

HOMES FOR THE FUTURE: MORE AFFORDABLE, MORE SUSTAINABLE – GREEN PAPER

1 SUMMARY

- 1.1 This report seeks Members' views on the proposals outlined by the government in a Green Paper on the delivery of more affordable and sustainable homes. A copy of the Green Paper has been placed in the Members' library.

2 THE PROPOSALS OUTLINED

- 2.1 The government is concerned that since the demand for new homes to buy or rent is growing faster than supply, it is becoming increasingly difficult for young people to get a step on the housing ladder.

- 2.2 The Green Paper therefore sets out proposals to provide:-

- more homes to meet growing demand;
- well designed and greener homes, linked to good schools, transport and healthcare; and
- more affordable homes to buy or rent.

More homes to meet growing demand

- 2.3 The government argues that whilst housing supply has increased substantially in recent years, supply is not keeping pace with rising demand from an ageing, growing population. At present, housing stock is growing by about 185,000 units per year, but the number of households is projected to grow at a rate of 223,000 per year; many of these new households will comprise people living on their own.

- 2.4 The contributions to the 2 and 3 million housing targets will be from:-

- Regional Spatial Strategies (RSS) – 1.6 million homes have so far been identified (650,000 in the growth areas including Thames Gateway);
- 150,000 – 200,000 additional homes from a new round of RSS plans and partial reviews of existing RSSs;
- 100,000 extra homes in 45 towns and cities that make up 29 new growth points – these areas are eligible for funding from £300 million Community Support Infrastructure Fund;
- additional new growth points in the north – 50,000 new homes; and
- 25,000 – 100,000 homes from 5 new eco-town schemes.

2.5 Key issues to consider in the delivery of the new targets are:-

- to deliver homes where they are needed – the Green Paper argues that, in fact, new homes are needed throughout the country and delivered in a way that is sensitive to local needs;
- to ensure more social and shared ownership homes are delivered in villages – the aim is 6,300 homes in small town and villages through 2006-08 – a target will be set for 2008-2011;
- partial reviews of RSSs by 2011 to take account of the new eco-towns and additional growth points;
- the creation of a new Housing and Planning Delivery Grant to direct extra resources to those councils delivering high levels of housing and who have identified at least 5 years' worth of sites ready for development;
- 200,000 new homes to be delivered on surplus public sector land by 2016 – an increase from the previous target of 130,000;
- to continue with the target of 60% new housing on brownfield sites and to ensure that the number of homes left empty for long periods of time is significantly reduced.

Creating places and Homes that people want to live in

- 2.6 The government does not just want to build more homes, but also want to ensure these are better homes, built to higher standards in terms of design and environmental impact. New homes must be part of mixed communities with good local facilities. Local planning authorities will need to be more responsive to the plans of public service providers when deciding where to build houses, including making most efficient use of existing capacity and demand management measures.
- 2.7 A Planning-gain Supplement Bill is proposed to ensure that local communities benefit from new developments. However, the Green Paper also states that if a better way is found to deliver planning gain for local communities, this bill could be developed.
- 2.8 The PGS would be levied at a modest rate (not specified) to ensure that incentives to develop land are preserved, with at least 70% of revenues being paid directly to the local planning authority. The revenues could then be used to secure the delivery of infrastructure identified in the Local Development Framework.

2.9 Alternative approaches to the PGS are suggested as follows:-

- (a) a lower PGS with a lesser scale back of planning obligations , providing the certainty about local revenue streams that local authorities and developers have been asking for;
- (b) PGS – limited to greenfield sites, since such sites experience higher value uplift as a result of planning permission. However, EU State Aids approval would be required for this option;
- (c) a charging mechanism based on an expanded system of planning obligations. The aim would be to make it easier for local authorities to develop standard charges, with the details set out in development plans and linked to infrastructure need; or
- (d) a statutory planning charge with local authorities being required to set standard charges to be paid for infrastructure need.

2.10 New homes need to be more sustainable and the Green Paper commits to all new homes being zero carbon by 2016. The Building Regulations will be strengthened and there will be new minimum standards for water use in homes. There will be no fundamental changes to Green Belt planning policy.

2.11 PPS3 aims to ensure that new developments reflect the varied needs of local communities, provide more affordable homes, proper infrastructure, high standards of design, and that housing growth responds to the needs of an ageing population.

Making houses more affordable

2.12 The key initiatives and proposals for delivering more affordable homes are:-

- An £8 billion programme for affordable housing in 2008-11.
- The delivery of at least 70,000 more affordable homes per year by 2010-11.
- The delivery of at least 45,000 new social homes per year by 2010-11 – a 50% increase over 3 years. The ultimate goal is to provide 50,000 new social homes per year.
- For the Housing Corporation (or New Homes Agency) to provide over 25,000 shared ownership and shared equity homes per year.
- Public sector land to be used to deliver more shared ownership homes.
- More rural affordable housing in small towns and villages.

- Proposals for new Local Housing companies that local councils can establish to deliver shared ownership homes and homes for first time buyers built on local council land.
- More competitive products from the private sector to deliver greater numbers of shared equity schemes.
- A better mortgage market, including longer term fixed rate mortgages.
- Wider delivery of affordable housing in mixed communities – arms length management organisations and local authority companies will be able to pre-qualify for social housing grant and there should be greater private sector involvement in increasing social housing.

How to make it happen

- 2.13 The Green Paper recognises the need for more skilled workers – improved recruitment, training and retention to ensure there are enough skilled professionals, construction workers and planning officers.

3 DISCUSSION

- 3.1 Leaving aside for the moment the scale of the numbers of new homes proposed in the Green Paper, there are a series of key principles that would seem to merit support.
- 3.2 In principle, the provision of new infrastructure must be a key consideration whatever the number of new homes, and funding will come from two main sources – from government or from developer contributions. However, whatever mechanism might be chosen to try and lever more funds from developers (Planning Gain Supplement or an alternative outlined in paragraph 2.9 above) there will always be a shortfall and it is not clear from the Green Paper there is a commitment to provide the levels of funding required for new infrastructure.
- 3.3 The government points out that £14 billion was spent on infrastructure in the three main regions of growth during 2006/07 but it is not clear what this total refers to. The Community Infrastructure Fund (CIF), on the other hand, for the next three years will be £300 million. Since a junction improvement on an existing road could cost almost £100 million, the CIF is providing a modest amount of money, and it is far from clear whether the government's recognition of the importance of infrastructure stretches to the allocation of the funds required for delivery.
- 3.4 There is little argument that new homes should be provided sustainably and that, whether achievable or not, an aspiration that all new homes should be zero-carbon by 2016 merits strong support. The Building Regulations will provide much of the impetus to enable improvements, but the existing Code for Sustainable Homes should really be made mandatory for private house builders as soon as possible; though there is a danger this would result in

increased house prices, by making the code mandatory for all house builders should encourage much more rapid innovation in design and technology.

- 3.5 The challenge of creating better designed homes, closely integrated with existing communities and services is also worthy of support, looking to avoid the mistakes of the past where new single tenure housing development was created without appropriate infrastructure and services.
- 3.6 However, the step change in the delivery of housing numbers proposed in the Green Paper is enormous, with the ambition being to move from the current number of about 185,000 new homes per year to 240,000. There is no doubt that for periods in the past the number of houses built per year has been much higher than 240,000, though it is important not to lose sight of the fact that many of the homes from previous building booms were poorly constructed and are now having to be replaced. The challenge now is not just to provide high quality, well designed sustainable homes with required essential infrastructure in significant numbers, but also to do this against a backdrop, as the Green Paper acknowledges, of shortages of skilled professionals and construction workers. Furthermore, if new development schemes are likely to be approved on an ad hoc basis, they may be far from the sustainable, well-designed ideal envisaged in the Green Paper.
- 3.7 The Green Paper includes new proposals to increase the delivery of affordable homes and social homes and whilst some local authorities will be able to identify public land that can be used for this purpose, the planning system will also have to make a significant contribution by requiring developers to deliver affordable housing as part of their schemes. As with the overall housing numbers, the increase in the delivery of the numbers of affordable and social homes is substantial (a 50% increase for social homes) and it will remain to be seen whether such a step change is realistically deliverable. Attempts have been made in the past to see the private sector playing a greater role in delivering shared ownership homes – shared equity competition for lenders may help develop the competitiveness of the products that are available.
- 3.8 Many local authorities have substantial areas of brownfield land that could be used for delivering housing, though there are challenges to be overcome in remediation before development can take place, and the costs are very often significantly higher than for brownfield sites, reducing the contribution that might be made to infrastructure, affordable housing, etc. It is also the case that for some local authorities (Rochford, for example), the supply of brownfield land is limited.
- 3.9 Whilst the requirement to assess whether existing non-residential land in urban areas might be better used for housing, the knock-on effect can be that brownfield land is still required, not to provide housing, but to provide new employment land. In such circumstances, the national target for 60% of housing on brownfield sites is inconsistent.

- 3.10 It is also the case that the definition of brownfield land still includes garden land from existing houses. This has resulted in developers proposing ever more densely packed schemes for flats in previously low-density residential areas. The government takes the view that such schemes must be tested against prevailing national and local planning policies to ensure there is no negative impact on the amenities of existing residents, but this drive for redevelopment of gardens does not sit well with the government's overall aim of seeing well-designed, sustainable housing schemes.

4 ENVIRONMENTAL IMPLICATIONS

- 4.1 The provision of substantial numbers of new homes must inevitably have an environmental impact and the challenge for local planning authorities is therefore to ensure that new development is delivered as sustainably as possible, and with the appropriate infrastructure.

5 RECOMMENDATION

- 5.1 It is proposed that the Executive Board **RESOLVES**

That, subject to comments from Members, the points raised in this report form the basis of the Council's response on the Housing Green Paper consultation.

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Background Papers:-

Housing for the Future: more affordable, more sustainable, DCLG 2007

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