

Housing White Paper – Fixing Our Broken Housing Market

Briefing from the CIPFA Asset Management Planning Network

February 2017

Introduction

The government launched its housing white paper on 7 February 2017. While quite a number of the proposals have previously been announced, the document does provide a more complete overview of the government's short and longer term plans to 'fix' what in its view is a 'broken' housing market.

The document seeks to address three major challenges:

1. Over 40% of local planning authorities do not have a plan that meets the projected growth in households within their area.
2. The pace of development is too slow.
3. The structure of the housing market makes it harder to increase supply.

As a response the government outlines four key steps in meeting these issues, and these also form the main chapter headings within the document as follows:

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

Step 2: Building homes faster

Step 3: Diversifying the market

Step 4: Helping people now

The paper also launches a consultation exercise on changes to planning policy and legislation in relation to planning for housing, sustainable development and the environment. The consultation runs until 2 May 2017.

The policies and proposals set out in the White Paper apply to England only.

Contents

After the obligatory forewords, introduction and executive summary the document is divided into the four key chapters that outline the government's proposals as above.

The final part of the document is devoted to Annex A which provides further detail of the proposals, associated consultation questions as well as an additional section on sustainable development and the environment.

The following pages provide a simple paraphrased summary of the key proposals set out under the four main chapter headings while pulling in more detail where appropriate

from Annex A. The Annex doesn't always follow the sequencing and/or headings set out in the main chapters so we have endeavoured to pull out the relevant areas to match where possible.

Summary of Key Proposals

Chapter 1 – Planning for the Right Homes in the Right Places

A – Getting plans in place

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

The government will intervene to put plans in place where:

- there is insufficient progress
- plans are not kept up to date (requirement for renewal minimum of every five years)
- there is a 'higher' housing pressure
- intervention would have greatest impact on accelerating local plan production.

Improved joint working will be required where planning issues go beyond individual authorities including:

- an expectation to prepare a statement of common ground, setting out how authorities would work together to meet housing requirements that cut across boundaries
- an introduction of spatial development strategies to allocate strategic sites in combined authorities
- use of £2.3bn Housing Infrastructure Fund to support collaboration where appropriate
- power for the secretary of state to direct authorities to produce a joint plan.

2. Making plans easier to produce

There will be increased flexibility over types of plans that an authority has to produce as follows:

- mandatory plans (to address key strategic policies) either:
 - a local plan (for individual authorities or prepared jointly), or
 - a spatial development strategy (where power is conferred on a combined authority or mayor).
- optional plans (for focused policies on specific places or issues):
 - neighbourhood plan
 - more focused development plan documents (eg action area plan in areas of significant change).

The process for producing plans will also be streamlined by:

- ensuring plans and policies do not duplicate each other

- amending tests of what is expected of a 'sound' plan
- tightening the definition of what evidence is required to support a 'sound' plan to ensure a more proportionate approach.

3. Assessing housing requirements

From April 2018 there will be the introduction of a new methodology for calculating housing requirements as the baseline for assessing five year housing land supply and housing delivery, in the absence of an up-to-date plan.

There will also be an expectation to have clear policies for addressing housing requirements of groups with particular needs.

4. Digital planning: making plans and proposals more accessible

The amount of planning information easily available to individuals, groups, entrepreneurs and businesses will be improved with more plans accessible online, and use of digital tools to support better plan-making.

5. Making land ownership and interests more transparent

HM Land Registry will be modernised to become a digital and data-driven registration business with an aim of achieving genuine transparency on land.

In addition there will be an examination of how HM Land Registry and Ordnance Survey can work more closely together to provide a more open, transparent and effective digital land and property data service.

Finally the government is aiming for comprehensive land registration by 2030 (currently 83% of land in England and Wales is registered).

B – Making enough land available in the right places

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

The National Planning Policy Framework is to be amended so that:

- local planning authorities will need to demonstrate that they have a clear strategy to maximise the use of suitable land in their area
- identified housing requirements will need to be accommodated unless there are policies in the National Planning Policy Framework that provide strong reasons for restricting development.

2. Bringing brownfield land back into use

Building on the programme already in place there is an intention to amend the National Planning Policy Framework to introduce a presumption that brownfield land within settlements is suitable for housing unless there are clear and specific reasons to the contrary.

3. Improving local authorities' role in land assembly and disposal

An amendment to regulations will enable all local planning authorities to dispose of land with the benefit of planning consent which they have granted to themselves.

There will be consultation on potential changes to the 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 would seek views on a threshold below which specific consent would not

need to be obtained. There is also an intention to consult on revising the existing £2m threshold for the disposal of other (non-housing) land.

Encouragement will be given for 'land pooling' where local authorities would collaborate with landowners in the assembly, servicing and disposal of land to gain the benefit from the uplift in land values once a site receives planning permission and is made ready for development. This is similar to approaches in other countries such as Germany.

4. Regenerating housing estates

An amendment to the National Planning Policy Framework will encourage local planning authorities to consider the social and economic benefits of estate regeneration when preparing plans and decisions on applications.

5. Supporting small and medium sized sites, and thriving rural communities

There will be an expectation on local planning authorities to have policies in place to support development of small 'windfall' sites (ie those not allocated in plans, but which come forward on an ad hoc basis).

Changes to the National Planning Policy Framework will 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.

Encouragement will be given for 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.

As part of this process there will be stronger support for 'rural exception' sites that provide affordable homes for local people.

Promotion of a mix of sites and increasing supply of land available to small and medium-sized house builders will aim to help diversify the housebuilding sector and encourage more competition, including:

- an additional requirement on top of the allowance for windfall sites, for at least 10% of the sites allocated for residential development in local plans to be of half a hectare or less
- local planning authorities will be required to work with developers to encourage sub-division of large sites
- encouraging the greater use of 'local development orders' and area-wide design codes so that small sites may be brought forward for development more quickly.

6. A new generation of new communities

To support the delivery of existing and any future garden communities, the government will:

- ensure that decisions on infrastructure investment take better account of opportunities to support new and existing communities
- introduce new legislation 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
- encourage a more proactive approach to bringing forward new settlements in local authority plans, as one means by which housing requirements can be addressed.

7. Green belt land

The amendment of green belt boundaries will only be permitted to be undertaken when there is a demonstration that all other reasonable options have been considered, including:

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

A proposal will be introduced that where land is removed from the green belt the impact should be offset by compensatory improvements to the environmental quality or accessibility of remaining green belt land.

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.

Other proposed clarifications to the National Planning Policy Framework regarding green belt include:

- appropriate facilities for existing cemeteries are not to be regarded as 'inappropriate development'
- development brought forward under a 'neighbourhood development order' should not be regarded as inappropriate, provided it preserves openness and does not conflict with the purposes of the green belt
- 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 to ensure that local people have a full say in the process.

C – Strengthening neighbourhood planning and design

1. Supporting neighbourhood planning

The government will make further funding available to neighbourhood planning groups from 2018–2020 and local planning authorities will be expected to provide such groups with a housing requirement figure.

Local and neighbourhood plans together with development plan documents will be expected to set out clear design expectations following consultation with local communities.

The importance of early pre-application discussions between applicants will be strengthened.

Clarification will be provided to ensure that design should not be used as a valid reason to object to development where it accords with clear design expectations set out within the statutory plan. Recognition will also be given to the value of using accepted design standards and giving weight to these within the planning process.

2. Building good quality homes

Exploration will be undertaken of further opportunities for simplification and rationalisation of quality and workmanship while still maintaining standards.

Consultation will be carried out on improving energy performance requirements on new homes if evidence suggests that there are opportunities to do so without making homes less affordable. More detail will be set out in a forthcoming Emissions Reduction Plan.

3. Using land more efficiently for development

Proposed amendments to the National Planning Policy Framework will aim to ensure that plans and individual development proposals should:

- avoid building homes at low densities where there is a shortage of land for meeting housing needs
- 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.

Consultation will be undertaken examining how public sector landowners can deliver more homes for their employees within new and existing sites.

The nationally described space standard will be reviewed to support greater local housing choice, while ensuring that homes are of a suitable size.

Chapter 2 – Building Homes Faster

A – Providing greater certainty

1. Five year housing land supply

Local authorities will have the opportunity to have their housing land supply agreed on an annual basis, fixed for a one-year period providing this is prepared in consultation with developers as well as others who would have an impact on the delivery of sites. To take advantage of this policy a local authority would need to provide for a 10% buffer on its five year land supply.

Improved guidance will provide more detail on how the five year land supply should be calculated and will also require authorities to publish their assessment in draft, so that it can be considered and agreed by the Planning Inspectorate.

2. Boosting local authority capacity and capability to deliver

There will be an increase of nationally set planning fees by 20% from July 2017 with an additional increase of 20% for those authorities that are delivering the homes 'their communities need'.

3. Deterring unnecessary appeals

Consultation will take place on the introduction of a fee for planning appeals, including a cap on the maximum charged and lower fees for less complex cases, including the potential for a refund in certain circumstances (ie the appeal is successful).

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

1. Digital infrastructure

Consultation on a new requirement for local authorities' planning policies will be undertaken to set out how high quality digital infrastructure will be delivered in their area, including availability from a range of providers.

2. Investing in our national infrastructure

The National Planning Policy Framework will be amended to clarify the status of recommendations of the National Infrastructure Commission which was established as an executive agency of HM Treasury in January 2017.

Local planning authorities will be expected to identify the additional development opportunities unlocked by new infrastructure at the time funding is committed.

C – Holding developers and local authorities to account

1. Greater transparency through the planning and build out phases

Proposals will be set out for improvement in the quality and analysis of information on housing delivery in three areas:

- better information on delivery
- better information on build out rates by builders
- better information on the development pipeline.

This will be achieved through amendments to the National Planning Application Form to enable the collection of data on estimated start dates and build out rates, through a duty on developers to provide local authorities with basic progress information and new requirements for the Authority Monitoring Report (AMR) produced by local planning authorities.

2. Sharpening local authority tools to speed up the building of homes

The government will encourage local authorities to consider how realistic site development will be when granting planning permission for housing, based on previous site experience and/or the applicant's track record of delivery.

A proposal will be explored to shorten the timescales for developers to implement a permission for housing development from the current default period of three years down to two years, except where this may hinder the viability, or deliverability of a scheme.

3. Improving the completion notice process

Consideration will be given to removing the requirement for the secretary of state to confirm a completion notice before it can take effect, and to allow a local authority to serve a completion notice on a site where works have begun but before the commencement deadline has elapsed.

4. The housing delivery test

A new housing delivery test will be introduced which would be based on net annual housing additions and assessed as the average over a three-year rolling period starting with 2014/15 to 2016/17. Where under-delivery is identified a tiered approach for addressing the situation is proposed.

Chapter 3 – Diversifying the Market

A – New players: a diverse and vibrant group of housebuilders

1. Small and medium-sized builders

Following consultation there will be no requirement for local authorities to keep a ‘small sites’ register. However, other initiatives will be put in place to encourage SMEs including:

- the £3bn Home Building Fund launched in October 2016 which includes £1bn of short-term loan finance targeted at SMEs, custom builders and innovators and £2bn of long-term loan funding for infrastructure and large sites
- the Accelerated Construction Programme to support diversification through partnering with SMEs and others as development partners and contractor
- publicising the Help to Buy equity scheme to SMEs.

2. Custom build

Custom built homes will be promoted:

- the National Custom and Self Build Association’s portal and access to the local authority registers of land being made more available
- continued exemption from the community infrastructure levy for self-build to remain in place
- supporting custom build through the Accelerated Construction Programme
- working with lenders to increase lending in line with consumer demand.

B – Expanding the contribution from other parts of the housing market

1. Attracting institutional investment: building more homes for private rent

Separate consultation will be undertaken on measures to support ‘Build to Rent’ developments, including:

- changes to the National Planning Policy Framework so authorities will plan proactively for build to rent, and to make it easier for build to rent developers to offer affordable private rental homes
- ensuring that family-friendly tenancies of three years or more are available.

2. Housing associations

Proposals relating to housing associations include:

- setting out a rent policy for social housing landlords for the period beyond 2020
- making the social housing regulator a standalone body to ensure it is more independent
- deregulatory measures to allow housing associations to be classified as private sector bodies
- encouragement for housing associations to ‘explore every avenue’ for building more homes

- an expectation on housing associations to make every effort to improve their efficiency, in order to release additional resources for housebuilding.

3. Backing local authorities to build

The government is keen to work with local authorities and understand the options for increasing the supply of affordable housing. Tailored support packages will be available through the Accelerated Construction Programme and a new £45m Local Authority Land Release Fund aimed at land remediation and small-scale infrastructure, which will give priority to innovative delivery models and areas of high housing need. However, where authorities do use alternative models such as local housing companies the government wishes to see tenants being offered equivalent terms to those in council housing which would include a right to buy.

4. The Homes and Communities Agency

The Homes and Communities Agency will be relaunched as 'Homes England' in the summer of 2017 with the purpose: 'to make a home within reach for everyone'.

C – Boosting productivity and innovation: modernising the housebuilding sector

1. To underpin the growth in the housebuilding sector

Growth will be supported by:

- the introduction of the Accelerated Construction Programme and Home Builders' Fund
- support for 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
- consideration of how the planning system is working for modern methods of construction (MMC) developments
- consideration of the opportunities for offsite firms to access innovation and growth funding.

Chapter 4 – Helping People Now

A – Helping people afford a home

1. Saving for a deposit

From April 2017 there will be the introduction of a Lifetime ISA providing a 25% bonus on up to £4,000 of savings per annum. This can be put towards the purchase of a first home, or withdrawn once reaching the age of 60.

2. Help to Buy Equity Loan

The Help to Buy Equity Loan will continue until 2021 and there is an intention to work with the sector to consider the future of the scheme from 2021 onwards.

3. Starter homes

The priority is to make starter homes 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 to stop cash buyers.

A 15 year repayment period for a starter home will be introduced and when the property is sold within this timescale, some or all of the discount will be required to be repaid.

There will be a policy expectation that housing sites deliver a minimum of 10% affordable home ownership units. However, it will be for local areas to work with developers to agree a suitable proportion of starter homes, alongside other affordable homes and rented tenures.

There will be more encouragement for more brownfield land to be released (see also chapter 1) for developments with a higher proportion of starter homes by:

- bringing forward more vacant, unviable and unused employment land
- extending the current starter home exception site policy to include other forms of underused brownfield land
- allowing development on brownfield land in the green belt
- a £1.2bn Starter Home Land Fund will be invested to support the preparation of brownfield sites.

4. Extending right to buy discounts to housing association tenants

The Autumn Statement announced funding for an expanded regional pilot of the 'right to buy' for housing association tenants aimed at allowing 3,000 tenants to buy their own home with right to buy discounts.

5. New homes for shared ownership, affordable rent and rent to buy

The Autumn Statement also included £1.4bn for the Affordable Homes Programme with relaxed restrictions on funding so providers can build a range of homes including for affordable rent.

6. A fairer deal for renters and leaseholders

Consultation will take place early in 2017 on a proposal to ban letting agent fees being passed on to tenants.

There will be the introduction of banning orders to remove the worst landlords and/or agents from operating, and enable local councils to issue fines as well as prosecute.

Longer tenancies will be promoted on new build rental homes to make the private rented sector more family-friendly.

7. Leaseholders

Consultation will be carried out on a range of measures to tackle all unfair and unreasonable abuses of leasehold aimed at improving consumer choice and fairness.

B – Housing for our future population

1. Meeting the housing need of older and disabled people

A new statutory duty will be introduced 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.

2. Supported housing

There will be a deferral of the application of local housing allowance (LHA) rates for supported housing until 2019/20, at which time a new funding model will be introduced.

A consultation on the design of the new funding model closed on 13 February 2017 and a Green Paper aimed for publication in the spring of 2017 will set out an approach to short term accommodation.

3. Preventing homelessness

The Homelessness Reduction Bill is aimed to 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.

An additional £10m will be allocated to the Rough Sleeping Fund for innovative approaches to preventing and reducing rough sleeping.

A network of expert advisors will be established to work with local authorities to help bring them up to the standard of the best and improve the use of data to provide better insights on what works in preventing and tackling homelessness.

Annex A – Sustainable Development and the Environment

(Proposed amendments/changes to the National Planning Policy Framework)

1. Sustainable development

Clarification will be provided for what 'sustainable development' means within the planning system in England.

2. Meeting the challenge of climate change

The list of climate change factors set out will be amended to include rising temperatures.

Clarity will be provided to confirm that local planning policies should support measures for the future resilience of communities and infrastructure to climate change.

3. Flood risk

Amendments will be introduced to clarify the application of the 'exception test' in local plan-making and planning decisions.

Clarification will also be provided on planning applications for minor developments and changes of use.

4. Noise and other impacts on new developments

Amendments will emphasise that planning policies and decisions should take account of existing businesses and other organisations when locating new development, and where necessary, should mitigate the impact of noise and other potential nuisances arising from existing development.

5. Onshore wind energy

Clarification will be provided on which parts of the policy relate specifically to onshore wind energy development and which to all forms of renewable and low carbon energy development.

Changes will be introduced to ensure planning impacts identified by affected local communities have been fully addressed in any proposal.