

# London Tenants Federation

*Briefing Green Paper 2 – Sept '07*

## **Housing Green Paper 2007**

### **Homes for the future: more affordable, more sustainable**

The Housing Green Paper sets out not just the numbers of homes government says will be built over the coming years, but also discusses supporting infrastructure, design of the homes, proposed reductions in carbon emissions from housing and increasing home ownership, as well as delivery and implementation of its plans.

#### **Infrastructure / Sustainable Communities**

The Green Paper says some additional funds are to go into new growth areas, growth points and eco-towns, to 'complement mainstream government funding, developers contributions and council's own resources'. It is very difficult to assess what this really means and how much funding will actually be forthcoming from the public purse.

Government has spent £14 billion so far on infrastructure in the 3 main growth areas (which includes the Thames Gateway). £300 million is to be allocated to Community Infrastructure funds over the next 3 years, designed to complement mainstream transport funding. Details of how to bid for funding is to be announced in the autumn.

The Government has been conducting a policy review into supporting housing growth and examining how to ensure that departmental resources across Government are 'targeted appropriately for providing the national, regional and local infrastructure' necessary to support future housing and population growth. The Comprehensive Spending Policy Review '07, the Green Paper says, has set out a framework within which each Central Government Department, so they 'better co-ordinate infrastructure provision'.

The department for Communities and Local Government (CLG) is to lead on a programme of 3 monthly bi-lateral reviews with each department to test the outcomes of the Policy Review.

Rather than dealing in sums of money, the Green Paper focuses on 'effective and consensual prioritisation of infrastructure requirement, better use of public resources; better assessment of the wider costs and benefits of planned growth; better understanding of what will be delivered by the public and private sector and making clear estimations of current and future need and cost of infrastructure'.

Substantial funding for infrastructure to support housing growth is expected to be provided through developer contributions. The Green Paper proposes changes to the current system of planning obligations which is worth about £1.5 billion from developers in England.

Changes are proposed to the Planning Gain Supplement (PGS). It is suggested that section 106 would be scaled back and instead a PSG would be levied.

The Green Paper says that government has consulted formally on its proposals for the PGS but says it is still keen to listen to representations from 'key stakeholders' and seeks views of four different approaches.

### **Well designed homes and places**

The Green Paper continues to talk of 'the benefits of' mixed tenure / socially mixed community development.

Specifically in relation to design for families, children and older people, it

- notes that the Planning Policy Statement 3 which places an emphasis on children's needs - of gardens, play areas and green spaces.
- suggests Government wants 25% of all social rented homes completed nationally to have 3 bedrooms or more, (The London Plan states 35%).
- says government expects older people to make up 48% of all new growth households. It acknowledges that many older people still live in homes that don't meet thermal and safety standards and which are too expensive to adapt. Government is to take steps to promote Lifetime Home Standards to ensure homes properly meet people's needs. In future the Code for Sustainable Homes will 'encourage' builders to adopt these standards and their 'National Strategy for Housing in an Ageing Society'. Comments on how the adoption of Lifetime Home Standards can be further encouraged through these routes are welcomed.
- suggests the adoption of more 'attractive options to downsize' older people currently living in homes that are 'difficult for them to manage' into homes that will 'contribute to improving their health' and will increase the supply of larger housing to meet the needs of new families.

The Green Paper notes that Planning Policy Guidance 17 encourages local authorities to carry out audits of all their open spaces including play areas. They say that the provision of more green spaces is a key component of plans developed in Growth Areas and the New Growth Points programme.

It says government has made supporting tools and guidance available in relation to building new homes at higher environmental standards; that it is funding the provision of 'expert assistance' through CABI and the Academy for Sustainable Communities and as part of its eco-town prospectus is announcing competitions to stimulate and capture best architectural thinking. It says it will work with local authorities to develop 'robust metrics' they might use to help them measure quality as part of their monitoring processes.

The Green Paper talks of government building on existing benchmarks such as 'Building for Life' (2003), a government endorsed 'benchmark' for well-designed housing and neighbourhoods led by CABI and the House Builders Federation.

It also proposes government will explore with local authorities, developers and industry bodies whether it is possible to develop an agreed design quality assurance scheme that could provide a 'meaningful concession' for those who meet the benchmark.

## Greener Homes

A quarter of the UK's carbon emissions (around 150 million tonnes of carbon dioxide each year) arise from the way we heat, light and run our homes. Government aims for a reduction in carbon emissions of all new homes by 25% by 2010, 44% by 2013 and zero carbon by 2016. Standards are to be set in 2010 and 2013 in Building Regulations to achieve this. Additionally -

- Government is to launch a consultation on mandatory rating for new homes against the Code for Sustainable Homes.
- The Government, with the Home Builders Federation has set up a Task Force to identify barriers to achieving the targets.
- The 2006 Pre Budget Report announced its intention to provide a time limited stamp duty land tax relief for the vast majority of zero carbon new homes. Government is currently consulting on draft regulations to implement policy and are looking to encourage exemplar developments.
- A Planning Policy Statement on Climate Change and a draft of supporting practice guide is to be published later this year.

The Carbon Challenge run by English Partnerships was launched in Feb '07 to help accelerate response to climate change and to trial the Code for Sustainability and to disseminate lessons about skills and technologies to the homes building industry and its supply chain. Phase 1 will focus on delivering 1000 homes on a minimum of 5 sites. Two other phases are to follow. The first two are English Partnership owned sites which they will offer for sale to developers subject to criteria of high standards of sustainable design and construction.

Existing Homes Government says it has a 'strong' programme to reduce emissions through energy efficiency and working with the Energy Savings Trust and others to provide advice and information about grants. It will support work on a programme of work being initiated across Government, led by the Technology Strategy Board called the 'Innovation Platform on Low Impact Buildings' to support work on both new and existing homes.

Water A policy statement is being published on how government intends to take forward setting minimum standards for water efficiency in buildings. This will include in 2008 a whole building performance standard for new homes (set out in Building Regulations) requiring all new homes to be built to a standard which supports a maximum daily usage of 125 litres per person per day and representing a 20% improvement on current national usage.

Flood risk and development The Green Paper says Government will ensure all planning authorities take account of its own and the Environmental Agency advice, on minimising flood risk. In May '07 government published a guide on how to reduce damage to new buildings in flood risk areas. It is also funding pilot studies on integrated urban drainage to examine the consequences of new developments for surface water run-off and the options available for mitigating these effects.

## Helping first time buyers

Government increased the starting residential threshold to £125,000 in 2006, resulting in 310,000 homebuyers paying no stamp duty land tax in 07/08.

The Green paper says Government will provide 25,000 shared ownership and shared equity homes each year through the Housing Corporation and English Partnerships 'to help key workers and families who can't afford to buy unassisted'. It wants to see an increase in the amount of Housing Corporation funded housing receiving developer contributions (from the current 40%). It wants to extend the Social Home Buy scheme and see more social housing tenants buying a share in their existing homes.

Government wants the private sector to offer shared equity mortgages and shared ownership homes. In June this year the Housing Corporation launched a competition to develop additional shared equity products; to be launched in a programme of Open Market HomeBuy in 2008. It believes current products are not sufficiently flexible and is offering a new 17.5% Government Equity Loan product, which purchasers will be able to use in conjunction with a mortgage from any lender (from July)

Criticism of Government's push on home ownership and particularly HomeBuy products seems to be growing in the housing press.

- In 'Inside Housing' 21<sup>st</sup> Sept, Adam Sampson, chief executive of Shelter, said homeownership products are 'very poor quality from a consumer point of view'. '[They] are being pushed increasingly at people for whom homeownership is not going to be a sustainable option. I have a real problem with the way the government is pushing these products.'
- 14<sup>th</sup> September, 'Inside Housing' reported that RSLs have handed back tens of millions of pounds to the government's housing agency after its flagship scheme to help first-time buyers proved unpopular and expensive. It said 'social landlords have struggled to sell the open market HomeBuy products since it was launched by government in October '06.'
- August 16<sup>th</sup> 'Inside Housing' reported on a poll commissioned by Notting Hill Housing Trust. The survey of 639 tenants in London and the SE found 73% saying that owning their own home would mean too much debt.
- On 3<sup>rd</sup> May '07 Inside Housing reported that one in five key worker homes built in the last 3 years stands empty.

Improving the way the mortgage market works Homeownership has risen by 1.8 million (1997) to 18.4 million (2006). Gross mortgage lending in the UK rose from £77 billion (1997) to £345 billion (2006).

- The Green Papers says the Financial Services Agency is continuing to review regulation and build on work to ensure quality of advice and information is improved.
- HM treasury has published consultation on new legislative proposals for a covered bond regime in the UK which 'will help assist mortgage firms to finance more affordable longer term fixed rate mortgages'.

- Government is supporting a Private Members Bill currently before Parliament that will allow the limit on how much building societies can borrow in wholesale markets to be raised, giving building societies more flexibility to develop cost-effective funding strategies, which in turn will make it easier for them to offer longer-term fixed rate mortgages.
- The treasury is to undertake a review to identify any further barriers to lenders wanting to raise funds in wholesale markets.

## **Delivery**

**Planning** The Planning White Paper contains proposals to 'streamline the preparation of plans, speed up the handling of applications and to assist councils' strategic housing role'. The White Paper can be found on

[www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture](http://www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture)

Government is to set up mini reviews of regional plans to increase regional and local housing targets (covering Growth Points and new eco Towns). Regional Spatial Strategies will be revised in whole or in part by 2011 to reflect the plans for 240,000 homes a year by 2016. Government aims to make two changes -

1. Requiring a single strategy for each region embracing the Regional Spatial Strategies and the Regional Economic Strategy – to 'better plan homes alongside jobs and infrastructure'.
2. Government will specify an economic growth objective for each region and require the spatial aspects of the regional strategy to set out, as one of its central proposals, the level of housing needed to match the level of projected growth in the region.

Planning Policy Statement 3 requires Councils to identify at least 15 years supply of land with 5 years worth available to deliver the level of homes they need. At least 60% of homes are to be built on brownfield land. PPS3 also requires consideration on whether sites currently located for industrial or commercial use could be re-allocated for housing.

From '08, the Planning Delivery Grant will be replaced by a new Housing and Planning Delivery Grant which will reward the delivery of both new housing, the identification of at least 5 years worth of sites ready for development and 10 years worth of plans (as required by PPS3). Where councils have not identified enough land, planning inspectors will be more likely to overturn decisions and give housing applications the go ahead on appeal.

Government is to set up 14 new Local Authority Housing Companies (in Leeds, Sheffield, Nottingham, Newcastle, Wakefield, Sunderland, Dacorum, Hounslow, Peterborough, Bristol, Plymouth, Wolverhampton, Manchester and Barking and Dagenham) which will be established by councils and 'partners' with support from English Partnerships to 'develop new market and affordable housing on surplus brownfield land'.

Surplus public sector sites are to be identified (from the Highways Agency, the British Rail Residuary Board, NHS Trusts, British Waterways, the MoD as well as local authority brownfield land) and are to be released to contribute to the housing targets. 50% of all homes on these sites are to be 'affordable'.

Skills and Construction 94% of local authorities reported recruitment and retention difficulties in '04. 80% of built environment professional service firms are experiencing skills problems. Nationally only 25% of construction firms offer apprenticeships. Shortages in the construction industry have apparently been alleviated since the expansion of the EU, but there are still skills gaps and shortages in key areas.

The Green Paper sets out what Government is already doing including its creation of the Local Employment and Skills Boards, the Construction Skills Network and programmes for supporting the construction industry (via various government departments and agencies).

It suggests that other work is being done through Neighbourhood Renewal, The ES fund, Local Enterprise Growth Initiated and New Deal for Communities in tackling worklessness and low skills. It notes that many RSLs are running skills training programmes for tenants.

It says the recent Egan report 'Rethinking Construction' set out a number of recommendations and targets to improve construction practices. It suggests that its achievements included a 61% reduction in accidents which equates to a saving of £636 million. At the same time the Guardian newspaper reported in July that there had been an increase in the number of people killed at work, the largest number being on building sites – **where figures were up 31%**

The Green Papers says that

- CLG and its delivery agents have sought to prioritise 'improved efficiency in the house building sector across all forms of construction'.
- the National Audit office has published a study that suggests greater use of modern construction methods could mean that 4 times as many homes could be built and on-site construction time reduced by over a half.
- the strategy of sustainable construction is being developed and a consultation document soon to be published.
- Government will bring together key partners in the construction industry, Industry Training Boards, Sector Skills Council, the Sector Skills Development Agency, The Learning and Skills Council and local authorities in a drive to ensure we have the skills to meet future demand. They are committed to boosting the number of Apprentices in England.

### Implementation

The Green Paper says delivery of its housing targets requires strong commitment from public and private sectors and 'buy in' from local community leaders and third sector organisations.

Local communities – It suggests it is imperative local people are genuinely involved in the debate about housing growth and that their concerns about supporting infrastructure are addressed. Government intends to bring together a 'toolkit' providing evidence and information to 'equip' communities to resolve housing problems locally. It is to include data on house prices, affordability, projections of housing demand, council waiting list data and more. It will be linked to resources such as [www.communityplanning.net](http://www.communityplanning.net)

Government is also to publish Statutory Guidance on Place Shaping, placing a duty on councils to inform, consult or involve citizens and communities.

Councils - The Green Paper says Council leaders should ensure that addressing housing need is prioritised in their strategic documents and that front line councillors need to ensure that the often unheard voices of 'would be first time buyers' are represented in their own work. It says they want to see councils develop their strategic housing role by using the full range of housing and land use planning powers and working with partners.

The Local Gov White Paper, it says, recognises councils' strategic housing role 'to be at the heart of achieving social, economic and environmental objectives that shape communities and create a sense of place'.

- Sub regional working is expected to become the norm, as 'housing markets don't have local authority boundaries'. Government is exploring potential for groups of local authorities to set up sub regional authorities.
- 'Government support' in proposed in - developing / implementing improvement and efficiency strategies; in identifying and making available surplus land; in tackling problems of empty vehicles and identifying the right vehicles for regeneration.
- Local authorities will be able to run competitions to build homes for a construction cost of £60,000. Government has commissioned IDeA to develop 'a suite of good practice publications' to help strengthen local authority capacity to undertake their strategic housing role.
- Government expects councils and developers to work together to fee up additional land.
- Local Area Agreements (aimed at tackling 35 improvement priorities), Local Delivery Vehicles (local authorities working with other 'stakeholders' like Urban Regeneration Companies), Local Authority Companies (joint ventures between local authorities, builders and funders) Limited Liability Partnerships (a form of legal structure which could be established between housing associations and private developers), Single Estate Transformation Models (selective demolition and replacement with new mixed housing) Strategic Housing and Regeneration Partnerships (flexible public, private partnerships which might develop PFI funded housing development) are all proposed as vehicles to assist in meeting housing targets and assisting councils in their 'strategic' roles.

The home building industry The majority of homes are to be built by private home builders - both for outright home ownership, as well as for low cost ownership and social renting.

The Green Paper says there is anecdotal evidence of developers getting planning permission but delaying build in the hope that the land value will increase. The period of time for which planning permission remains valid has recently been reduced from 5 to 3 years. Government is to consider whether to impose a shorter period.

On 30<sup>th</sup> August, 'Planning Resource' reported that according to new research carried out by the Campaign to Protect Rural England, house builders have almost doubled the number of planning permissions they retain. It also found that the amount of land held back despite having planning permission increased by 44% between 1998 and 2005 rising from land for 237,069 to 341,552 homes.

A review of house building delivery has been commissioned and in June the Office of Fair Trading announced a market study into house building – focused on potential competition and consumer concerns within the market.

Social Housing Providers The Green Paper says that Government is keen to see new entrants to providing market housing (including RSLs). It is to look further at facilitating an expanded RSL role in delivering mixed communities.

On 20<sup>th</sup> September, Inside Housing reported that 'England's largest housing associations are set to build more private homes for sale than for social tenants, in a move that will change the face of the sector'. The Housing Corporation's acting chief executive; Steve Douglas said that some housing associations will soon have 'more in common with Barratts' than community-based landlords.

New Homes Agency (bringing together English Partnerships and the Housing Corporation) will the Green Paper says create an expert partner for local government and will be bound by the duty to co-operate to determine targets in Local Area Agreements.

Its not insignificant role will include increasing the supply of housing, regeneration, transforming disadvantaged estates through promoting mixed communities, sustaining strong and stable communities, tackling worklessness, promoting community cohesion, using public sector assets more effectively, levering in significant increases in private finance and raising environmental standards across the whole market.

Regional planning bodies Government says housing must be at the heart of regional spatial strategies, which are supposed to set out the broad development strategy for a region for 15 – 20 years.