the establishment of a **tripartite covenant** "between the construction industry, its end clients (private and public) and government" with the latter acting as a strategic initiator to pump prime change.¹⁹⁷

The review's ten headline recommendations are set out below:

- 1 Construction Leadership Council (CLC) to have strategic oversight of the implementation of the review's recommendations and evolve to coordinate and drive the process of delivering the industry change programme.
- 2 Construction Industry Training Board (CITB) to be comprehensively reviewed and a reform programme instituted.
- 3 Industry, clients and government to work together leveraging CLC's Business Models workstream activity, to improve relationships and increase levels of investment in R&D and innovation by changing commissioning trends from traditional to pre-manufactured approaches.
- 4 Industry, clients and government, supported by academic expertise and leveraging CLC's Innovation workstream activity, to organise to deliver a comprehensive innovation programme. Programme to be aligned to the market and generate a new shape of demand across the industry with a priority on residential construction.
- 5 A reformed CITB to look to reorganise its grant funding model for skills and training aligned to what a future modernised industry will need. Bodies to play a more active role in ensuring training courses produce talent appropriate for a digitally enabled world.
- 6 A reformed CITB or stand-alone body should be challenged and empowered to deliver a more powerful public facing story and image for the holistic 'built environment' process. To include an outreach programme to schools and draw on existing industry exemplars and a vision for the industry's future state.
- 7 Government to recognise the value of the construction sector as part of its industrial strategy and be willing to intervene by way of appropriate further education, planning and tax/employment policies to help establish and maintain appropriate skills capacity.
- 8 Government to provide an 'initiation' stimulus to innovation in the housing sector by promoting the use of pre-manufactured solutions through policy measures. To be prioritised either through the conditional incentivisation of institutional development and investment in the private rented sector; the promotion of more pre-manufactured social housebuilding through Registered Providers; direct commissioning of pre-manufactured housing; or a combination of any of the above.

The 2015 Government set up a review of the CITB's purpose, functions and operations in 2016 to report in spring 2017. (White Paper para 2.33)

A new route into construction would be launched in September 2019 and an apprenticeship levy would operate from April 2017. (White Paper para 2.33)

The Government would work with the CLC to challenge housebuilders and companies to deliver more training. (White Paper para 2.33)

¹⁹⁶ Ibid., p8
¹⁹⁷ Ibid., p10

- 9 Government, as part of its housing policy planning, should work with industry to assemble and publish a comprehensive pipeline of demand in the new-build housing sector. This should be along the same lines as the National Infrastructure Pipeline, seeking to bring private developers and investors into this as far as possible to assist with longer term innovation and skills investment planning.
- 10 In the medium to longer-term, particularly if a voluntary approach does not achieve the necessary step-change, government to consider introducing a charge on business clients for the construction industry to further influence commissioning behaviour and to supplement funding for skills and innovation at a level commensurate with the size of the industry. The charge should be set at no more than 0.5% of construction value with a clear implementation timetable. Clients would be able to avoid payment by showing how they are contributing to industry capacity building and modernisation.¹⁹⁸

A [schedule of responses to the review](#) has been published.¹⁹⁹

¹⁹⁸ Ibid., p11

¹⁹⁹ [Schedule of responses to the Farmer Review](#), 2016

4. Housing White Paper: additional proposals and responses

Previous sections have been updated to include reference to commitments made in the Housing White Paper, [Fixing our broken housing market](#) (February 2017). The sections below cover key commitments in the White Paper which are not referred to elsewhere in this paper.

4.1 Calculating housing need

The *Neighbourhood Planning Act 2017* contains provisions to ensure that all areas must be covered by a plan – new powers will enable intervention to ensure that plans are put in place. The White Paper states that the current approach to assessing housing requirements as part of the planning process is “particularly complex and lacks transparency” – the NPPF does not provide guidance on *how* housing need should be calculated.²⁰⁰ The 2015 Government proposed:

- a more standardised approach to the assessment of housing need which is “more realistic about current and future housing pressures.” This assessment will take account of the needs of specific groups, e.g. older people and the disabled. The proposed methodology will be subject to consultation;
- councils will be incentivised to use the new approach; and
- by April 2018 the new methodology for calculating objectively assessed need will apply as the baseline for assessing five year housing land supply and housing delivery.²⁰¹

Savills has made the point that assessed need in England using the new methodology should add up to at least 300,000 new homes per year.

4.2 A housing delivery test

A new test was proposed to “ensure local authorities and wider interests are held accountable for their role in ensuring new homes are delivered in their area.”²⁰² The test would be designed to show whether the number of houses built is below target and provide a mechanism for establishing why this is happening and, where necessary, trigger policy responses to ensure more land comes forward:

The first assessment period will be for financial years April 2014 – March 2015 to April 2016 – March 2017.

To transition to a housing delivery test we propose to use an area’s local plan (or, where relevant, the figure in the London Plan or a statutory Spatial Development Strategy) where it is up-to-date (less than 5 years old) to establish the appropriate baseline for assessing delivery. If there is no up-to-date plan we propose using published household projections for the years leading up to, and including, April 2017 - March 2018 and from the financial year

²⁰⁰ [Cm 9352](#), Fixing our broken housing market, February 2017, para 1.12

²⁰¹ *Ibid.*, paras 1.12-16

²⁰² *Ibid.*, para 2.47

April 2018 - March 2019, subject to consultation, the new standard methodology for assessing housing need.

In line with responses to our previous consultation, housing delivery will be measured using the National Statistic for net additional dwellings over a rolling three year average. Where under-delivery is identified, the Government proposes a tiered approach to addressing the situation that would be set out in national policy and guidance, starting with an analysis of the causes so that appropriate action can be taken:

- From November 2017, if delivery of housing falls below 95% of the authority's annual housing requirement, we propose that the local authority should publish an action plan, setting out its understanding of the key reasons for the situation and the actions that it and other parties need to take to get home-building back on track.
- From November 2017, if delivery of housing falls below 85% of the housing requirement, authorities would in addition be expected to plan for a 20% buffer on their five-year land supply, if they have not already done so.
- From November 2018, if delivery of housing falls below 25% of the housing requirement, the presumption in favour of sustainable development in the National Planning Policy Framework would apply automatically (by virtue of relevant planning policies being deemed out of date), which places additional emphasis on the need for planning permission to be granted unless there are strong reasons not to.
- From November 2019, if delivery falls below 45% the presumption would apply.
- From November 2020, if delivery falls below 65% the presumption would apply.

The phased introduction of the housing delivery test consequences will give authorities time to address under delivery in their areas, taking account of issues identified in their action plans and using the 20% buffer to bring forward more land.²⁰³

4.3 Build to rent

The White Paper identified a need for more good quality privately rented homes. The 2015 Government wanted to build on the work of the Private Rented Sector Taskforce to attract "major institutional investment in new large-scale housing which is purpose-built for market rent."²⁰⁴ A separate consultation exercise was initiated, [Planning and affordable housing for Build to Rent - a consultation paper](#), the key proposals of which were to:

- amend the NPPF so authorities know they should plan proactively for Build to Rent developments where there is a need and to make it easier for developers to offer private rented homes at affordable rents instead of other forms of affordable housing; and

²⁰³ Ibid., paras 2.47-50

²⁰⁴ Ibid., paras 3.20-21

- ensure family friendly tenancies of three or more years are available for tenants that want them on schemes benefiting from changes introduced by the Government.²⁰⁵

4.4 Reactions to the Housing White Paper

Lords debate: 2 March 2017

The House of Lords debated the Economic Affairs Committee Report, [Building More Homes](#) (2016) on 2 March 2017 – the contents of the Housing White Paper were widely referred to during the debate. Lord Hollick (Chair of the Committee and Labour Peer) opened the debate and identified what he referred to as “three key failures.”²⁰⁶ He said the White Paper had failed in the following areas:

- A continued reliance on the private sector to build the homes needed. He welcomed the proposal to decrease the lifespan of planning permission (three to two years) but doubted that this measure would be strong enough to tackle the problem.
- A failure to tackle the “almost non-existent level of public sector building.” He welcomed the Government’s reference to bespoke deals with housing authorities but questioned how much funding would be available for these deals.
- The low level of building on public land. He was not persuaded that the measures in the White Paper would fulfil the potential identified by evidence submitted to the Committee for 3 million homes on public land.²⁰⁷

Lord Forsyth of Drumlean, (Conservative Peer and member of the Economic Affairs Committee), said he appreciated that that White Paper had “picked up on some of the ideas” in [Building More Homes](#) but referred to evidence of the need not to rely on private sector housing provision and also to the need to provide housing that is affordable for people on very low incomes:

The evidence was absolutely overwhelming: we cannot rely on the private sector to provide all the housing that we need and the different categories of housing that we need, but it was also reassuring to find that the old kind of statist ideas were also not going to deliver. We need a rented sector, but this term “affordable housing” is like something out of double-think. Affordable housing turns out to be something that you have to be very well-off indeed to be able to afford. There is little in the way of supply for those people who are on very low incomes and do not have very much money. The conclusion that we came to is that we must find a way of enabling local authorities to provide low-cost housing for people who need those facilities.

Where I was cheered, in recognising that there needed to be more reliance on public sector housing, was that this would also enable us to save a great deal of taxpayers’ money. The noble Lord, Lord Hollick, pointed out that we were spending £27 billion on housing benefit. If we had more housing at lower rents provided by local authorities or housing associations, or local

Lord Young of Cookham, responding to the debate for the 2015 Government, said there was no fixed budget for bespoke deals with local authorities. Requests would be considered on a case-by-case basis. (HL Deb 2 March 2017 c1036)

²⁰⁵ Ibid., para 3,23

²⁰⁶ [HL Deb 2 March 2017 c988](#)

²⁰⁷ [HL Deb 2 March 2017 cc988-90](#)

authorities in partnership with the private sector, we would not have to provide the housing benefit on such a level. It does not seem a very effective use of taxpayers' money to simply use housing benefit in a market where the rents are going up and up and neither the taxpayer's situation nor the availability of housing is improved.²⁰⁸

Lord Sharkey (Liberal Democrat Peer and member of the Economic Affairs Committee) regretted the fact that local authority borrowing restrictions would not be lifted. He questioned whether joint ventures set up by local authorities, for which there is support in the White Paper, would produce a sufficient volume of housing.²⁰⁹ He welcomed the introduction of a "proper assessment by local authorities of forecasting housing needs" and the development of a plan to meet those needs. He asked how the remedy for underperformance by local planning authorities in delivering sufficient housing would work in practice:

Speaking of local authorities, the White Paper says that,

"where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken".

In paragraph 2.49, it goes on to give some detail. The remedy for underperformance seems to be that,

"the presumption in favour of sustainable development in the National Planning Policy Framework would apply automatically".

That really is quite opaque. Can the Minister explain how this would actually work to remedy a shortfall in building homes?²¹⁰

He summed by describing the White Paper in the following terms:

...a bit of a disappointment or at least a curate's egg. It contains some good things but they are all essentially second-order good things. It is not radical; in fact, it is rather timid.²¹¹

Lord Turnbull (Crossbench Peer and member of the Committee) said the White Paper "makes a major move away from the almost exclusive focus of recent Governments on promoting home ownership and recognises there are severe pressures in the rental market", he identified the "main failing of the White Paper" as a lack of "assurance that the Government will deliver the numbers required." He said the failure to address tax issues "which distort the housing market" was a "serious omission."²¹²

Lord Kerlake (Crossbench Peer) said the White Paper "contains a good number of practical and sensible improvements to the current arrangements." He named three specific improvements as:

...the objective assessment of need for local plans; the diversification of the market by growing the SME sector; and the increase in planning fees for local authorities.²¹³

Lord Cookham said that of the £300m in additional borrowing made available to English local authorities in the Autumn Statement 2013, £127.2m was taken up. In 2015-16 local authority borrowing headroom is set to be £3.4bn. (HL Deb 2 March 2017 c1037)

²⁰⁸ [HL Deb 2 March 2017 c992](#)

²⁰⁹ [HL Deb 2 March 2017 c995](#)

²¹⁰ [HL Deb 2 March 2017 c996](#)

²¹¹ [HL Deb 2 March 2017 c996](#)

²¹² [HL Deb 2 March 2017 c997](#)

²¹³ [HL Deb 2 March 2017 c1006](#)

However, he doubted that the positive features in the White Paper would be enough and highlighted five areas where “gaps still lie”, namely:

- The role of local authorities and the need for greater devolution.
- The need to do more to harness the power of housing associations.
- Allowing a more localist and flexible approach to building on the green belt.
- The need to address the concerns of private housebuilders on labour shortages and the future of Help to Buy, which has underpinned demand for new housing.
- Resolving issues raised by requiring authorities to sell higher-value properties to fund a voluntary Right to Buy for housing association tenants.²¹⁴

Public Accounts Committee – Housing: State of the Nation 2016-17

As part of its [Housing: State of the Nation inquiry](#), the Public Accounts Committee took [evidence](#) from Terrie Alafat, CEO of the Chartered Institute of Housing; Toby Lloyd, Head of Housing Development at Shelter; Peter Andrew, Deputy Chair of the Home Builders Federation; Lord Porter, Chair of the LGA; Melanie Dawes, CB, Permanent Secretary DCLG; Helen MacNamara, Director General Housing and Planning, DCLG; and Peter Schofield, Director General, Finance, DWP, on 22 February 2017.

Caroline Flint asked for views on “the best bits”, and what is missing from the Housing White Paper.²¹⁵ Terrie Alafat welcomed the shift from home ownership to a recognition that an all-tenure response from the sector is required. She said there was still a “big question about affordable housing” i.e. “what do we mean by building for those 20% to 25% of people who cannot afford the market or cannot afford home ownership.”²¹⁶ Lord Porter agreed with the need for a multi-tenure response and welcomed the recognition of how major infrastructure projects can unlock housing, in addition to welcoming more funding for major infrastructure. He identified a need for more focus on system-building to increase supply.²¹⁷ Toby Lloyd said he was encouraged by local authorities’ ability to set up development corporations but wants to see those corporations being able to capture the value created by local authority investment and the grant of planning permission “rather than happening to create an enormous windfall for a lucky landowner.”²¹⁸ Peter Andrews said the White Paper had moved the situation forward in terms of planning matters. He was pleased with

²¹⁴ [HL Deb 2 March 2017 c1006-8](#)

²¹⁵ [HC 958, 22 February 2017, Q19](#)

²¹⁶ Ibid.

²¹⁷ Ibid.

²¹⁸ [HC 958, 22 February 2017, Q21 & Q22](#)

measures to help small builders and with measures to improve transparency around, for example, five-year land supplies from the point of view of developers and local authorities. He wanted to see clarity over Help to Buy after 2021 and ring-fencing of the whole planning fee rather than the 20% increase in the fees.²¹⁹

Melanie Dawes, Permanent Secretary at DCLG, was questioned on when the gap between net additions to the stock and the demand for new housing, estimated to be 189,000 and 277,000 respectively, would be eliminated. She replied:

It will continue as it has done for decades. I agree, and that will show itself primarily in affordability and in some places in homelessness. I am simply being honest with you. For something on this scale and of this magnitude, we do not have some neat line that tells us when those paths will cross.²²⁰

The Chair of the Committee, Meg Hillier, expressed concern at the lack of a long-term plan for reducing the gap between housing supply and demand beyond 2020:

Even if the gap shrinks, it is still a gap—there will still be a problem of supply and therefore a problem of affordability and availability. You have a responsibility as permanent secretary at DCLG for the stewardship of the wider housing market, not just of where the taxpayers' money goes. It worries me that there isn't even a long-range plan. Even if it is a 20-year plan, that might not be ideal, but we recognise where you are starting from after various Governments' approaches.²²¹

The [Committee's Report](#) was published on 28 April 2017, the key conclusions and recommendations are summarised below:

- There is no clear plan to raise supply up to the levels needed to close the supply-gap. DCLG should publish a 'housing gap' figure (updated annually) showing the rate of net additional housebuilding and estimates of the rate needed to meet demand.²²²
- There is an overreliance on private sector delivery despite the market being 'broken'. DCLG should review international evidence and report to Parliament on lessons to be learned from the housing policy and institutional landscape of other countries with higher housebuilding rates than England with a focus on innovative methods. The Committee also requested that the Government write within six months "with estimates of how many homes councils will be able to build up to 2020 under current financing arrangements".²²³
- There is a lack of transparency over DCLG's overarching housing objectives and the progress of individual programmes in meeting those objectives. The Committee wanted to see an improvement in transparency and, in particular, the Single Departmental Plan to

²¹⁹ [HC 958, 22 February 2017, Q25](#)

²²⁰ [HC 958, 22 February 2017, Q132](#)

²²¹ [HC 958, 22 February 2017, Q134](#)

²²² [HC 958, Sixty-third Report of Session 2016-17](#), 28 April 2017, p5

²²³ *Ibid.*, p6

set out the cumulative total of net additions since the beginning of the 1 million homes ambition, showing how many homes need to be completed in future years” and, how individual programmes and spending are contributing to delivery of the 1 million homes.²²⁴

- The contribution of the £21 billion spent each year on Housing Benefit to the supply of new housing is not known. Spending on Housing Benefit represents around three-quarters of all Government spending on housing. The Committee wanted DWP to identify metrics to establish the full impact of Housing Benefit on the construction of new homes and examine the scope of this financing “to be used more innovatively to increase housing supply and home ownership”.²²⁵

Communities and Local Government Committee: Capacity in the homebuilding industry

The CLG Committee published the [report](#) of its inquiry on 29 April 2017. The Committee’s key conclusions and recommendations took account of the White Paper’s contents and are summarised below:

- A need for the Government to consider how it can influence the financial model of the sector and encourage developers to take a longer-term perspective. The Committee saw a role for increased public intervention in the land market to prioritise long-term community benefits over short-term commercial profits. This was identified as a possible area for a future inquiry.²²⁶
- Local authorities’ responsibility to hold developers to account in terms of build-out rates was welcomed, but the Committee emphasised the need for the Government to ensure that the data collected on the development pipeline are “more thorough and reliable”.²²⁷ The Committee identified a need to strike a balance between penalising slow build-out rates and encouraging development.²²⁸
- The Committee wanted to see local authorities making smaller sites available to assist SME builders and to aid diversification in the sector.²²⁹ The Committee recommended that the Government should consider helping smaller building companies to access credit at more favourable rates. The Home Building Fund was welcomed – the Committee identified a need to monitor its effectiveness and recommended that the German model of support for SMEs is investigated.²³⁰
- The Accelerated Construction Programme was welcomed with the proviso that progress should be closely monitored.²³¹

²²⁴ Ibid.

²²⁵ Ibid., p7

²²⁶ [HC 46, Tenth Report of session 2016-17](#), 29 April 2017, para 12

²²⁷ Ibid., para 17

²²⁸ Ibid., para 21

²²⁹ Ibid., para 35

²³⁰ Ibid., para 44

²³¹ Ibid., para 48

- The Committee recommended that HRA borrowing caps be raised/removed “where housing affordability is at its worst.”²³²
- Innovative approaches by local authorities were welcomed but the Committee identified a risk that best practice would not be shared, and that authority owned companies might struggle to access the necessary skills and expertise.²³³
- In regard to housing associations, the Committee called for certainty on rent setting post-2020 as a matter of urgency and by the Autumn Statement 2017 “at the very latest.”²³⁴
- The Committee noted that planning authorities will not be required to use the new standardised methodology for assessing housing need and called for authorities to be incentivised to use it.²³⁵
- The Committee expressed concern over the lack of control planning authorities have over homes created using permitted development rights and called for this to be considered as part of the Government’s response to the Community Infrastructure Levy Review.²³⁶
- The Committee identified a gap in the White Paper in regard to disputes between developers and planning authorities over the financial viability of sites. The Committee recommended that developer assumptions and assessments of viability be shared with authorities “to ensure that the provision of infrastructure, affordable housing and build density is not compromised.”²³⁷ The Committee saw scope for investigating the feasibility of a standard methodology for assessing viability.²³⁸
- The Committee wanted to see a clear demonstration of how increased planning fees are accelerating housing development.²³⁹ Members also wanted local authorities to show commitment to the planning function by incentivising staff development and training.²⁴⁰
- The Committee recommended that guidance be published setting clear guidelines on “when and how it may be appropriate for a local authority to review its green belt boundary in order to deliver new homes to meet local need.”²⁴¹
- The Committee wanted to see public land released in areas where it is most needed “without delay.” Members saw potential for the HCA to become more involved in the acquisition of surplus land and, where appropriate, directly commissioning development.²⁴²

²³² Ibid., para 55

²³³ Ibid., para 58

²³⁴ Ibid., para 64

²³⁵ Ibid., para 75

²³⁶ Ibid., para 86

²³⁷ Ibid., para 91

²³⁸ Ibid., para 93

²³⁹ Ibid., para 97

²⁴⁰ Ibid., para 101

²⁴¹ Ibid., para 105

²⁴² Ibid., para 110

- On Modern Methods of Construction (MMC), the Committee recommended a more active role for Government to “improve the wider sustainability of the MMC supply chain and to encourage the market to grow.”²⁴³ To support access to finance for MMC the Committee recommended a “single quality assurance mark sponsored by Government” to promote confidence amongst lenders, consumers and builders.²⁴⁴
- The Committee wanted to see monitoring of the Government’s review of the Construction Industry Training Board and some practical measures “within a year to encourage new entrants into the industry and to retain those already working.”²⁴⁵
- The Committee called on the Government to take account of the importance of EU labour to the construction industry in setting priorities for the Brexit negotiations.²⁴⁶

Summary of a selection of responses

Royal Town Planning Institute (RTPI)

The RTPI supports many of the measures in the White Paper aimed at addressing planning issues, particularly the increase in fees, although the RTPI thinks that a 20% increase may not go far enough to address “years of underinvestment.” There is regret that the White Paper does not tackle the question of capturing increases in land value:

It makes no mention of a mechanism to capture rising private land values to better benefit communities – the single most useful instrument to channel more value generated by development towards public benefit investments such as social housing and good infrastructure, without incurring more public debt.²⁴⁷

National Housing Federation (NHF)

The NHF welcomed the Government’s recognition of the broken housing market and the decades of under-supply. The NHF briefing on the White Paper states:

While few of the policy interventions could be called ground breaking, together they represent a positive step in the right direction and go some way to delivering a comprehensive and strategic framework to fix the housing crisis.²⁴⁸

There are some aspects of the White Paper that the NHF has concerns about, such as the inclusion of affordable private rented housing in the NPPF’s definition of affordable housing. The NHF would also have liked to have seen a “more radical” approach to the green belt.²⁴⁹

Savills

Savills [Policy Response: Housing White Paper](#) describes the Paper’s greatest strength as “its multi-pronged coherent approach.” There is some concern that the additional tasks for local authorities in relation to

²⁴³ Ibid., para 115

²⁴⁴ Ibid., para 119

²⁴⁵ Ibid., para 132

²⁴⁶ Ibid., para 134

²⁴⁷ [Housing White Paper – RTPI Response](#), 7 February 2017

²⁴⁸ [NHF Briefing on the Housing White Paper](#), 15 February 2017

²⁴⁹ Ibid.

plan-making and development control could lead to delays. Savills makes the point that the success of the proposals set out in the White Paper “will rest upon whether the targets truly reflect real need. England needs around 300,000 new homes a year and housing needs assessments must add up to that number.”²⁵⁰

Chartered Institute of Housing (CIH)

Head of Policy, Melanie Rees said that the CIH would continue to argue the case for the development of more housing at social rents. She welcomed the “watering down” of the Starter Home proposals and the fact that “Older people’s housing is on the agenda.”²⁵¹

House Builders’ Federation (HBF)

The HBF welcomed the White Paper’s recognition of the role that private sector builders will play in delivering new homes. There is support for the drive to ensure all local authorities have a plan in place on the basis that “Having a plan in place provides certainty for all parties and allows coordinated and structured development to take place.”²⁵² The HBF said it was keen to work with the Government to speed up build-out rates but sounded a note of caution:

However, any sensible measure should not have an adverse impact on builders. Having spent considerable time, resource and money progressing sites through the planning system, once builders have an ‘implementable’ permission (one that allows them to start work) overwhelmingly they are doing so.²⁵³

Campaign to Protect Rural England (CPRE)

The CPRE gave the White Paper a “broad welcome” and went on:

The White Paper promises a further consultation on how local authorities should calculate housing need. For those concerned about our countryside, the outcome of this consultation is the acid test. Until local authorities are able to set realistic and deliverable housing targets, with an emphasis on meeting genuine need rather than aspirational demand, the countryside and Green Belt will continue to be threatened by poor quality and speculative development.²⁵⁴

Town and Country Planning Association (TCPA)

The TCPA’s [response](#) welcomed the Paper’s “more pragmatic and measured approach to housing tenure” and recognition of the need to better resource the planning system. The TCPA particularly supports the commitment to legislate to update the New Towns Act which they think “offers real hope for a rapid step-change in housing delivery”.²⁵⁵ However, some areas where, in the TCPA’s view, the measures are “focused on the wrong problem or will have little impact on increasing housing delivery” are identified:

²⁵⁰ Savills, [Policy Response: Housing White Paper](#), 2017

²⁵¹ CIH, [Four steps to housing heaven?](#) 9 February 2017

²⁵² HBF, [White paper reflects key role private house builders have in addressing ‘broken housing market’](#), 7 February 2017

²⁵³ Ibid.

²⁵⁴ CPRE, [Housing White Paper: CPRE reaction](#), 7 February 2017

²⁵⁵ TCPA, [Briefing on the Housing White Paper](#), March 2017

- The introduction of complex testing of local authorities on their delivery of new homes fails to recognise that delivery is largely the hands of the volume housebuilders. The powers offered to local authorities to solve this problem are unlikely to be effective.
- Local authorities have always had the power to compulsorily purchase land, but making more and better use of this power would require a transformation in local government skills and funding.
- The application of 'Right to Buy' rules to new local authority housing companies may act as a disincentive for investment in the delivery of new affordable homes.²⁵⁶

The TCPA has also questioned the White Paper's "silence" on the viability test "despite the growing evidence of the impact of the viability test on reducing public policy outcomes."²⁵⁷

Local Government Association (LGA)

The LGA said the White Paper contained some "encouraging signs that the government is listening to councils on how to boost housing supply and increase affordability" but called for more powers and funding for local authorities:

Local government believes even more needs to be done to rapidly build more genuinely affordable homes to help families struggling to meet housing costs, provide homes to rent, reduce homelessness and tackle the housing waiting lists many councils have.

For this to happen, councils desperately need the powers and access to funding to resume their historic role as a major builder of affordable homes. This means being able to borrow to invest in housing and to keep 100 per cent of the receipts from properties sold through Right to Buy to replace homes and reinvest in building more of the genuine affordable homes our communities desperately need.²⁵⁸

London School of Economics (LSE)

The LSE London research group, together with academics and researchers from elsewhere, published a response to the White Paper on 2 May 2017: [LSE London's response to the Fixing our broken housing market consultation](#). Overall, the response describes the White Paper as a "disappointment." The group had been hoping for more significant structural changes to generate housing growth and measures to make the planning system "simpler to operate and outcomes more predictable." The response states that the White Paper's proposals "do not make up an agenda to fix the 'broken' housing supply system" – in the group's opinion there is little on how to improve the existing housing market as the focus is on new supply. Other gaps are identified as the private rented sector (aside from build to rent), tackling homelessness, and affordable housing. The following areas which the

²⁵⁶ Ibid.

²⁵⁷ Ibid.

²⁵⁸ LGA, [Councils respond to Housing White Paper](#), February 2017

group refers to as “some of the essential preconditions for change” are also identified as “not addressed” or moved to further consultation:

- improving the estimation of objectively assessed need (or, better, demand)
- clarifying and simplifying CIL and S106 – which is fundamental to generating a more certain and transparent system
- setting out how viability should be assessed – which depends on the answers on CIL/S106
- better integrating permitted development into the system
- ensuring an adequate supply of land²⁵⁹

Efforts to improve access to data were welcomed.

²⁵⁹ [LSE London's response to the Fixing our broken housing market consultation](#), 2 May 2017

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UPDATE/PROGRESS WITH MATTERS PREVIOUSLY CONSIDERED BY THE SOCIETY, ENVIRONMENT, AND COUNCIL DEVELOPMENT EAB

Date of Meeting	Item	Lead Officer	Lead Councillor	Action Agreed	Progress to date
04-Apr-16	The Future of Guildford Museum	James Whiteman Director of Environment Jill Draper Heritage Manager	Cllr Geoff Davis now Cllr Nikki Nelson-Smith	The Board fully supported the recommendations for Executive's consideration on 19 April 2016 and subject to its approval, looked forward to the reinvention and development of Guildford Museum as part of Guildford's 'Heritage Quarter'.	<p>The Executive noted the EAB's comments and agreed:</p> <p>(1) To commission a feasibility and costing report for the proposed new build extension to the current Museum buildings and approved the vision of developing an updated and exciting museum offering at that site.</p> <p>(2) To transfer £240,000 from the provisional capital programme (ED18(p) Museum and Castle Development scheme to the approved capital programme to carry out the work referred to in paragraph (1) above.</p> <p>(3) To authorise the Director of Environment, in consultation with the Lead Councillor for Economic Development, Heritage and Tourism:</p> <p>(i) to establish a Development Group, consisting of internal representatives and external partners, to assist in the delivery of improvements to the Museum; and</p> <p>(ii) to develop a fundraising strategy and related fundraising committee with a view to identifying and securing external grants and funding for improvements to the Museum</p> <p>(4) To request the Museum Working Group to review and make recommendations on the future of the Victorian Schoolroom, including the possible sale of 39½ Castle Street, should the Schoolroom be discontinued.</p> <p>(5) To approve the Action Plan and request the Museum Working Group to continue its work to deliver the Action Plan.</p> <p>Item to be brought back to the Board on 09 April 2018.</p>
13-Apr-16	Proposed Submission: Local Plan: Strategy and Sites	Stuart Harrison Planning Policy Manager	Cllr Paul Spooner	<p>The Board agreed to submit the following comments to the Executive:</p> <p>(1) To consider the Board's overwhelming concern about the lack of adequate infrastructure to support planned development particularly in its rural areas. Sufficient infrastructure should be delivered when needed to support the cumulative impact of development in the future, in particular for sites that are too small to provide their own infrastructure directly themselves, but which cumulatively would have an impact.</p> <p>(2) To give assurance and guarantee that infrastructure improvements would be delivered in time to support planned growth.</p> <p>(3) To consider reviewing the methodology employed in the Green Belt and Countryside Study, specifically in relation to deciding between, low, medium and high sensitivity areas. This would ensure that it was defensible when examined by the Secretary of State.</p>	<p>At its special meeting on 11 May 2016, the Executive noted the EAB's comments and recommended to full Council that the draft Local Plan: strategy and sites document be approved for public consultation, subject to:</p> <ul style="list-style-type: none"> • the removal of site allocation policy A43 Land around Burnt Common warehouse, London Road, Send, and • replacement of site allocation policy A43 with a new site to the east of Burnt Common Lane, south of Portsmouth Road, and north of the A3 known as Garlick's Arch, Send Marsh/Burnt Common and Ripley

Date of Meeting	Item	Lead Officer	Lead Councillor	Action Agreed	Progress to date
13-Apr-16	Proposed Submission: Local Plan: Strategy and Sites (cont.d)			(4) To support the strongest worded affordable housing policy we can have within the remit of sustainable development. (5) To safeguard green spaces and green approaches in Guildford Town and its surrounding countryside so to enhance the quality of life for all. (6) To review whether a higher windfall assumption is justified.	
23-May-16	Implications for Guildford of the 'Surrey Infrastructure Study'	Neil Taylor Director of Development	Cllr Matt Furniss	The Board acknowledged that the Surrey Infrastructure Study had provided a useful framework to look at the infrastructural challenges that faced Guildford whilst also acknowledging the number of caveats that existed. The Board also recognised the significant work that had already been undertaken to bridge funding gaps and looked forward to the development and implementation of Guildford's Infrastructure Plan overall.	13/11/17 Update from Tracey Coleman: The infrastructure plan is a continuing piece of work to support the Local Plan. We have a special meeting for full council to consider its submission on 21st of November and hopefully submission mid December. Planning Policy Team are working flat out to meet these deadlines. We could respond after this period, when we have more time to update you on the programme and detail of work undertaken.
11-Jul-16	Stoke Park Masterplan	Paul Stacey Parks and Landscape Manager	Cllr Richard Billington	The Board fully endorsed the formation of a project board. The Parks and Landscape Manager would be invited back to the Borough, Economy and Infrastructure meeting in a year's time to look at setting up a project board and how to take this forward.	The Board will invite back Paul Stacey (Parks and Landscape Manager) to a meeting in approx. one year for an update on the establishment of a project board. Scheduled for Board meeting 21 May 2018
31-Oct-16	Multi-Use Sports and Entertainment Facility	Jonathan Sewell	Cllrs Iseult Roche/ Richard Billington	For information item. The Board made a number of comments for Lead Councillors to consider.	A viability study and public consultation programme will be developed in due course. 10/11/17 Update from Jonathan Sewell: The item that went to the EAB covered two linked items; the above and "complete the refurbishment of Spectrum including the roof, the air handling system and other improvements". The new facility was secondary to undertaking the necessary maintenance so that a window of opportunity was created to plan and progress a replacement for Guildford Spectrum. An alternate scheme has been developed and contractors procured. Progress in key aspects:- • Work underway for the revised roof maintenance by over roofing the pools and applying a liquid plastic treatment to the other roofs to eliminate/reduce water ingress. Drip trays installed at various locations around the building to deal with leaks from the internal gutters. This work is nearly finished. Work being undertaken by Southern Industrial Roofing is programmed to be finished by December 23. • Steelwork repairs in the Pools Hall are almost complete. Contractors are completing final tasks in the Pools Hall, including additional repairs identified as a result of increased access. Repair programme has been extensive and all structural steelwork has been painted, roof purlins and some other areas normally difficult to access cleaned. Final repairs and snagging have been delayed by some maintenance Freedom Leisure have commissioned the contractors to do at the same time and unfortunately their work has overrun resulting in the Leisure pool being closed longer than the original programme. Leisure Pool is due to reopen 25 November following completion of the Freedom Leisure works.

Date of Meeting	Item	Lead Officer	Lead Councillor	Action Agreed	Progress to date
31-Oct-16	Multi-Use Sports and Entertainment Facility (cont.d)				<ul style="list-style-type: none"> • Repairs to smoke vents are ongoing with scaffold at various corridor locations around the building. This work is scheduled to be completed by December 20 however we are trying to push the contractors to an earlier completion date. These works are not affecting the customer's ability to use the facilities. • The Air Handling Unit in the Leisure Pool has been through an initial phase of upgrades. The upgrades are split into two possible phases, if the initial phase achieves the target air flow the second phase of upgrades will not be necessary. If the second phase is necessary it can be done without impacting on the customer. • The project works will cost less than £3m to complete (excludes the revenue impact of the closures which is likely to be circa £280k) and has been geared to a minimum ten year life span for the building. • Our project closed the competition, the dive and the teaching pools for a period of four weeks from 7th August. Subsequent restrictions on access to the Dive pool has been due to Freedom Leisure works to the dive boards and platforms. Our project closed the Leisure Pool for 46 days from September 4th, subsequent periods of closure of the Lesure Pool has been due to Freedom Leisure maintenance works. There have been some other minor impacts on customer access due to our projects however these have been insignificant. • There has been some background research on potential inclusion of facilities in a new facility however the work on this will not commence in earnest until this maintenance programme is complete. This is as per the paper presented to the EAB.
14-Nov-16	Public Art Strategy	Jonathan Sewell	Cllr Nikki Nelson-Smith	The Board supported the need for a new Public Art Strategy and made a number of suggestions regarding sources of funding.	The proposed timeline included a period of public consultation in the spring and delivery of a draft to the executive in June 2017. Item scheduled for Board 16/10/17
	Rural Economy Strategy	Chris Burchell Chris Stanton now	Cllr Richard Billington	The Board welcomed this piece of work and the creation of a designated post. It reviewed and commented on a set of draft priorities and objectives. A rural mapping exercise was underway which would inform the work.	<p>Rural Economic Strategy 2017-2022 published July 2017, Document can be downloaded from www.guildford.gov.uk/ruraleconomy All councillors have received a printed copy of the Strategy.</p> <p>The Strategy was approved at Full Council on 9 May but full publication was held over to enable coverage of the General Election outcome and the announcement of Michael Gove (MP for Surrey Heath) as the new Environment Secretary.</p> <p>Comments made at the EAB were most helpful in shaping the overall presentation of the Strategy and some particular aspects of content. The Rural Officer conveyed his gratitude to the Board.</p>

Date of Meeting	Item	Lead Officer	Lead Councillor	Action Agreed	Progress to date
09-Jan-17	M25 Junction 10/A3 Wisley Interchange Consultation	Graham Brown Atkins Global and Hugh Coakley Highways Agency	Cllr Matt Furniss	The Board made a number of recommendations to be submitted as part of the initial consultation.	The proposed timeline included a period of non-statutory public consultation on 16 Feb 2017 and a preferred route announcement in August 2017. The statutory public consultation would take place from October 2017 – February 2018. A DCO application proposed in July 2018 with construction anticipated to start in March 2020 and opened to traffic in March 2023. The Board welcomed further input at a later stage.
20-Apr-17	Proposed Submission (Local Plan)	Tracey Coleman	Cllr Paul Spooner	The Board recommended that the draft Local Plan as submitted to the Board, be approved for formal public consultation for a period of six weeks beginning 9 June 2017 – 24 July 2017 subject to one amendment.	The Local Plan was taken to the Executive on 16 May 2017 and incorporated the Board's comments.
13-Sep-17	Bike Share Scheme	Rob Curtis Major Projects Transport Planner	Cllr Matt Furniss	The Board: <ul style="list-style-type: none"> supported undertaking a feasibility study for a bikeshare scheme; felt it was important that if there were different bikeshare schemes in Guildford that they be compatible, although not necessarily the same provider; supported traditional docking over free-floating but felt the feasibility study could examine both; felt options for the capital and revenue costs be examined, including a capital-free scheme; advised the locations of docking stations should not be confined to the town centre; infrastructure improvements were important to the scheme, <p>Suggested:</p> <ul style="list-style-type: none"> the BID and other retailers be consulted over the proposed scheme; opportunities to link the bike share scheme to other corporate ambitions; and any legal or liability implications from introducing a public bike share scheme. 	
	Electric Cars	Kevin McKee Parking Services Manager		Board members suggested the development of an app for an electric charging reservation system	
16-Oct-17	Public Arts Strategy	Jo James Community Leisure Manager	Cllr Nikki Nelson-Smith	The Board asked to receive an update on progress after two years. The Board commended the strategy to the Executive.	
	Design Guide	Meave Faulkner Design & Conservation Team Leader	Cllr Paul Spooner	The Design and Conservation Team Leader agreed to look again at proposed timescales. The Design and Conservation Team Leader agreed to discuss the Board's concerns with officers. The Lead Councillor for Housing and Environment agreed to speak to the Lead Councillor for Planning and Regeneration to determine whether additional resources could be put into place to ensure that the design guide, including the residential extensions guidance, was complete by the time the new local plan came into force. The Board expressed an urgent wish to have a task group, so that elected members could have input into the process.	

EAB WORK PROGRAMMES

Corporate Plan items are intended to give the EABs an early opportunity to consider major policies or projects.

BOROUGH, ECONOMY, AND INFRASTRUCTURE EAB

19 FEBRUARY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
LEP's wider picture/Ensuring a sustainable economy	Co-ordinate the LEP relationship and maximise funding opportunities to support Guildford as a smart growth hub	Yes	Cllr Paul Spooner	Chris Burchell Local Economy Manager	2020
What can we do to speed up housing delivery?	General discussion		Cllr Philip Brooker	Tim Dawes Planning Development Manager	
09 APRIL 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
The Future of Guildford Museum Update	To receive a general update on the project	Yes	Cllr Nikki Nelson-Smith	Jill Draper Heritage Manager	2017
21 MAY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Stoke Park Masterplan (TBC)	First taken to the Board July 2016. Request to return in approximately 1 year	Yes	Cllr Richard Billington	Paul Stacey Parks and Landscape Manager	2020
What can we do to speed up housing delivery?	Detailed discussion covering; lobbying of developers and monitoring their development projections; additional training to Planning Committee members about development likely to win on appeal; review pre-application processes; review planning conditions; use of modular (pre-fab) buildings.		Cllr Philip Brooker	Tim Dawes Planning Development Manager	
[Corporate Plan]	To be confirmed following Work Programming Meeting in March				

EAB WORK PROGRAMMES

02 JULY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
03 SEPTEMBER 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
15 OCTOBER 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
18 FEBRUARY 2019					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
08 APRIL 2019					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion

EAB WORK PROGRAMMES

SOCIETY, ENVIRONMENT, AND COUNCIL DEVELOPMENT EAB

22 FEBRUARY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Meeting cancelled owing to lack of business					
05 APRIL 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Review of Grants – Consideration of Options		Yes	Cllr Geoff Davis	Steve Benbough Policy and Partnerships Officer	
17 MAY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Procurement	Presentation from Principal Solicitor				
Creation of Guildford Energy Company, Climate Change, and Council's Green Agenda			Cllr Phillip Brooker		
Procurement of New Cemeteries	Item to include regulatory context, private sector operators and practice in other local authority areas		Cllr Matt Furniss	Natasha Precious Bereavement Services Manager	
05 JULY 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Recycling Improvements: Review of Refuse and Recycling Service	(a) Review core recycling services to ensure that they remain fit-for-purpose. (b) Carry out doorstep surveys in 2017 and 2019 to identify residents' views on current and future recycling services	Yes	Cllr Matt Furniss	Chris Wheeler Waste and Fleet Services Manager	2019

EAB WORK PROGRAMMES

06 SEPTEMBER 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Mental Health and Wider Determinants of Health			Cllr Iseult Roche	Helen Barnsley Public Health Co-ordinator	
18 OCTOBER 2018					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
Future operation of Public Conveniences			Cllr Matt Furniss	Chris Wheeler Waste and Fleet Services Manager	
14 FEBRUARY 2019					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion
04 APRIL 2019					
Item	Additional information	Corporate Plan Priority	Relevant Councillor(s)	Lead officer	Target completion

EAB WORK PROGRAMMES

Unscheduled items

Borough EAB

Item	Additional information	Corporate Plan Priority?	Relevant Lead Councillor(s)	Lead officer	Target completion
M25 junction 10 / A3 Wisley interchange Improvement scheme: Preferred Route Announcement					

Society EAB

Item	Additional information	Corporate Plan Priority?	Relevant Lead Councillor(s)	Lead officer	Target completion
Strategy for the Elderly/Later Life					
Procurement					

For discussion: New Corporate Plan (both EAB's?),

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