

Affordable Housing Proof of Evidence of James Stacey BA (Hons) Dip TP MRTPI

Land at Pear Tree Lane, Euxton, Chorley



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Outline application for the erection of up to 180 dwellings including 30% affordable housing, with public open space, structural planting and landscaping, surface water flood mitigation and attenuation and vehicular access points from School Lane

Land at Pear Tree Lane, Euxton, Chorley

Gladman Developments Limited

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Executive Summary

- i. This Proof of Evidence deals specifically with affordable housing and the weight to be afforded to it in the planning balance in light of the evidence of need in the area.
- ii. The appeal proposals seek permission for up to 180 dwellings, of which up to 30% (up to 54 dwellings) are to be provided as affordable housing. This fully accords with the requirements of Policy 7 of the Central Lancashire Core Strategy (2012). The tenure split in the S106 is 70% social rented to 30% intermediate.
- iii. There is irrefutable evidence of an acute national housing crisis. The former Housing Minister recently described the shortage of housing in the UK as possibly the largest scandal to hit the country in the past 30 years. McVey acknowledged at her RESI Convention speech in September 2019 that the housing crisis has led *“to a rise in renting and costs, and to a fall in home ownership which has destroyed the aspiration of a generation of working people.”*
- iv. *“Since the mid-1990s, house prices have risen to 8 times, 10 times, 12 times, in some of the most expensive parts of this country 44 times the actual income of someone, that cannot be right”,* claimed the Housing Minister.
- v. Meanwhile in a House of Commons debate in September 2019 it was resolved that *this House notes with concern the ongoing shortage of housing and the housing crisis across England; further notes with concern the number of families in temporary accommodation and the number of people rough sleeping; [and] acknowledges that there are over one million households on housing waiting lists...*
- vi. In a speech on 4 March 2020 to the Planning Inspectorate, the current Housing Minister, Christopher Pincher stated that:

“I know a lot about the need for new and better homes. Because in my part of the world, houses for purchase and rent are appreciatively more expensive than in other parts of the West Midlands as we simply do not have enough homes.

There isn’t a week that goes by without my constituents contacting me saying, “Chris, we just aren’t able to buy or to rent the homes that we want to live in in this beautiful part of the world.” (emphasis added)

- vii. On a national level, in every scenario, against every annual need figure identified since the publication of the Barker Review in 2004, the extent of the shortfall in housing delivery in England is staggering and ranges from a shortfall of -1,100,091 to a shortfall of -2,540,091 homes over the past 15 years depending on which annual target actual housing completions are measured against. In January 2019, Shelter reported at least three million homes need be built in England over 20 years to solve the housing crisis. This merely serves to further compound the acute affordable housing needs that the country is facing.
- viii. The most recent work commissioned by the LPA, whilst untested at examination, describes the need for affordable housing as acute, saying, "*The evidence points to a clear and acute need for rented affordable housing from lower income households*".

Key Findings

- ix. **Affordable Housing Needs in Chorley**
- The Strategic Housing Market Assessment (SHMA), used to inform the Core Strategy, was published in 2009 with the Housing Market Area (HMA) consisting of Preston, South Ribble and Chorley Councils. It found an estimated annual shortfall of 723 affordable homes in Chorley, the highest shortfall across the HMA.
 - The Central Lancashire SHMA covers the same HMA as the 2009 SHMA. It covers the period 2014 to 2034 and identified a net need for 12,402 affordable homes across the HMA, equivalent to 620 per annum across the 20 years from the SHMA base date of 2014 up to 2034. The SHMA finds an annual net need of 146 affordable homes.
 - The Central Lancashire Housing Study (Final Report) dated March 2020 addresses amongst other considerations the affordable housing need of the three Central Lancashire Councils. It covers the period 2018 to 2036. It finds an overall need for 590 affordable homes per annum, with an estimated need for rented affordable housing of 132 homes per annum.
- x. **Affordable Housing Delivery in Chorley**
- Over the ten-year period between 2010/11 and 2019/20 a total of 1,447 net affordable homes were delivered in Chorley Borough. This comprises 22% of the overall net housing completions.
 - An assessment of delivery against the only examined needs assessment can only be undertaken for the six-year period covered by the 2009 SHMA. Against a total

need of 3,615 affordable dwellings between 2010/11 and 2014/15 the Council has overseen net delivery of 820 affordable homes, equivalent to 137 per annum. This resulted in a shortfall of 2,795 homes in the space of just 5 years.

- A cumulative shortfall of 101 affordable dwellings has arisen compared to the annual needs identified in the 2017 SHMA, with annual average delivery being 132 homes per annum in the last 7 years.
- Overall, it is abundantly clear the Council's delivery has fallen substantially short of the 723 and 146 affordable dwellings per annum need identified in the 2009 and 2017 SHMA's. This further demonstrates the poor delivery record for affordable housing by the Borough.

xi. **Future Delivery in Chorley**

- The Council's likely supply in the next five years from allocated sites with planning permission is 178 affordable homes, 47 from allocated sites without planning permission and 58 from windfalls. This is a total of 283 affordable homes or 57 a year.
- This appellants assessment equates to 236 affordable homes or 47 a year.
- Off-site contributions secured could delivery 30 affordable homes or 6 a year.
- These figures fall substantially short of the Council's annual affordable housing requirement of 146 net affordable dwellings in the 2017 SHMA and the 132 identified in the recent 2020 Housing Study by Icen.
- Compared to the average delivery of 145 net dwelling in the past 10 years, is reasonable to conclude the affordable housing supply in Chorley has collapsed.

xii. **Affordability Indicators**

- Housing Register:

At 1 April 2020 there were a total of 655 households on the Housing Register with an identified affordable housing need within the Borough.

Despite various alterations to the allocation policies in 2013 and 2018 it is important to remember that these are real people, in real need, now.

- Private Market Rents:

The average lower quartile monthly rent in Chorley Borough in 2018/19 was £475¹ pcm. This represents a 6% increase from the figure reported in 2013/14² where average lower quartile monthly rents stood at £450 pcm.

The 2018/19 figure for Chorley Borough exceeds the average for the North West region which stood at £450 pcm over the same period.

- House Prices:

The National Housing Federations Home Truths for the North West of England 2018/19 analysis reported that the average house price in Chorley Borough is now £194,086.

By comparison, the average annual earnings in the Borough in 2017/18 were £28,085³, a 38% increase from 2010/11 where the figure stood at £20,405. In terms of house prices themselves, the NHF reported that the average house price within Chorley in 2017/18 was £194,086, a 15% (£169,091) increase since 2010/11.

Data taken from Zoopla⁴ indicates that the average price paid for a home in Euxton over the past 12 months ranged from £147,515 for a terraced property, £167,350 for a semi-detached property and £295,982 for a detached property.

- Affordability:

For those seeking a lower quartile priced property the ratio of lower quartile house price to incomes in Chorley Borough stands at 6.88, a 10% increase since the start of the plan period where it stood at 5.82. It is currently the highest on record.

- xiii. In light of the key findings of my evidence and the acute need for affordable housing within Chorley Borough, coupled with the Council's track record of affordable housing delivery compared with identified needs, I consider that nothing less than **substantial weight** should be afforded to the delivery of up to 54 Affordable homes through the appeal scheme in the planning balance.

¹ Valuation Office Private Rental Market Statistics

² When current records began

³ Based on Valuation Office Agency data

⁴ <https://www.zoopla.co.uk/market/euxton/?q=Euxton%2C%20Lancashire> [Accessed 19 May 2020]

Introduction

Section 1

- 1.1 This Affordable Housing Proof of Evidence has been prepared by **James Stacey** of **Tetlow King Planning** on behalf of Gladman Developments Limited.
- 1.2 The appeal proposals seek permission for up to 180 dwellings, of which up to 30% (up to 54 dwellings) are to be provided as affordable housing. This fully accords with the requirements of Policy 7 of the Central Lancashire Core Strategy (2012).
- 1.3 This Proof of Evidence examines the affordable housing need in Chorley Council and considers the weight to be attributed to affordable housing in the overall planning balance.
- 1.4 My credentials as an expert witness are summarised as follows:
 - I hold a Bachelor of Arts (Hons) degree in Economics and Geography from the University of Portsmouth (1994) and a post-graduate diploma in Town Planning from the University of the West of England (UWE) (1997). I am a member of the Royal Town Planning Institute.
 - I have over 25 years' professional experience in the field of town planning and housing. I was first employed by two Local Authorities in the South West and have been in private practice since 2001. I have been a Director of Tetlow King Planning Ltd for the past nine years.
 - I act for a cross-section of clients and advise upon a diverse range of planning and housing related matters.
 - During the course of my career, I have presented evidence at over 60 Section 78 appeal inquiries and hearings.
 - Both Tetlow King generally and I have acted on a wide range of housing issues and projects for landowners, house builders and housing associations throughout the country. Tetlow King Planning has been actively engaged nationally and regionally to comment on emerging development plans, including the Regional Strategy, all Local Development Framework Core Strategies and many specific

development plan and supplementary planning documents on affordable housing throughout the UK.

- 1.5 In accordance with the Planning Inspectorate's Procedural Guidance, I hereby declare that:

"The evidence which I have prepared and provide for this appeal is true and has been prepared and is given in accordance with the guidance of the Royal Town Planning Institute. I confirm that the opinions expressed are my true and professional opinions."

- 1.6 Providing a significant boost in the delivery of housing, and in particular affordable housing, is a key priority for the Government. This is set out in the most up-to-date version of the National Planning Policy Framework (NPPF), the Planning Practice Guidance (PPG), the National Housing Strategy and the Government's Housing White Paper. Having a thriving active housing market that offers choice, flexibility and affordable housing is critical to our economic and social well-being.
- 1.7 In researching the evidence which underpins my evidence, I have placed reliance upon a Freedom of Information (FOI) request submitted to Chorley Council on 8 April 2020 seeking a range of information relating to affordable housing delivery. An acknowledge was received on 9 April 2020 and a final response on 12 May 2020.
- 1.8 The FOI response indicates that information shall not be used for commercial purposes without first obtaining a licence to do so. I have considered this requirement and do not believe a licence is necessary. Tetlow King Planning and I have submitted more than 100 FOI requests, and none have previously indicated this requirement. Furthermore, the information requested is not in the public domain and in my opinion the information needed, by the Inspector, to make an informed judgement on the facts pertaining to the appeal. For instance, the level of local connections to Euxton is vastly different to that purported by the Council in its Statement of Case⁵. Without the FOI, the appellants would not be able to retort the evidence of the LPA. Copies of all relevant correspondence relating to the FOI requests are included within **Appendix JS1**.
- 1.9 There is a clear and pressing need for more affordable homes to be delivered in Chorley Borough and within Euxton which the appeal proposals would make a very substantial contribution towards addressing.
- 1.10 This proof of evidence comprises the following ten sections:

⁵ See paragraphs 9.8 to 9.11

- Section 2 establishes the importance of affordable housing as an important material planning consideration;
- Section 3 considers the national housing crisis;
- Section 4 discusses the extent of the national shortfall in housing delivery;
- Section 5 analyses the Development Plan and related policy framework including corporate documents;
- Section 6 considers the need for affordable housing in Chorley Borough;
- Section 7 analyses the extent to which new affordable homes are being delivered towards meeting identified needs in Chorley Borough;
- Section 8 considers a range of affordability indicators;
- Section 9 provides a response to the Council's Statement of Case;
- Section 10 considers the weight to be attached to the proposed affordable housing provision; and
- Section 11 draws together my summary and conclusions.

Affordable Housing as an Important Material Consideration

Section 2

- 2.1 The provision of affordable housing is a key part of the planning system. A community's need for affordable housing was first enshrined as a material consideration in PPG3 in 1992 and has continued to play an important role in subsequent national planning policy, including the NPPF.
- 2.2 It has been reflected in a number of court cases including *Mitchell v Secretary of State for the Environment and Another*, Court of Appeal (1994); *ECC Construction Limited v Secretary for the Environment and Carrick District Council*, Queens Bench Division (1994); *R v Tower of Hamlets London Borough Council, ex parte Barratt Homes Ltd*, Queens Bench Division (2000).

National Planning Policy Framework (February 2019)

- 2.3 The revised NPPF was last updated on 19 February 2019 and is a material planning consideration. It is important in setting out the role of affordable housing in the planning and decision-making process.
- 2.4 It sets a strong emphasis on the delivery of sustainable development. Fundamental to the social objective is to “*support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations*” (paragraph 8).
- 2.5 Chapter 5 of the revised NPPF focuses on delivering a sufficient supply of homes, in which paragraph 59 confirms the Government's objective of “*significantly boosting the supply of homes*”.
- 2.6 The revised NPPF is clear that local authorities should deliver a mix of housing sizes, types and tenures for different groups, which include “*those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes*” (paragraph 61).

- 2.7 It places a great responsibility on all major developments (involving the provision of housing) to provide an element of affordable housing. Paragraph 64 establishes that *“at least 10% of new homes on major residential developments be available for affordable home ownership”*.
- 2.8 Affordable housing is defined within the revised NPPF’s glossary as affordable housing for rent (in accordance with the Government’s rent policy for Social Rent or Affordable Rent or is at least 20% below local market rents), starter homes, discounted market sales housing (at least 20% below local market value) and other affordable routes to home ownership including shared ownership, relevant equity loans, other low-cost homes for sale (at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).

Planning Practice Guidance (March 2014, Ongoing Updates)

- 2.9 The PPG was first published online on 6 March 2014 and is subject to ongoing updates. It replaced the remainder of the planning guidance documents not already covered by the NPPF and provides further guidance on that document’s application.
- 2.10 **Appendix JS2** sets out the paragraphs of the PPG of particular relevance to affordable housing.

Conclusions on Affordable Housing as an Important Material Consideration

- 2.11 This section clearly highlights that within national policy providing affordable housing has long been established as, and remains, a key national priority as part of the drive to address the national housing crisis.

The National Housing Crisis

Section 3

- 3.1 There is incontrovertible evidence that there is a national housing crisis in the UK affecting many millions of people, who are unable to access suitable accommodation to meet their housing needs. This section highlights some of this evidence and the Government's response to grappling with this issue.

Laying the Foundations – A Housing Strategy for England (November 2011) – JS3

- 3.2 Laying the Foundations: A Housing Strategy for England was published on 21 November 2011. The foreword by the former Prime Minister and former Deputy Prime Minister set out the former Coalition Government's intention to unblock the housing market and tackle the social and economic consequences of the failure to develop sufficient high-quality homes over recent decades.
- 3.3 The Executive Summary signed off by both the then Secretary of State for Communities and Local Government and the then Minister for Housing and Local Government included the following:
- A thriving active but stable housing market that offers choice, flexibility and affordable housing is stated as being critical to our economic and social wellbeing;
 - *'The problems we face are stark'* and have been compounded by the impact of the credit crunch;
 - *'Urgent action to build new homes'* is necessary as children will grow up without the opportunities to live near their family and older people will not have the choice and support, they need;
 - *'Housing is crucial for our social mobility, health and wellbeing'*;
 - *'Housing is inextricably linked to the wider health of the economy'*; and
 - Fundamental to the whole approach of the strategy is communities (including prospective owners and tenants), landlords and developers working together.

House of Commons Debate (October 2013) – Appendix JS4

- 3.4 A debate took place in the House of Commons on 24 October 2013 concerning the issue of planning and housing supply; despite the debate taking place over six years ago the issues remain, and the commentary is sadly still highly pertinent to the issues surrounding affordable housing in Uttlesford. The former Planning Minister, Nick Boles, provided a comprehensive and robust response to the diverse concerns raised, emphasising the pressing need for more housing, and in particular affordable housing across the country. He opened by stating:

“I need not start by underlining the scale of the housing crisis faced by this country, the extent of the need for housing or the grief and hardship that the crisis is visiting on millions of our fellow citizens.”

- 3.5 When asked to clarify the word “*crisis*” by the Member for Tewkesbury, Nick Boles commented that in the past year the percentage of first time buyers in England who were able to buy a home without their parents’ help had fallen to the lowest level ever, under one third. He also commented that the first-time buyer age had crept up and up and was now nudging 40 in many parts of the country. He stated that the crisis “*is intense within the south-east and the south, but there are also pockets in parts of Yorkshire*”.

- 3.6 In response to questions, Nick Boles reaffirmed that:

“Housing need is intense. I accept that my hon. Friend the Member for Tewkesbury (Mr Robertson) does not share my view, but many hon. Members do, and there are a lot of statistics to prove it”.

- 3.7 He went on to say: “*It is not unreasonable, however, for the Government to tell an authority, which is representing the people and has a duty to serve them, “Work out what’s needed, and make plans to provide it”. That is what we do with schools. We do not tell local authorities, “You can provide as many school places as you feel like”; we say, “Provide as many school places as are needed”. We do not tell the NHS, “Provide as many GPs as you feel you can afford right now”; we say, “Work out how many GPs are needed.” The same is true of housing sites: we tell local authorities, “Work out how many houses will be needed in your area over the next 15 years, and then make plans to provide them.”*”

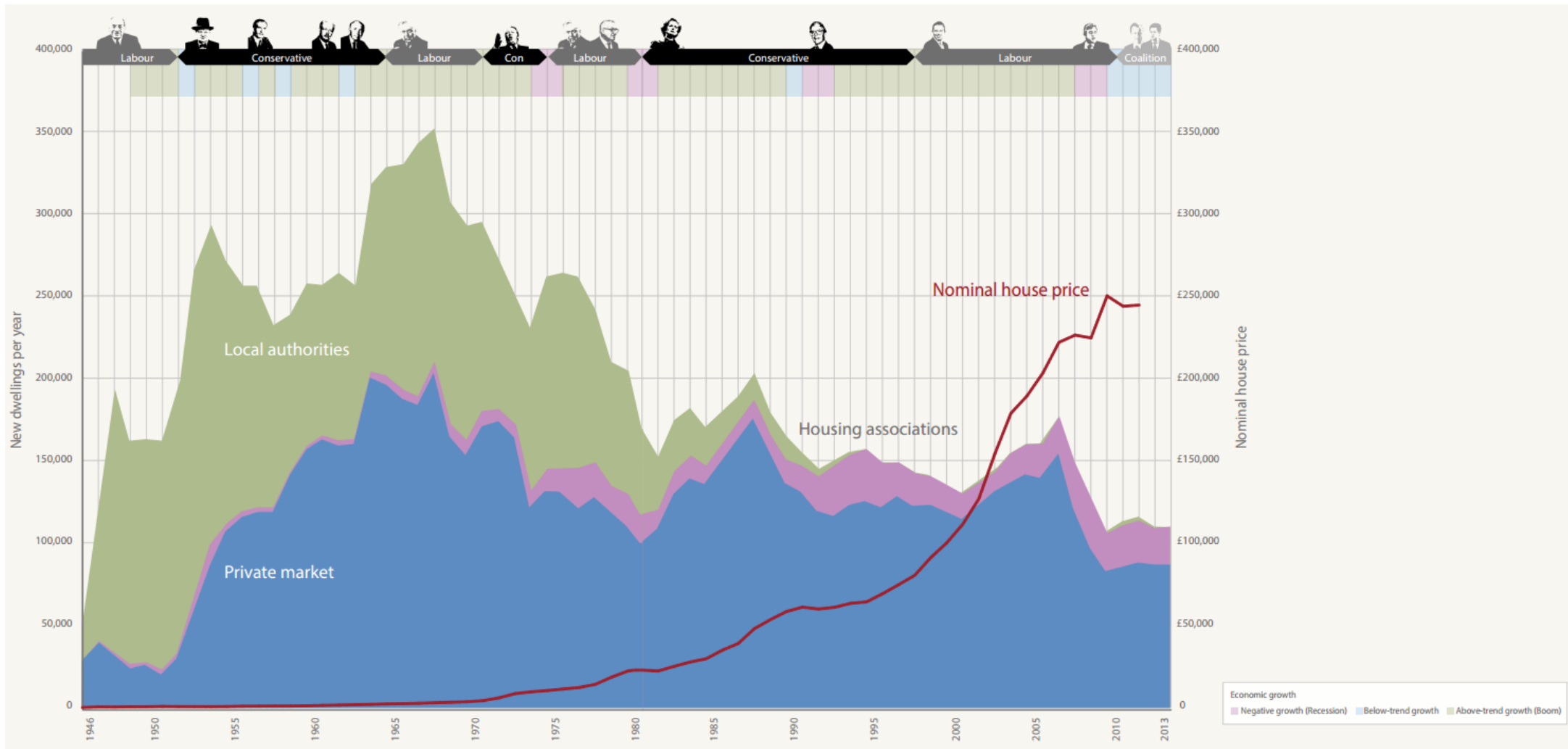
- 3.8 Mr Boles’ full response highlighted the Government’s recognition of the depth of the housing crisis and continued commitment to addressing, in particular, affordable,

housing needs. The final quote above also emphasised the importance of properly assessing and understanding the needs; and planning to provide for them.

Building the Homes We Need (April 2014) – Appendix JS5

- 3.9 This report was the result of a year-long project by KPMG and Shelter to understand the housing shortage and was intended to provide advice to the incoming 2015 Government.
- 3.10 The report started by setting out that *“everyone now accepts that we have a desperate housing shortage in England.”* It further explained that *“each year we build 100,000 fewer homes than we need, adding to a shortage that has been growing for decades. What’s more, our current house building system seems incapable of delivering growth on the scale required. Growing demand means that without a step change in supply we will be locked into a spiral of increasing house prices and rents – making the current housing crisis worse”.*
- 3.11 The report highlighted that if we do not take firm action to build more homes there will be very worrying consequences for our economy and society; including rising homelessness, stalled social mobility, declining pension saving and an ever-rising benefit bill.
- 3.12 The report set out the graph illustrated in figure 3.1 showing the levels of house building in England since 1946.

Figure 3.1: House building since 1946



Source: *Building the Homes We Need, Shelter and KPMG (2014)*

3.13 Figure 3.1 graph shows four interrelated trends:

- An overall decline in house building since 1946, including a steep decline from 1980 and a marked further decline since 2007;
- Relatively high levels of social housing provision by local authorities up until the mid-1970s;
- The growing relative contribution to affordable housing provision by housing associations since the late 1980s; they are providing most of the new affordable housing stock but not matching anything like the previous local authority contribution; and
- The gradual increase in the nominal house price through until about 1985 then grows exponential over the subsequent 30 years. There appears to be a correlation with the decline in new housing provision, although there are clearly other interrelated factors.

Priced Out: Affordable Housing in England (November 2017) – Appendix JS6

3.14 The Institute for Public Policy Research (IPPR) identified that affordable housing delivery continued to fall well behind the required level of need. In this study, the IPPR provided an overview of current affordability challenges across England, alongside a set of recommendations to increase affordable housing delivery.

3.15 The report found that in 67% of local authorities across England, insufficient homes were built to meet demand in 2015/16. In addition, house prices have risen by 76% since 1995, far outstripping inflation and as a result are out of reach to many on average incomes.

3.16 It also highlighted that the nature of affordable housing has changed in recent years. The range of available products has increased with these products becoming increasingly divorced from earnings and linked to market prices or rents.

3.17 Many affordable housing models are out of the reach of single people. Whilst dual earning couples, even those with lower quartile earnings, can afford most models in most areas, when income is diminished by the removal of a full-time earner as in the case of couples with a child, a much larger range of models become out of reach, particularly for those on lower incomes.

Government Post-EU Referendum

- 3.18 The government which formed after the Brexit vote continued to pursue the issue of increased housebuilding. In commenting upon the increase on the number of new homes built and started in June 2016 the-then Communities Secretary Sajid Javid said:

“We’ve got the country building again with more new homes started and built than this time last year...”

...This is real progress but there is much more to do. That’s why we are going further and increasing our investment in house building to ensure many more people can benefit.”

- 3.19 In terms of continued support for home ownership the then Housing and Planning Minister Gavin Barwell said in response to the English Housing Survey (released 21 July 2016):

“We are determined to ensure that anyone who works hard and aspires to own their own home has the opportunity to do so...”

Since 2010 over 300,000 households have been helped into home ownership through government-backed schemes...

The ground-breaking Housing and Planning Act will allow us to go even further delivering our ambition to build an additional one million homes.”

- 3.20 This suggests that successive governments are continuing with their earlier aspirations and policies regarding housebuilding and homeownership.

House of Commons Briefing Paper: Tackling the under-supply of Housing (12 December 2018) – Appendix JS7

- 3.21 The Paper provided an analysis of evidence in relation to how much housing the UK needs, trends in UK housing supply, barriers and solutions to supply in England and additional responses to the Housing White Paper.

- 3.22 The Briefing Paper set out that *“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.”*

- 3.23 It stated that *“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” (my emphasis).

- 3.24 The Paper went on to identify that “*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*” (my emphasis).

**Former Secretary of State for Housing, Communities and Local Government
Speech to Local Government Association Conference (July 2017) – Appendix
JS8**

- 3.25 At the beginning of July 2017 the then Secretary of State for Housing, Communities and Local Government, Sajid Javid, addressed the conference reflecting on “*what has gone wrong in local government*” and outlining what the national and local governments need to do to address the nationwide housing crisis.
- 3.26 On housing, Mr Javid stated that “*there’s a serious shortage of decent, affordable housing in this country*”. He added “*since the 1970s – under Wilson, Callaghan, Thatcher, Major, Blair, Brown, Cameron and now May – we’ve supplied an average of 160,000 new homes each year. That’s far below what’s needed, and that failure of supply to keep up with demand has led to predictable results*”.
- 3.27 Mr Javid summarised the issue, by outlining that “*the simple fact is that to put this right we need to build more homes that people want to live in, in places people want to live*”.

Former Prime Minister’s Speech (15 November 2017) – Appendix JS9

- 3.28 In November 2017, former Prime Minister Theresa May delivered a speech in which she made it her ‘mission’ to speed up the delivery of more homes.
- 3.29 Mrs May announced that “*for decades we simply have not been building enough homes, nor have we been building them quickly enough, and we have seen prices rise*”. Whilst “*the number of new homes being delivered each year has been increasing since 2010*” and acknowledged that “*there is more we can do*”.
- 3.30 She stated that “*we must get back into the business of building the good quality new homes for people who need them most*” and “*that is why I have made it my mission to build the homes the country needs and take personal charge of the Government’s response*”.

- 3.31 The former Prime Minister added that *“today I am seeing the work now underway to put this right and, in coming weeks and months, my Government will be going further to ensure that we build more homes, more quickly”*.
- 3.32 In concluding, Theresa May stated that *“this will be a long journey and it will take time for us to fix the broken housing market - but I am determined to build a Britain fit for the future”*.

**Former Secretary of State for Housing, Communities and Local Government
Speech on the Housing Market (16 November 2017) – Appendix JS10**

- 3.33 The day after the former Prime Minister pledged her commitment to providing more homes, former Communities Secretary Sajid Javid delivered a speech setting out his blueprint for boosting housing provision.
- 3.34 Mr Javid announced that following the publication of official figures, there was an additional 217,000 new homes (net) which were delivered during the 2016/17 financial year. He added that this was the *“first time in almost a decade that the 200,000 milestone had been reached”*.
- 3.35 However, Mr Javid acknowledged that *“it is painfully obvious that there remains much, much more to be done”*, and that *“fixing the broken housing market will require a much larger effort”*.
- 3.36 He set out that *“even today, I still hear from those who say that there isn’t a problem with housing in this country. That we don’t need to build more. That affordability is only a problem for Millennials that spend too much on nights out and smashed avocados. It’s nonsense...where once it would have taken an average couple 3 years to save for a deposit – it will now take a quarter of a century. Assuming of course they could save at all”*.
- 3.37 Mr Javid compared the position of a first-time buyer in London saying a deposit of more than £90,000 was needed and lamented *“that’s a lot of avocados”*
- 3.38 The former Communities Secretary stated that *“without affordable, secure, safe housing we risk creating a rootless generation, drifting from one short-term tenancy to the next, never staying long enough to play a real role in their community”*.

Former Prime Minister’s Speech to the National Housing Federation Summit (September 2018) – Appendix JS11

- 3.39 There is continued acknowledgment from the-then Prime Minister that the housing market is broken with the importance of more indistinguishable, high quality affordable homes being a crucial to resolving the housing crisis, with housing associations being at the forefront of increased affordable housing delivery.
- 3.40 In her speech to the National Housing Federation, Theresa May spoke to housing leaders about tackling *“what remains one of the greatest challenges of our time” and how she has made it her “personal mission to fix our broken housing system”*.
- 3.41 The former Prime Minister set out that one of the Government’s priorities is:
“doing all we can to get more of the right homes built in the right places, so we can help more people onto the housing ladder – and ensure that those who cannot afford to own their own home also have a decent place to live”.
- 3.42 She went on to make clear that:
“the housing crisis we face today did not come about overnight. It is the result of decades of neglect. Year after year in which housebuilding of all kinds fell even as demand rose. So, while the steps we are taking are already making a real and lasting difference to millions of lives, we should not pretend that our broken housing system can be fixed at the flick of a switch.”

Centre for Policy Studies Press Release (January 2019) – Appendix JS12

- 3.43 The press release outlines new analysis indicating that the 2010s will see housebuilding figures in England come in below any decade since the Second World War which is part of a 50-year pattern in which each decade has seen fewer new homes built than the last.
- 3.44 It stated that despite the Government’s recent efforts to boost construction, new-build housing completions in England between 2010 and 2019 are set to be approximately 130,000 per year - well below the 147,000 of the 2000s or 150,000 of the 1990s, and half of the level in the 1960s and 1970.
- 3.45 It goes on to say the picture becomes even worse when you factor in population size. In the 1960s, the new-build construction rate in England was roughly the equivalent of one home for every 14 people over the decade. In the 2010s, that ratio was one to 43, more than three times higher.

Building for Our Future: A Vision for Social Housing (January 2019) – Appendix JS13

- 3.46 The report produced by Shelter states three million homes must be built in England over 20 years to solve the housing crisis. It advises 1.2 million homes are needed for younger families who cannot afford to buy and face a lifetime in expensive and insecure private renting.
- 3.47 The research estimates 277,000 people are homeless in England, most commonly because they have lost their privately rented homes. The report indicates that upfront costs of £11bn a year could come from housing benefit savings by moving tenants from privately rented homes to social housing.
- 3.48 It also claims that schemes such as Help-to-Buy are a less effective use of taxpayers' money. It reports that 59% of people who used Help to Buy said they could have afforded the same or a similar property without using the scheme, meaning that only 24,000 households have been able to get into home ownership because of Help to Buy.

Bleak Houses: Tackling the Crisis of Family Homelessness in England (August 2019) – Appendix JS14

- 3.49 The report was produced by the Children's Commissioner to investigate the impact of homelessness and in particular the effect of this upon children.
- 3.50 It identifies that family homelessness in England today is primarily a result of structural factors, including the lack of affordable housing and recent welfare reforms. It states that the social housing sector has been in decline for many years and that between the early 1980s and early 2010s, the proportion of Britons living in social housing halved, as a result of losses to stock through the Right to Buy and a drop in the amount of social housing being built.
- 3.51 The research found that the decline in social housing has forced many households, including families, into the private rented sector. High rents are a major problem: between 2011 and 2017 rents in England grew 60% quicker than wages. It states that *"Simply put, many families cannot afford their rent. It is telling that over half of homeless families in England are in work"*.
- 3.52 The report particularly focused on the effect on children. In particular the report reveals that many families face the problem of poor temporary accommodation and no choice

but to move out of their local area, which can have a “*deeply disruptive impact on family life*”. This can include lack of support (from grandparents for example) and travel costs.

- 3.53 It finds that a child’s education can suffer, even if they stay in the same school, because poor quality accommodation makes it difficult to do homework and that younger children’s educational development can also be delayed.
- 3.54 Temporary accommodation also prevents serious risks to children’s health, wellbeing and safety, particularly families in B&Bs where they are often forced to share facilities with adults engaged in crime, anti-social behaviour or those with substance abuse issues.
- 3.55 Other effects include lack of space to play (particularly in cramped B&Bs where one family shares a room) and a lack of security and stability. The report found (page 12) that denying children their right to adequate housing has a “*significant impact on many aspects of their lives*”.

House of Commons Debate on a Motion on the British Housebuilding Industry (August 2019) – Appendix JS15

- 3.56 The debate pack was produced by the House of Commons Library in August 2019 in advance of a debate on the British housebuilding industry in September 2019.
- 3.57 The report noted at paragraph 1.2 that there were 83,700 homeless households living in temporary accommodation in England at the end of December 2018, a 74% increase compared with December 2010.
- 3.58 Furthermore, the number of people sleeping rough in England on any given night in Autumn 2018 was 4,677 people, 165% higher than in 2010.
- 3.59 In the debate itself, it resolved at Column 465, 4.59pm, that:
- “This House notes with concern the ongoing shortage of housing and the housing crisis across England; further notes with concern the number of families in temporary accommodation and the number of people rough sleeping; [and] acknowledges that there are over one million households on housing waiting lists...”*
- 3.60 It concluded that it “*calls on the Government to tackle the housing crisis as an urgent priority*” (my emphasis).

Former Housing Minister's speech to the RESI Convention 2019 (September 2019) – Appendix JS16

- 3.61 Following her appointment as Housing Minister on 24 July 2019, Esther McVey spoke at the RESI Convention claiming that the shortage of housing in the UK is possibly the largest scandal to hit the country in the past 30 years.
- 3.62 Ms McVey acknowledged that the housing crisis has led *“to a rise in renting and costs, and to a fall in home ownership which has destroyed the aspiration of a generation of working people.”*
- 3.63 Continuing to talk on the subject of affordability, the former Housing Minister stated that:
- “Since the mid-1990s, house prices have risen to 8 times, 10 times, 12 times, in some of the most expensive parts of this country 44 times the actual income of someone, that cannot be right.”*
- 3.64 Ms McVey detailed that *“too many people feel that vital link between hard-work and owning their own home is broken. And when that link is severed, social mobility and opportunity falls away.”*

National Housing Federation Research (September 2019) – Appendix JS17

- 3.65 The National Housing Federation (NHF) published new research on the state of the housing crisis which found that 8.4 million people across England are directly affected by the housing crisis, which amounts to one in seven people.
- 3.66 The NHF report that people are affected in a variety of ways, including:
- Living in overcrowded homes;
 - Living with ex-partners or parents;
 - Living in unsuitable homes, such as homes that are not suitable for people with mobility issues; and
 - People who are homeless or at risk of homelessness.
- 3.67 Of these 8.4 million, around half, some 43% or 3.6 million, would need a social rented home to meet their needs.
- 3.68 Commenting on the NHF's report the Local Government Association said that the Government *“should now go further and devolve Right to Buy so that councils retain 100 per cent of their receipts to reinvest”*.

Conservative Party Manifesto (December 2019) – CD8.02

- 3.69 The Conservative Party Manifesto for the December 2019 election reports at page 29 that *“the biggest problem that young people face in getting on the housing ladder is the deposit.”* It commits to ensure that the Government will *“offer more homes to local families”*.
- 3.70 At page 30 of the Manifesto it states that *“home ownership is one of the most fundamental Conservative values. People are happier, more secure and more rooted in their communities when they own their own home – and know that they can pass it on to future generations”*. It goes on to set out that *“young people need the security of knowing that home ownership is within their reach – that they too can have a tangible stake in society, can be rooted in their communities and have a place to raise a family”*.
- 3.71 The Manifesto (page 30) details that *“while we want to encourage as many people as possible into home ownership, we recognise that not everyone can afford their own home – and that those in social housing deserve the same dignity, respect and fair treatment as private renters”*. It commits to bring forward a Social Housing White Paper to *“support the continued supply of social housing”* and commits to *“end the blight of rough sleeping by the end of the next parliament”*.
- 3.72 Under the heading of ‘places we want to live in’ at page 31, the Manifesto explains that despite increased housebuilding since 2010 *“it still isn’t enough. That is why we will continue our progress towards our target of 300,000 homes a year by the mid-2020s. This will see us build at least a million more homes, of all tenures over the next Parliament”*.

BBC Housing Briefing (February 2020) – Appendix JS18

- 3.73 The BBC Housing Briefing summarises a range of secondary data and case studies relating to the scale of housing need, quality, availability and tenure. Sections 1 to 4 cover the broad context and issues; sections 5 to 7 consider the role of the public and private sectors in housing provision; and sections 8 to 10 cover policy mechanisms to address housing issues. The Briefing is prepared at the national level and sets out the overall ‘picture’ in respect of housing matters.
- 3.74 The Briefing was the topic of several news stories on the BBC Website and was widely promoted on the day of its publication, including through radio phone-ins, television news items, and the Bitesize revision service for teenagers.

- 3.75 The BBC states that the Housing Briefing was prepared in order to address public demand for *“more transparency and better explanation of the facts behind the headlines”*. The acknowledgements include Dame Kate Barker who undertook a review of the housing market in 2004, and Toby Lloyd, the former policy director of Shelter.
- 3.76 Section 8 of the Briefing refers to the scale of the housing shortfall that has amassed in recent years. It highlights at page 134 the work undertaken by Dame Kate Barker in 2004, the KPMG/Shelter study of 2014; the joint study between Heriott Watt University, Crisis and the National Housing Federation in 2018/9; all of which are referenced at Section 4 of this Proof of Evidence.
- 3.77 The Briefing contains case studies throughout which highlight the impact of the housing crisis on real people and households. These include the numerous case studies at pages 33, 40, 66, 69, 84, and 125 which include those in desperate need, facing homelessness or temporary accommodation, and those trapped in rented housing unable to afford to purchase.
- 3.78 The Briefing also refers to the serious impact of family homelessness upon children at page 34 and the work undertaken by the Children’s’ Commissioner, which I have reviewed at paragraphs 3.49 to 3.55 of this section.

Spring Budget – Policy Paper Budget 2020 - Appendix JS19

- 3.79 The Spring Budget 2020 was presented by the Chancellor of the Exchequer, Rishi Sunak, to Parliament on 11 March, setting out an ambitious package of investment plans in the first Budget since the UK’s departure from the European Union (EU).
- 3.80 Speaking on housing in the Policy Paper - Budget 2020, the Chancellor stated the following:
- 3.81 *“Everyone should be able to access a safe and affordable home. Increasing housing supply is essential to creating a fairer, more affordable housing market and boosting productivity across the country.”*
- 3.82 The Chancellor continued to explain in further detail the demand for more housing in the UK, concluding his points by confirming that *“the government has committed to creating at least 1 million new homes in England by the end of this Parliament and an average of 300,000 homes a year by the mid-2020s.”*
- 3.83 The Chancellor also confirmed that the Government will be investing a further £9.5 billion into the Affordable Homes Programme, raising the level of investment to £12.2

billion of grant funding from 2021-22 to support the creation of affordable homes across England.

‘Planning for the Future’ Policy Paper (March 2020) – Appendix JS20

- 3.84 On 12 March 2020, and as trailed in the Budget the previous day, the Government published a policy paper titled ‘Planning for the Future’. It provides a summary of the reforms the Government expects to explore in more detail in the forthcoming Planning White Paper, expected later in 2020.
- 3.85 The introductory paragraphs emphasise the Government’s intention to boost homeownership, noting at paragraph 2 that *“for many who are still trapped paying high rents and struggling to save for a deposit, home ownership seems like a dream which is increasingly out of reach”*. The paper also clearly recognises the importance of providing for those who are not homeowners. Paragraph 4 states that *“We must ensure security for those who do not own their homes”* and that *“We also need to prevent people from falling into homelessness by building more affordable homes and ensure that those living in social housing are treated with the dignity and respect they deserve”*.
- 3.86 Relevant measures proposed in the policy paper include those to help first time buyers onto the property ladder (paragraph 14), through the proposed First Homes scheme, work to deliver long-term fixed rate mortgages, and a new Shared Ownership model. Paragraph 17 goes further in respect of affordable housing, noting that *“We [the Government] are committed to improving access to safe and high-quality housing, improving affordability...”* and proposed measures include a renewed financial commitment to affordable housing and a package of measures to protect social and private sector renters. Paragraphs 18 to 20 explain that, in order to inform the Planning White Paper the Government will review the housing market and planning system and will consider, amongst other related matters, *“how to ensure affordable, quality, safe housing”*.

Conclusions on the National Housing Crisis

- 3.87 There is an ever-increasing wealth of evidence including from figures at the highest levels of Government that unaffordability and inability to get on the housing ladder is a significant problem.
- 3.88 What is also clear is that the messages from previous Governments have failed to ensure enough new homes, especially affordable homes, are being built.

- 3.89 The evidence is clear and, in my opinion, demonstrates the pressing requirement to build more homes to meet the significant level of unmet need, particularly for homes that are affordable.
- 3.90 Evidence suggests that failure to do so will present a risk to the future economic and social stability of the United Kingdom.

The Extent of the National Shortfall in Housing Delivery

Section 4

4.1 In a speech to the House of Commons on 24 October 2013 the-then Planning Minister, Nick Boles, made reference to *“the scale of the housing crisis faced by this country”* and *“the extent of the need for housing”*.

4.2 The extent of the need for housing and the scale of the crisis as a result of the persistent under delivery of both market and affordable housing in the UK is explored further in this section of my evidence, starting some 15 years ago with Kate Barker’s Review of Housing Supply in March 2004.

The Barker Review of Housing Supply (17 March 2004) – Appendix JS21

4.3 In her 2004 review into issues underlying the lack of supply and responsiveness of the housing in the UK, Barker reported that housing is a basic human need, fundamental to our economic and social well-being. She found that:

- A weak supply of housing contributes to macroeconomic instability and hinders labour market flexibility;
- Housing has become increasingly unaffordable over time, noting that the aspiration for home ownership is as strong as ever, yet the reality is that for many this aspiration will remain unfulfilled unless the trend in real house prices is reduced;
- This brings potential for an ever widening social and economic divide between those able to access market housing and those kept out; and
- Homes are more than shelter. They provide access to a range of services and to communities. Housing also plays a major role as an asset in household’s balance sheets and in household planning for their financial futures.

4.4 Barker considered that continuing at the current rate of housebuilding was not a realistic option:

“Unless we are prepared to accept increasing problems of homelessness, affordability and social division, decline in standards of public service delivery and increasing costs of doing business in the UK – hampering our economic success”.

- 4.5 She found that whilst demand for housing is increasing over time, driven by demographic trends and rising incomes, in 2001 the construction of new houses in the UK fell to its lowest level since the Second World War.
- 4.6 A weak response of housing supply to demand changes has been one of the factors underlying the instability of the UK housing market with Barker reporting that *“there is growing evidence of a persistent inadequate supply”* noting that in the UK the trend rate of real house price growth over the past 30 years had been 2.4% compared to the European average of 1.1%
- 4.7 She found that affordability has worsened and that in 2002 only 37% of new households could afford to buy a property compared to 46% in the late 1980s. The overall objective of the Barker Review included:
- To achieve improvements in housing affordability in the market sector;
 - A more stable housing market; and
 - An adequate supply of publicly funded housing for those who need it.
- 4.8 Taking the baseline level of private sector housing built in 2002/03 of 140,000 gross starts and 125,000 gross completions, Barker estimated that:
- Reducing the trend in real house prices to 1.8% would require an additional 70,000 private sector homes per annum; and
 - More ambitiously, to reduce the trend in real house prices to 1.1% an additional 120,000 private sector homes per annum would be required.
- 4.9 Even in the case of the less ambitious price trend, Barker found that this would include pricing an additional 5,000 new households into the market each year and improving the access for the backlog of those currently priced out.
- 4.10 She found that an increase in supply of 17,000 affordable homes per annum would be required to meet the needs among the flow of new households, noting that there is also a case for the provision of up to 9,000 affordable homes per annum above this rate in order to make inroads into the backlog of need, a total of 26,000 per annum

- 4.11 Barker presented three scenarios for real house price trends ranging from slowing the rate at which households were being priced out to a long-term reduction of house price inflation:
- 2.4% per annum – which represented the Government’s target aimed at slowing the rate at which households were being priced out of the market, would have required an increase in housebuilding to 160,000 per annum;
 - 1.8% per annum – to reduce the long-term trend would have required an increase in housebuilding to 200,000 per annum; and
 - 1.1% per annum – which represented the EU average at the time, and which was considered would ‘improve the housing market’ would have required an increase in housebuilding to 260,000 per annum.
- 4.12 Meeting Barker’s most optimistic objective of improving the housing market and pricing many more households back into the marketplace would have required an estimated 260,000 homes per annum.

The Barker Review: A Decade On (24 March 2014) - Appendix JS22

- 4.13 In March 2014, the Home Builders Federation (HBF) undertook a review of housing delivery against the findings of the Barker Review and the impacts of this upon the market and affordability. They found that by 2004 the housing crisis was already building and in the 10 years since then, even against the most modest of the housing targets identified by Barker (which was met only once in 2005/06), the average annual shortfall has been 45,000 homes.
- 4.14 Measured against the objective of improving the housing market, housebuilding had been an average of 145,000 per annum down on the target of 260,000 per annum over the period between 2004 and 2014.
- 4.15 The HBF found that when measured against the middle of Barker’s three price inflation targets for 200,000 per annum, the shortfall of homes over the decade stood at 953,000 homes in 2014. This was on top of a backlog that had already been identified as being large (estimated at between 93,000 and 146,000) and growing in 2004.
- 4.16 They reported that in 2014 even if housebuilding rose to 210,000 per annum overnight, assessed against the middle objective of reducing the long-term rate of inflation, the country would be four and a half years behind where it was in 2004.

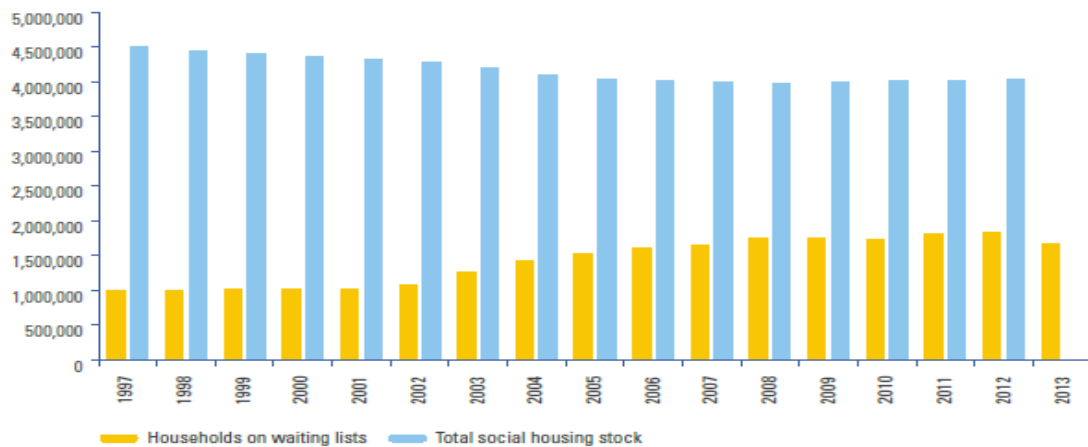
- 4.17 In 2014, the HBF found that a decade on from the Barker Review, the UK was 1.45 million homes short of where Kate Barker projected would have brought about an improved housing market.
- 4.18 The HBF reported that a basic estimate would suggest that in order to achieve the very modest objective of slowing the increase in the affordability gap so that fewer new households are priced out of the market, in 2014 some 200,000 private household starts would be required, a figure last achieved in 1972/73.
- 4.19 It goes further to detail that the objective of improving the housing market would, in 2014, have required 320,000 private housing starts per annum, a figure achieved in England only four times since World War II.

Building the Homes We Need (April 2014) - Appendix JS5

- 4.20 The KPMG and Shelter research was intended to provide a package of new housing policies to inform the new 2015 Government.
- 4.21 It reported that each year an average of 100,000 fewer homes are built that are needed which adds to a shortfall which has been growing for decades, noting that growing demand means that without a step-change in supply we will be locked into a spiral of increasing house prices and rents, making the housing crisis worse.
- 4.22 Because of private housing becoming less affordable, the number of people in need of affordable housing has grown and with the failure of successive governments to deliver new social housing whilst existing stock continues to be depleted through the Right to Buy, waiting lists have grown whilst social housing stock has shrunk as illustrated by figure 4.1⁶.

⁶ Reduction in total numbers on housing waiting lists in 2013 as a result of local authorities utilising the freedoms afforded to set their own housing allocation criteria through the Localism Act.

Figure 4.1: Social Housing Waiting Lists and Stock



Source: *Building the Homes We Need* (2014)

- 4.23 KPMG and Shelter found that changing demographics meant that we need to build a minimum of 250,000 new homes per annum in England to meet rising demand. In 2013 (the most recent monitoring period available at the time of publication of the report) just 109,660 new homes were built, the lowest annual level since 1946, the year of recovery after the Second World War.
- 4.24 In addition to which the report found that estimates suggest that the backlog of housing need may be as large as two million households and that to clear this England would need to build well over 250,000 homes each year, which would require doubling current output at the time of publication of the report.

The House of Lords Select Committee on Economic Affairs: Building More Homes (15 July 2016) - Appendix JS23

- 4.25 The Select Committee found that a growing population, rising immigration and rising incomes have increased demand for housing in England in recent decades but that too few homes have been built over this period. As a result, house prices and rents have risen sharply and there has been a decline in home ownership over the past decade.
- 4.26 They considered that we must build enough homes to make housing more affordable for everyone, noting that aspirant home owners who are unable to afford a deposit pay substantial proportions of their income on rent, families on waiting lists of social housing contend with insecure tenancies and rogue landlords, and at the same time housing benefit spending has doubled in the past two decades.
- 4.27 The Lords reported that as former Housing and Planning Minister Brandon Lewis had explained to them, the Government aimed to address the problems by building one

million homes by the end of Parliament. However, it was noted that since the Brexit vote the Minister had effectively abandoned this target and prior to the vote had warned that it would be difficult to achieve if the UK voted to leave the European Union.

4.28 In addition to this the Committee found that whilst the Government's ambition was welcomed, it must be matched by appropriate action on a much larger scale than currently envisaged and across all tenure. They considered that the Government was focused on building for home ownership and therefore neglecting housing for affordable and social rent.

4.29 It was reported that it had been 10 years since 200,000 homes (the implied annual rate from the Government's target) were added to the housing stock in a single year, but the evidence suggested that this will not be enough to meet future demand and the backlog from previous years of undersupply.

4.30 The Select Committee found that in order to meet demand and have a moderating effect on house prices, at least 300,000 homes a year need to be built for the foreseeable future otherwise the age of a first-time buyer will continue to rise. The main conclusions of the Select Committee included that:

"The Government's target of one million new homes by 2020 is not based on a robust analysis. To address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future. One million homes by 2020 will not be enough".

National Housing Federation Press Release: 'England Short of Four Million Homes' (18 May 2018) - Appendix JS24

4.31 The NHF press release⁷ reported that new figures reveal the true scale of the housing crisis in England and that the research (conducted by Heriot-Watt University) shows that England's total housing backlog has reached four million homes.

4.32 They report that in order to both meet this backlog and provide for future demand, the country needs to build 340,000 homes per year until 2031, noting that this is significantly higher than current estimates which have never before taken into account the true scale of housing need created by both homelessness and high house prices.

4.33 However, the NHF is clear that these need to be the right type of houses with a need for 145,000 of these new homes per year to be affordable homes, compared to previous estimates of annual affordable housing need of around 78,000 homes. It

⁷ <https://www.housing.org.uk/press/press-releases/england-short-of-four-million-homes/>

reports that this means around two fifths (or 40%) of all new homes built every year must be affordable homes, yet in 2016/17 only around 23% of the total built were affordable homes.

4.34 The research breaks down exactly what type of affordable homes are needed:

- 90,000 per annum should be for social rent;
- 30,000 per annum should be for intermediate affordable rent; and
- 25,000 per annum should be for shared ownership.

4.35 Reference was drawn to the September 2017 announcement by the former Prime Minister Theresa May that £2 billion will be invested in affordable housing and indicating that this could deliver around 25,000 new homes for social rent over three years, however the NHF report that even when this funding is made available, the research shows that it would deliver less than 10% of the social rented homes needed each year.

4.36 Government funding for social housing has been steadily declining for decades. In 1975/76 investment in social housing stood at more than £18 billion a year but had declined to just £1.1 billion in 2015/16. Over the same period, the housing benefit bill grew from £4 billion to £24.2 billion each year.

4.37 The NHF set out that homeownership rates have plummeted among young people, rough sleeping has risen by 169% since 2010 and that unless the Government takes steps to deliver more private, intermediate and social housing, the number of households in temporary accommodation is on track to reach 100,000 by 2020.

4.38 A series of quotes accompany the NHF press release from senior industry professionals, summaries of which are detailed below:

- David Orr, Chief Executive of the NHF – *“This ground-breaking new research shows the epic scale of the housing crisis in England”.*
- Jon Sparkes, Chief Executive of Crisis – *“Today’s findings are stark and shocking, but they also represent a huge opportunity for us as a country to get to grips with our housing and homelessness crisis – and to end it once and for all”.*
- Terrie Alafat CBE, Chief Executive of the Chartered Institute of Housing – *“This new report once again highlights the chronic housing shortage we face in the UK and it is clear that only a bold and ambitious plan to solve the housing crisis will*

prevent a decent, genuinely affordable homes being out of reach for our children and their children.”

- Campbell Robb, Chief Executive of the Joseph Rowntree Foundation – *“It is unacceptable that currently in our society millions of people are locked out of being able to afford a decent and secure home. For years our failure to deliver enough affordable housing in England has led to rising levels of poverty and homelessness across our country.”*
- Polly Neate, Chief Executive of Shelter – *“We are in the midst of a housing emergency where an entire generation faces a daily struggle for a decent home...Government can turn things around but only by building many more of the high quality, genuinely affordable homes this country is crying out for”.*

Ministry of Housing, Communities and Local Government Single Departmental Plan (23 May 2018) - Appendix JS25

4.39 The Ministry’s Single Departmental Plan outlines its objectives which include to *“deliver the homes the country needs”* and to *“make the vision of a place you call home a reality.”*

4.40 Under the objective of delivering the homes the country needs, the Plan states that the Ministry will:

“Support the delivery of a million homes by the end of 2020 and half a million more by the end of 2022 and put us on track to deliver 300,000 net additional homes a year on average by the mid-2020s, to help increase affordability.”

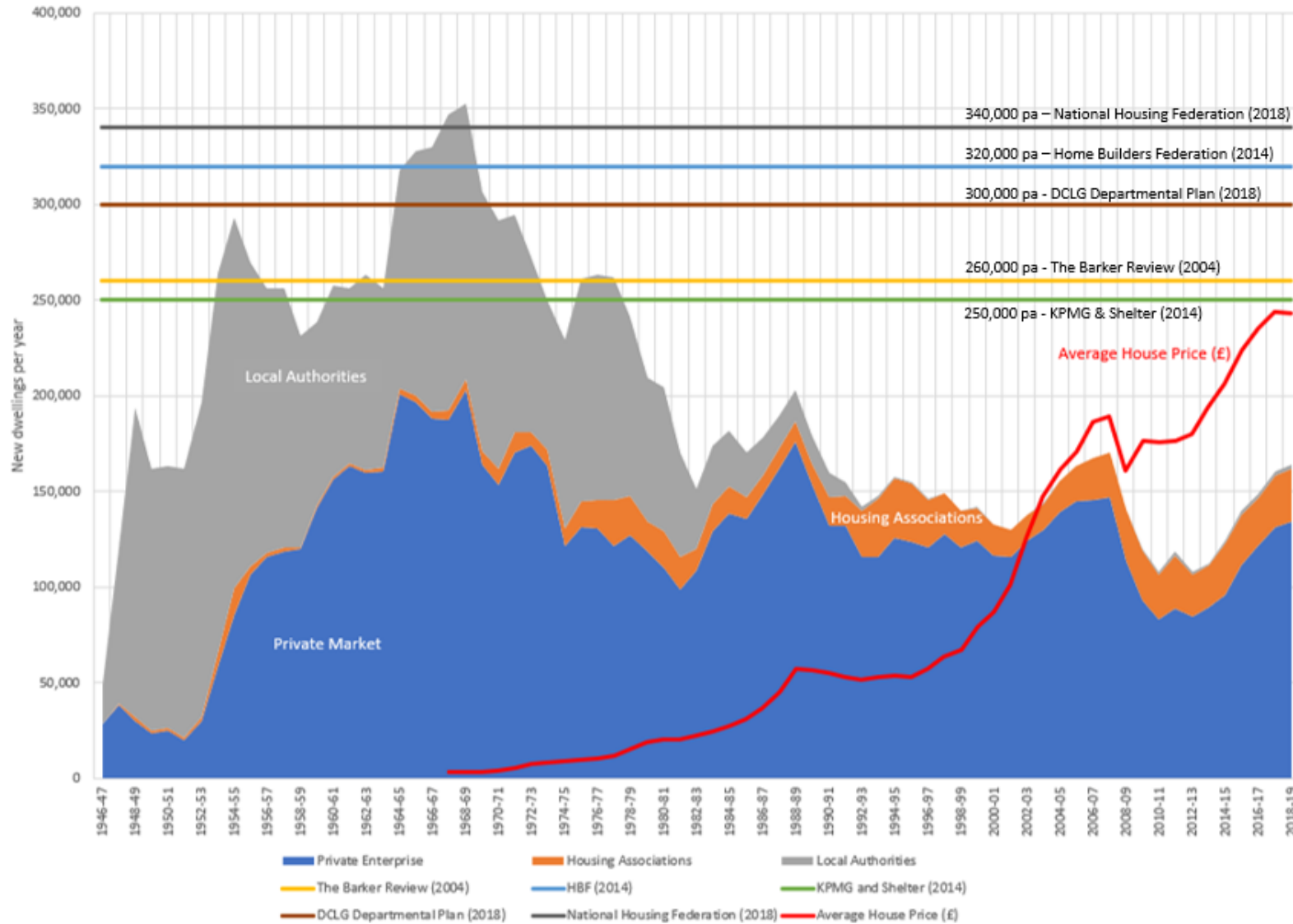
4.41 The Departmental Plan clearly outlines the Government’s aim to deliver 300,000 new homes per annum in order to address the housing crisis in England.

The National Housing Shortfall

4.42 Over the course of the past 15 years a series of industry leading professionals and figures at the highest level of Government have identified that there is a need for between 200,000 to 340,000 homes per annum to address the housing crisis that has engulfed the country.

4.43 Figure 4.2 below illustrates the level of house building in England between 1946 and 2017 and compares delivery over this period with the range of annual housing needs identified between 2004 and 2019, the most recent of which of course being the Governments own Ministry for Housing, Communities and Local Government (MHCLG) target for 300,000 new homes per annum.

Figure 4.2: House Building in England 1946 to 2019



Source: MHCLG Live Table 209; MHCLG Live Table 253; HM Land Registry (2018); The Barker Review (2004); HBF (2014); Building the Homes We Need, KPMG & Shelter (2014); MHCLG Single Departmental Plan (2019); NHF (18 May 2018).

- 4.44 Figure 4.2 shows that the Government's current target of 300,000 new homes per annum is a figure that the country has not seen achieved since the mid to late 1960s. Whilst housing completions have been increasing since around 2011, they are still a long way short of meeting the level of housing delivery that is desperately needed to address the housing crisis in this country.
- 4.45 At figure 4.3 net additional dwellings in England since 2004 sourced from MHCLG Live Table 122 are compared with the annual need figures identified in the Barker Review (2004), the KPMG & Shelter research (2014), the HBF research (2014), the NHF research (2018), and the MHCLG Single Departmental Plan (2019).
- 4.46 The results are stark. The lowest of the annual need figures since 2004, that of the KPMG/Shelter report of 250,000 homes per annum, results in a shortfall of -1,100,091 homes in the past 15 years. To put this into context, this is equivalent to:
- 99% of the total number of households on local authority Housing Registers in the whole of England⁸; and
 - Almost four times the total number of homes across the entire County of Oxfordshire⁹.
- 4.47 At the other end of the scale, the need for 340,000 homes per annum most recently identified in the NHF research results in a shortfall figure of -2,540,091 homes. This is equivalent to more than twice the total number of homes in the entire West Midlands region¹⁰.
- 4.48 When the Government's most recently published target of 300,000 home per annum taken from the MHCLG 2018 Single Departmental Plan is used for comparison, there has been a shortfall of -1,800,091 homes since 2004. To put this into context, this is equivalent to:
- More than one and a half times the number of households on local authority Housing Registers in the whole of England (see footnote 3); and
 - More than 1.4 times the total number of homes in Greater Manchester¹¹.

⁸ Source: MHCLG Live Table 600 – 1,114,477 households on Housing Registers in England at 1 April 2018

⁹ Source: MHCLG Live Table 100 – 290,350 homes in Oxfordshire at 1 April 2018

¹⁰ Source: MHCLG Live Table 100 – 1,165,410 homes in West Midlands at 1 April 2018

¹¹ Source: MHCLG Live Table 100 – 1,212,280 homes in Greater Manchester Metropolitan County at 1 April 2018

Figure 4.3: National Housing Shortfall Comparison

Year	Net Additions	KPMG/Shelter (2014) 250,000 pa		Barker Review (2004) 260,000 pa		MHCLG Departmental Plan (2019) 300,000 pa		The HBF (2014) 320,000 pa		NHF Research (2018) 340,000 pa	
		Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
03/04	170,969	-79,031	-79,031	-89,031	-89,031	-29,031	-29,031	-149,031	-149,031	-169,031	-169,031
04/05	185,553	-64,447	-143,478	-74,447	-163,478	-114,447	-143,478	-134,447	-283,478	-154,447	-323,478
05/06	202,653	-47,347	-190,825	-57,347	-220,825	-97,347	-240,825	-117,347	-400,825	-137,347	-460,825
06/07	214,936	-35,064	-225,889	-45,064	-265,889	-85,064	-325,889	-105,064	-505,889	-125,064	-585,889
07/08	223,534	-26,466	-252,355	-36,466	-302,355	-76,466	-402,355	-96,466	-602,355	-116,466	-702,355
08/09	182,767	-67,233	-319,588	-77,233	-379,588	-117,233	-519,588	-137,233	-739,588	-157,233	-859,588
09//10	144,870	-105,130	-424,718	-115,130	-494,718	-155,130	-674,718	-175,130	-914,718	-195,130	-1,054,718
10/11	137,394	-112,606	-537,324	-122,606	-617,324	-162,606	-837,324	-182,606	-1,097,324	-202,606	-1,257,324
11/12	134,896	-115,104	-652,428	-125,104	-742,428	-165,104	-1,002,428	-185,104	-1,282,428	-205,104	-1,462,428
12/13	124,722	-125,278	-777,706	-135,278	-877,706	-175,278	-1,177,706	-195,278	-1,477,706	-215,278	-1,677,706
13/14	136,605	-113,395	-891,101	-123,395	-1,001,101	-163,395	-1,341,101	-183,395	-1,661,101	-203,395	-1,881,101
14/15	170,693	-79,307	-970,408	-89,307	-1,090,408	-129,307	-1,470,408	-149,307	-1,810,408	-169,307	-2,050,408
15/16	189,645	-60,355	-1,030,763	-70,355	-1,160,763	-110,355	-1,580,763	-130,355	-1,940,763	-150,355	-2,200,763
16/17	217,345	-32,655	-1,063,418	-42,655	-1,203,418	-82,655	-1,663,418	-102,655	-2,043,418	-122,655	-2,323,418
17/18	222,194	-27,806	-1,091,224	-37,806	-1,241,224	-77,806	-1,741,224	-97,806	-2,141,224	-117,806	-2,441,224
18/19	241,133	-8,867	-1,100,091	-18,867	-1,260,091	-58,867	-1,800,091	-78,867	-2,220,091	-98,867	-2,540,091
Total Shortfalls Since 2004 compared to:		KPMG/Shelter Research	-1,100,091	The Barker Review	-1,260,091	MCHLG Departmental Plan	-1,800,091	The HBF	-2,220,091	NHF Research	-2,540,091

Source: MHCLG Live Table 122; HM Land Registry; The Barker Review (2004); HBF (2014); Building the Homes We Need, KPMG & Shelter (2014); NHF (18 May 2018);

MHCLG Single Departmental Plan (2019)

Conclusion on the Extent of the National Housing Shortfall

- 4.49 The evidence before the Inspector shows that in every scenario, against every annual need figure, the extent of the shortfall in housing delivery in England is staggering and merely serves to further compound the acute affordability problems that the country is facing.
- 4.50 It is my view that what is clear is that a significant boost in the delivery of housing, and in particular affordable housing, in England is absolutely essential to arrest the housing crisis and prevent further worsening of the situation.

The Development Plan and Related Policies

Section 5

Introduction

- 5.1 In accordance with Section 38(6) of the Planning and Compulsory Purchase Act 2004, the application should be determined in accordance with the Development Plan unless material considerations indicate otherwise.
- 5.2 The Development Plan for Chorley currently comprises the Chorley Local Plan (2015), and the Central Lancashire Core Strategy (2012).
- 5.3 Other material considerations include the NPPF (2019), the Planning Practice Guidance (PPG), the Central Lancashire Affordable Housing Supplementary Planning Document (2012) and the emerging Local Plan Update.

The Development Plan

Chorley Local Plan (2015) (CD7.01)

- 5.4 The Local Plan was adopted in 2015 and covers the period between 2012 and 2026. It replaces the Chorley Borough Local Plan Review (2003).
- 5.5 Section five of the Local Plan, 'Homes for All' seeks to address a number of Core Strategy objectives, including:
- Strategic Objective SO5: to make available and maintain within Central Lancashire a ready supply of residential development land over the plan period, to help deliver sufficient new housing of appropriate types to meet future requirements; and
 - Strategic Objective SO8: to significantly increase the supply of affordable and supported housing.
- 5.6 Paragraph 5.2 highlights that Local authorities are required to plan for a mix of housing, informed by a Strategic Housing Market Assessment (SHMA). It goes on to cross reference the 2009 Central Lancashire Strategic Housing Market Assessment (SHMA) which estimated an annual shortfall of 723 affordable dwellings.
- 5.7 At paragraph 5.4 the Plan highlights that it does not include an affordable housing policy as **Policy 7** of the Core Strategy deals with this issue, whilst paragraph 5.5 notes

that the Supplementary Planning Document (SPD) for affordable housing provides additional guidance on the implementation of affordable housing policy.

- 5.8 The expectation of the Plan is that developers will demonstrate an appropriate mix of dwellings to create mixed and balanced communities and that this will be determined on a site-by-site basis taking account of identified local needs as outlined at paragraph 5.6.

Central Lancashire Core Strategy (2012) (CD7.14)

- 5.9 The Core Strategy was adopted in 2012 and covers the combined areas of Preston, South Ribble and Chorley for the period between 2010 and 2026.
- 5.10 At paragraph 1.7 the Plans sets out trends that the Core Strategy needs to plan for over the next 15 years, explicitly stating that *“there are pockets of deprivation and some poor housing in the plan area but generally the residential offer is quite attractive albeit there is a shortage of affordable housing”* (emphasis added).
- 5.11 Page 33 sets the Plan vision for Central Lancashire in 2026 highlighting that it expects residents to have *“high quality affordable homes.”*
- 5.12 The Plan’s Strategic Objectives are set out on page 36. Strategic Objective 8 seeks to *“significantly increase the supply of affordable and special needs housing...”*
- 5.13 Section 8 of the Plan deals with ‘Homes for All’, clearly stating at paragraph 8.1 that *“the Government’s key housing policy objective is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community they want to live”.*
- 5.14 Paragraph 8.23 highlights that *“the percentage of owner occupied properties is higher within Central Lancashire than the national average, increased also through the ‘Right to Buy’ initiative where many Council homes were transferred to private ownership.”*
- 5.15 Paragraph 8.35 notes that *“until recently the cost of purchasing housing in Central Lancashire had been rising rapidly, whereas local income levels have risen at a far slower rate.”*
- 5.16 The ‘Level of Affordable Housing Need’ is dealt with at paragraphs 8.36 to 8.37 which state that:

“The level of affordable housing required must take account of a current lack of provision for existing households, as well as the needs of newly forming households and future households. The Central Lancashire SHMA identified an annual average

shortfall of 1,780 dwellings per year up until 2014, which is more than the Core Strategy annual housing requirement. However, in affluent areas where house prices are high it is common for the need for affordable housing to outstrip the total housing requirement.”

- 5.17 The section goes on to note that the Housing Viability Study demonstrated that although levels of economic viability varied over the plan area in most locations, market housing developments could support 30% of the scheme being affordable.
- 5.18 Provision of a suitable mix is covered by paragraph 8.38 which states that *“when delivering affordable housing there needs to be a suitable mix of housing types and tenures to suit the broad needs of the population requiring access to affordable homes, the SHMA advises on these matters.”*
- 5.19 **Policy 7** is concerned with affordable and special needs housing. The full policy text is presented below in Figure 5.1.

Figure 5.1: Affordable housing policy requirements

Policy 7: Affordable and Special Needs Housing
<p><i>Enable sufficient provision of affordable and special housing to meet needs in the following ways:</i></p> <ul style="list-style-type: none"> <i>(a) Subject to such site and development considerations as financial viability and contributions to community services, to achieve a target from market housing schemes of 30% in the urban parts of Preston, South Ribble and Chorley, and of 35% in rural areas on sites in or adjoining villages which have, or will have, a suitable range of services; on any rural exception sites including those in the Green Belt there will be a requirement of 100%.</i> <i>(b) Aside from rural exception sites the minimum site size threshold will be 15 dwellings (0.5 hectares or part thereof) but a lower threshold of 5 dwellings (0.15 hectares or part thereof) is required in rural areas.</i> <i>(c) Where robustly justified, off-site provision or financial contributions of a broadly equivalent value instead of on-site provision will be acceptable where the site or location is unsustainable for affordable or special housing.</i> <i>(d) Special needs housing including extra care accommodation will be required to be well located in communities in terms of reducing the need to travel to care and other service provision and a proportion of these properties will be sought</i>

Policy 7: Affordable and Special Needs Housing

to be affordable subject to such site and development considerations as financial viability and contributions to community services.

(e) Special needs housing including extra care accommodation will be required to be well located in communities in terms of reducing the need to travel to care and other service provision and a proportion of these properties will be required to be affordable.

(f) An accompanying Supplementary Planning Document will establish the following:

i. The cost at and below which housing is considered to be affordable.

ii. The proportions of socially rented and shared ownership housing that will typically be sought across Central Lancashire.

iii. Specific spatial variations in the level and types of affordable housing need in particular localities.

iv. How the prevailing market conditions will affect what and how much affordable housing will be sought.

5.20 Appendix D to the Core Strategy sets the ‘Performance Monitoring Framework’ for the Plan period. Monitoring indicator 5 is concerned with **Policy 7** (affordable housing) and sets a target of 50 affordable housing completions annually in Chorley over the Plan period. It goes on to note the trigger for review will be the “*shortfall of new affordable housing completions of more than 20% on a rolling three-year average*”. It is uncertain why such a low figure of just 50 dwellings was chosen to review the delivery of affordable housing, as this is not reflective of any of the annual needs identified in the various housing assessments¹².

Other Material Considerations

Emerging Central Lancashire Local Plan Issues and Options (2019) (CD7.02)

5.21 The emerging Central Lancashire Local Plan will cover the period 2021 to 2036 upon its adoption. An Issues and Options consultation was undertaken between November 2019 and February 2020.

5.22 The vision for the Plan is set out on pages 11 to 14 and notes that “*residents will have easy access to public services, good jobs and decent, high quality affordable homes.*”

¹² See Section 6.

5.23 The proposed objectives of the Plan are set out on page 13. Objective four is concerned with housing stating that Plan will seek to:

“Provide a mix of housing types and sizes to create healthy, vibrant, safe and sustainable communities that deliver the City Deal and meet the changing housing needs of Central Lancashire’s population, and support a range and variety of tenures alongside a range of family homes and any potential need for the Traveller community, with affordable housing delivery being a high priority” (my emphasis).

5.24 Section 3 deals with ‘Delivering Homes’ and highlights at paragraph 3.1 that “*affordable housing is a key priority, delivering new homes for social or affordable rent is essential to tackling inequality and improving the life chances of those who fall into homelessness, including young people and children.*” (my emphasis).

5.25 The section considers the overall approach to housing need over the Plan period but makes no specific references to affordable housing need. The consultation document does not seek any views on the wording of future policy or future level of needs.

Central Lancashire Affordable Housing Supplementary Planning Document (2012) – CD8.01

5.26 The SPD was adopted in October 2012 and is intended to provide advice on how the Council’s affordable housing policy is to be implemented.

5.27 Paragraph 11 explains that the SPD establishes the following:

- The cost at, and below which, housing is considered to be affordable;
- The mix of affordable housing tenures;
- Any specific spatial variations in the level and types of affordable housing; and
- Prevailing market conditions and impacts on viability.

5.28 Paragraph 14 details that the 2009 SHMA indicated that Chorley had an estimated annual shortfall of 723 affordable homes, the highest in the HMA.

5.29 It goes on at paragraph 16 to set out that data from the 2009 SHMA indicated that the highest demand from households in Chorley looking for social housing is for two- and three-bedroom accommodation and that the demand noted for one- and two-bedroom flats was limited and therefore developers are asked to reflect this.

5.30 The SPD reveals at paragraph 28 that the cost of affordable housing, whether rental levels of shared ownership costs, should be affordable to eligible tenants. It states that

in order to access market housing for purchase the cost of property should be no more than 3.5 times the gross household income for a single household or 2.9 times gross household income for a two-income household.

- 5.31 For market renting the threshold is 25% of gross household income and for shared equity rent and mortgage repayments should total no more than 25% of gross household income. It considers that any household falling below these thresholds is in need of affordable housing.

Corporate Documents

Chorley Sustainable Community Strategy 2010-2020 (CD8.06)

- 5.32 The Sustainable Community Strategy (SCS) identifies a series of priorities, amongst these is 'Pride in Quality Homes and Clean Communities' under which the long-term outcome of *"provision of quality affordable housing"* is identified.

Chorley Corporate Strategy 2019/20-2021/22 (CD8.07)

- 5.33 The Corporate Strategy provides a statement of what the Council aims to achieve over the next three years. The strategy sets out the Council's vision, priorities, and long-term outcomes for 2018/19 – 2020/21. It also set outs the priority activity to be delivered through the corporate projects and how they intend to measure success over the year ahead.
- 5.34 The Council's Corporate Strategy seeks to ensure delivery of *"high quality, affordable and suitable housing"* as a corporate priority. A measure of success will be 100 affordable homes delivered for the year 2019/2020.
- 5.35 The 100 affordable homes measure is not a recognised target in any strategic housing market assessment or housing needs study. In 2019/20 the Council delivered just 81 affordable homes¹³.

Chorley Housing Strategy 2019-2024 (CD8.08)

- 5.36 The Housing Strategy's overarching aim is to *"ensure that everyone in the borough is able to access affordable and good quality housing that suits their needs. The type of tenure and where someone lives will not mean they should have to accept poorer quality of less affordable accommodation"*.

¹³ See Appendix JS1 – FOI response dated 12.05.2020

- 5.37 The key priorities of the Strategy include “*securing quality across all housing tenures*”, “*preventing homelessness*” and “*supporting a balanced housing market*”.
- 5.38 Under the ‘Securing quality across all housing’ priority the Strategy is clear that having access to good quality, secure and sustainable housing is important in supporting individuals and communities to flourish. It goes on to report that “*conversely, studies have shown that poor housing leads to poorer health and an increased demand on public services*”.
- 5.39 The priority aims of this section of the Strategy includes to secure quality across all housing, regardless of the tenure.
- 5.40 Under the ‘Supporting a balanced housing market’ priority the Strategy explains that in 2017 Chorley was the fourth least affordable Borough across the whole of Lancashire for those wishing to purchase a property.
- 5.41 The principles of this priority outline that the Council will continue to facilitate and drive the delivery of affordable housing in the Borough.

Conclusions on the Development Plan and Related Policies

- 5.42 The adopted Development Plan in Chorley currently comprises the Chorley Local Plan (2015), and the Central Lancashire Core Strategy (2012).
- 5.43 The evidence set out in this section clearly highlights that within adopted policy and a wide range of other plans and strategies, providing affordable housing has long been established as, and remains, a key priority for Chorley Council.
- 5.44 Given the recognised shortfall in affordable housing across Chorley, the appeal proposals provide an affordable housing contribution which would contribute significantly towards addressing this key corporate priority.

Affordable Housing Needs in Chorley Borough

Section 6

Central Lancashire Strategic Housing Market Assessment (September 2009) (CD8.09)

- 6.1 The Strategic Housing Market Assessment (SHMA), used to inform the Core Strategy, was published in 2009. The SHMA used a combination of quantitative and qualitative methods in order to obtain the information required. The research drew upon a combination of primary research, telephone interviews and analysis of existing and emerging secondary data sources.
- 6.2 The SHMA covered the period between 2009 and 2014 with the Housing Market Area consisting of Preston, South Ribble and Chorley Councils. It found an estimated annual shortfall of 723 affordable homes in Chorley, compared to 397 in Preston and 660 in South Ribble. Chorley therefore has the highest shortfall across the HMA.

Central Lancashire Strategic Housing Market Assessment (September 2017) (CD7.25)

- 6.4 The 2017 SHMA covered the same HMA as the 2009 SHMA. It covers the period 2014 to 2034 and identified a net need for 12,402 affordable homes across the HMA, equivalent to 620 per annum across the 20 years from the SHMA base date of 2014 up to 2034.
- 6.5 When this is broken down to local authority level, the SHMA (Table 59) finds a total annual need for 645 net affordable homes in Chorley. Table 59 also identifies that the annual supply from existing stock is 498 homes, meaning there is an annual net need of 146 affordable homes.
- 6.6 In analysing the tenure split, the SHMA reported a need for 13% intermediate affordable homes and 87% social/affordable rented homes in Chorley.

Central Lancashire Housing Study (2020) – (CD8.11)

- 6.7 The Housing Study Final Report dated March 2020 addresses amongst other considerations the revised definitions of affordable housing set out in the NPPF (February 2019) and the affordable housing need of the three Central Lancashire Councils. Other considerations such as the overall housing need and the distribution

of housing need are addressed by the evidence of James Donagh (Barton Willmore) on behalf of the appellants.

- 6.8 Table 5.6 (estimated need for rented affordable housing per annum) finds that within Chorley in the 18-year period between 2018 and 2036 there is a net need for 132 rented affordable homes per annum. The overall need figure for Central Lancashire is 590 dwellings per annum.
- 6.9 Table 5.7 provides a comparison of affordable housing needs assessments with the 2017 SHMA, which found an overall need of 620 affordable homes per annum.
- 6.10 Crucially, at paragraph 5.22 the study identifies that, *“For the individual local authorities, the analysis in this report shows a slightly higher level of need in Chorley, but lower in the other two authorities. Regardless, both studies clearly demonstrate a substantial need for additional affordable housing and the Councils should seek to maximise delivery where opportunities arise”* (my emphasis).
- 6.11 In analysing affordable home ownership, the study found no net requirement for provision based upon identified needs and current supply.
- 6.12 However, this appears to be significantly qualified in paragraph 5.45 which states that, *“Given the analysis above, it would be reasonable to conclude, on the basis of the evidence, that in general terms there is no substantive need to provide housing under the new definition of ‘affordable home ownership.’ Overall whilst there are clearly some households in the gap between renting and buying, they in many cases will be able to afford homes below lower quartile housing costs. This said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (in terms of the ability to afford both a deposit and stamp duty) and low cost home ownership homes - and shared ownership homes in particular - will therefore continue to play a role in supporting some households in this respect¹⁴* (my emphasis).
- 6.13 Furthermore, the 2020 study identifies that, *“the evidence points to a clear and acute need for rented affordable housing from lower income households, and it is important that a supply of rented affordable housing – around 70% of which should reasonably be social rent - is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty”* (my emphasis).

¹⁴ Hence why the appeal proposal includes 30% Shared Ownership as part of the proposed Affordable Housing mix

Affordable Housing Delivery Chorley Borough

Section 7

Past Delivery of Affordable Housing in Chorley

7.1 Figure 7.1 demonstrates the delivery of housing and affordable housing in Chorley Brough over the 10-year period between 2009/10¹⁵ and 2018/19.

Figure 7.1: Housing and Affordable Housing Completions in Chorley Borough

Monitoring Period	Overall Housing Completions (Net)	Affordable Housing Completions (Net)	Affordable Housing as a %age of Overall Housing
2009/10	440	Data not available ¹⁶	Date not available
2010/11	527	173	33%
2011/12	552	170	31%
2012/13	638	183	29%
2013/14	582	129	22%
2014/15	723	165	23%
2015/16	579	85	15%
2016/17	517	87	17%
2017/18	661	172	26%
2018/19	573	202	35%
2019/20	640	81	13%
Total	6,432	1,447	22%

Source: Authority Monitoring Report (2018/19) and FOI Response (12.05.20)

7.2 Since 20010/11 there have been a total of 6,432 net overall housing completions and 1,447 net affordable housing completions, equivalent to an average of just 145 net affordable dwellings per annum.

7.3 There has been an average rate of 22% affordable housing delivery over the period; it should be noted however, these figures are based on the Council's definition of net

¹⁵ Start of the Core Strategy plan period

¹⁶ FOI response dated 12.05.20 confirms "data prior to 2010 is not available"

affordable housing completions as opposed to net impact on the availability of affordable housing stock, so does not provide a true picture of delivery (my emphasis).

7.4 This is because the Council's net completions data fail to take account of any losses to stock such as sales of affordable homes through the Right to Buy, Preserved Right to Buy or the Right to Acquire. The FOI dated 12 May 2020 confirms that the Council do not hold the information of the number of dwellings lost in the Chorley Council region from Right to Buy sales, Preserved Right to Buy sales, Voluntary Right to Buy sales and Right to Acquire sales. It cannot therefore represent a true picture of actual delivery of affordable homes to those in need.

7.5 This was acknowledged by the Inspector presiding over the appeal at land at the site of the former North Worcestershire Golf Club Ltd, Hanging Lane, Birmingham which was allowed in July 2019 (**CD10.12**). Paragraph 14.108 of the Inspector's Report sets out that:

"Mr Stacey's unchallenged evidence shows that only 2,757 new affordable homes were provided in the City over the first 6 years of the plan period. This represents less than half of the target provision and a net increase of only 151 affordable homes if Right to Buy sales are taken into account. On either measure there has been a very low level of provision against a background of a pressing and growing need for new affordable homes in Birmingham" (emphasis added).

7.6 This was later endorsed by the Secretary of State, who stated that the 800 family homes, including up to 280 affordable homes is a benefit of significant weight. Whilst the figures for Right to Buy sales or losses to the affordable housing stock are not known for Chorley, the delivery of affordable will not be as high as that reported in Figure 7.1 above.

Affordable Housing Delivery Compared to Affordable Housing Needs

7.7 The Central Lancashire SHMA (2017) found an annual net need of 146 affordable homes between 2014 and 2034. However, this has not been tested at Examination.

7.8 More recently, the Central Lancashire Housing Study (2020) found a need for 132 net rented affordable homes per annum in Chorley between 2018 and 2036, but in the same vein as the 2017 SHMA, it has also not been tested at Examination.

7.9 The only objectively assessed affordable housing need figure to have been tested at Examination is that of the 2009 SHMA which found a need for 723 net affordable homes per annum in Chorley between 2009 and 2014.

7.10 Comparative analysis of net completions since 2009 (notwithstanding that Affordable Housing data is not available prior to 2010) shows that a cumulative shortfall of -2,795 affordable homes had arisen by 2014/15 alone as illustrated by Figure 7.2. This is equivalent to an average annual shortfall of 559 affordable homes for the period the data is available. To put this another way 559 families who each year were in need of affordable housing were denied an opportunity to have their housing needs met.

Figure 7.2: Affordable Housing Delivery Compared to 2009 SHMA

Monitoring Period	2009 SHMA Affordable Housing Needs Per Annum (Net)	Affordable Housing Completions (Net)	Shortfall
2009/10	723	Data not available	Data not available
2010/11	723	173	-550
2011/12	723	170	-553
2012/13	723	183	-540
2013/14	723	129	-594
2014/15	723	165	-558
Totals	4,338	820	-2,795

Source: Authority Monitoring Report (2018/19); SHMA (2009)

7.11 In the period between 2015/16 and 2018/19 a total of just 546 net affordable homes were delivered, representing just a fifth of the shortfall identified in 2014/15 against the SHMA that has been tested at Examination. The four-year total of 546 is less than the average annual shortfall of 559.

7.12 Even when consideration is given to the needs identified in the 2017 SHMA (146 net per annum in Chorley between 2014 and 2034) a shortfall has still arisen against this substantially reduced requirement. This is shown in figure 7.3.

Figure 7.3: Affordable Housing Delivery compared to 2017 SHMA

Monitoring Period	2017 SHMA Affordable Housing Needs Per Annum (net)	Affordable Housing Completions (Net)	Shortfall
2013/14	146	129	-17
2014/15	146	165	+19
2015/16	146	85	-61
2016/17	146	87	-60
2017/18	146	172	+26
2018/19	146	202	+56
2019/20	146	81	-65
Total	1,022	921	-101

Source: Authority Monitoring Report (2018/19); SHMA (2017) and FOI dated 12.05.20

- 7.13 The already accrued shortfall of 101 affordable homes is equivalent to 69% of the annual need. If this shortfall was to be removed in the next 5 years (the PPG approach to removing backlog) the annual need would increase to 166¹⁷ affordable homes per annum.

Conclusions on Affordable Housing Demand in Chorley

- 7.14 There is an acute need for affordable homes in Chorley with the 2009 SHMA, which was tested at Examination, identifying a shortfall of 723 net affordable homes per annum between 2009 and 2014. Even when consideration is given to the substantially reduced needs figure of the 2017 SHMA, a shortfall in delivery has still arisen since the base period of the SHMA in 2014.
- 7.15 Critically this is based upon completions which fail to take account of losses to stock. In reality, the shortfall is likely to be considerably higher when Right to Buy, Preserved Right to Buy and Right to Acquire sales are considered.
- 7.16 In light of the identified level of need there can be no doubt in my mind that the delivery of up to 54 affordable dwellings on the proposed site will make an important contribution to the affordable housing needs of Chorley Borough and should be afforded nothing less than **substantial weight** in the determination of this appeal.

¹⁷ 101/5 + 146 = 166

Affordability Indicators

Section 8

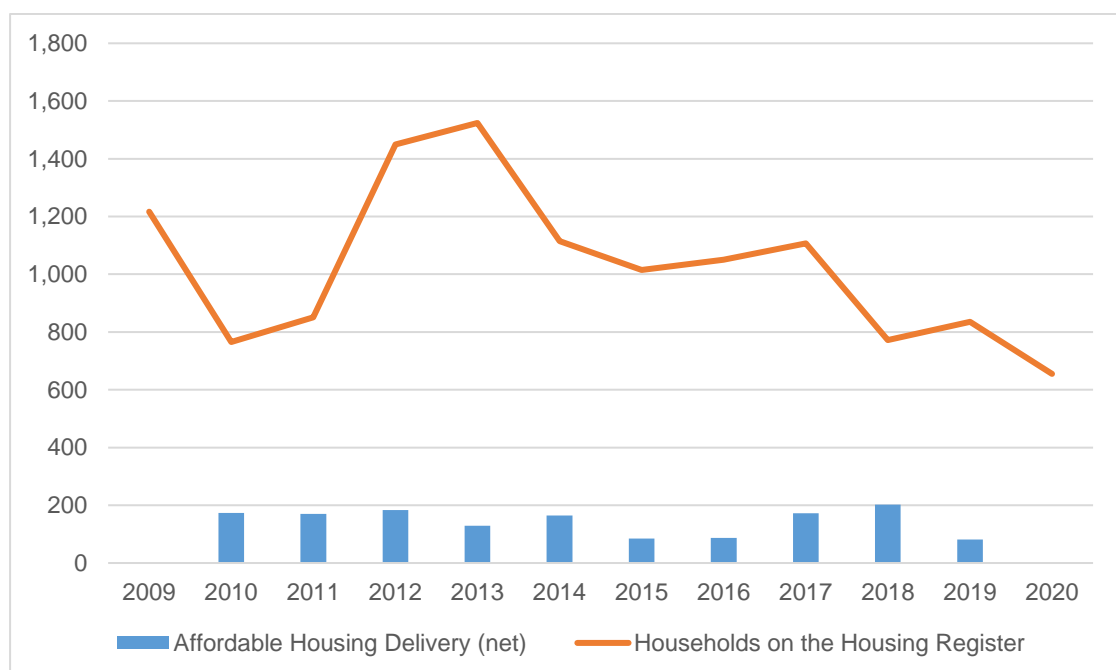
Market Signals

- 8.1 The PPG recognises the importance of giving due consideration to market signals as part of understanding affordability, albeit in the context of Plan making. Nevertheless, market signals are an important consideration in assessing the weight to be ascribed to the benefit of providing affordable housing.

Chorley Borough Housing Register

- 8.2 At 1 April 2020 there were a total of 655 households on the Council's Housing Register. Figure 8.1 provides a comparative analysis of the number of households on the Housing Register and net affordable housing delivery in the Borough since 1 April 2009 up to 1 April 2020.

Figure 8.1: Number of Households on the Housing Register Compared with Net Affordable Housing Delivery



Source: MHCLG Live Table 600 and FOI Response (12.05.20)

- 8.3 As Figure 8.1 clearly illustrates, affordable housing delivery has failed to keep pace with identified need on the housing register by a considerable margin for every single

year over the course of the past decade in Chorley. Affordable housing delivery is manifestly failing to address needs within the Borough.

- 8.4 The housing register is managed for the three Central Lancashire Councils by Select Move. In March 2013, the Council adopted a new Housing Allocations Policy, following changes brought in through the Localism Act 2011 which allowed local authorities to define their own criteria for those who can apply for affordable housing.
- 8.5 Further changes were introduced in 2018, with the publication of the Select Move Sub-Regional Choice Based Lettings Scheme Common Allocation Policy 2018. A copy of this is contained in **Appendix JS26**.
- 8.6 As a result of changes introduced by the Localism Act 2011, Local Housing Authorities have been able to set their own Housing Register criteria from June 2012. For many authorities this has meant excluding applicants already on the list who no longer meet their new narrower criteria but who were still in need of affordable housing. As mentioned earlier many of these were forced to meet their housing needs by entering the PRS.
- 8.7 On 11 March 2016 *Inside Housing* magazine reported that 159 English Councils have struck 237,793 people off their waiting lists and barred a further 42,994 new applicants since the Localism Act came into effect in June 2012. The Head of Policy at the Chartered Institute of Housing commented that the requirements “*generally aren’t good practice*” as they can be “*discriminatory depending on how long they’re applied*”.
- 8.8 Such an approach does not reduce the need for affordable housing but instead makes it even harder for those unable to access open market housing to find a suitable place to live, with even more at risk of homelessness.
- 8.9 The research suggests a surge in people removed or barred from waiting lists, which is much higher than the 113,000 found by *Inside Housing* in April 2014. The article acknowledges however that there have been 775 occasions since 2012 where a decision to remove an applicant from the waiting list or refuse access has been reversed after it was contested. A copy of the March 2016 article is included as **Appendix JS27**.
- 8.10 This was also recognised in the House of Commons Briefing Paper: Allocating Social Housing (June 2017) which analysed the impact of new allocations policies. It highlighted that “*there has been a reduction in the numbers of applicants registering on local authority housing waiting lists following the introduction of revised housing allocation schemes under the Localism Act 2011*”.

- 8.11 The Briefing Paper found that the reasons for these reductions were that “...*English local authorities had used powers to limit access to social housing by amending their allocation policies...*” and “...*the requirements generally aren’t good practice*” as they can be “*discriminatory depending on how long they’re applied*”.
- 8.12 Indeed, there have been several legal challenges to local authority allocation schemes since the 2011 Act came into force and Councils were “...*reportedly reviewing their allocation policies...*” following a High Court judgement which held that a council’s allocation policy indirectly discriminated against women and disabled and older people.
- 8.13 Such an approach does not reduce the need for affordable housing but instead makes it even harder for those unable to access open market housing to find a suitable place to live, with even more at risk of homelessness.
- 8.14 The ability of Local Authorities to set their own qualification criteria in relation to Housing Registers was recognised by the Planning Inspector presiding over an appeal at Oving Road, Chichester (**CD10.13**). In assessing the need for affordable housing in the District, and in determining the weight to be attached to the provision of affordable housing for the scheme which sought to provide 100 dwellings; the Inspector acknowledged that:
- “The provision of 30% policy compliant affordable houses carries weight where the Council acknowledges that affordable housing delivery has fallen short of meeting the total assessed affordable housing need, notwithstanding a recent increase in delivery. With some 1,910 households on the Housing Register in need of affordable housing, in spite of stricter eligibility criteria being introduced in 2013 there is a considerable degree of unmet need for affordable housing in the District. Consequently, I attach substantial weight to this element of the proposal”* (my emphasis).
- 8.15 A similar view was expressed in the July 2019 decision by the Inspector presiding over an appeal at Dylon International Premises in the London Borough of Bromley. Where the Inspector commented, “*Currently, there are some 3,477 households on the Council’s, heavily circumscribed, housing waiting list. For those accepted on the waiting list, there is an average wait time of 1.3-years for a one-bed home, 2.7-years for a 2-bed home and 2.6 -years for a 3-bed home.*”
- 8.16 The Inspector went on to conclude at paragraph 35 that “*very substantial weight attaches to the contribution of this scheme to the provision of market housing and particularly the pressing need for affordable housing*” (my emphasis).

- 8.17 Furthermore, in the recent appeal decision at Oxford Brookes University Campus at Wheatley, (CD 10.14) Inspector DM Young asserted that in the context of a lengthy housing register of 2,421 households *“It is sometimes easy to reduce arguments of housing need to a mathematical exercise, but each one of those households represents a real person or family in urgent need who have been let down by a persistent failure to deliver enough affordable houses”* (emphasis added). He went on to state that *“Although affordable housing need is not unique to this district, that argument is of little comfort to those on the waiting list”* before concluding that *“Given the importance attached to housing delivery that meets the needs of groups with specific housing requirements and economic growth in paragraphs 59 and 80 of the Framework, these benefits are considerations of substantial weight”*.
- 8.18 In the planning balance the Inspector stated that, *“The Framework attaches great importance to housing delivery that meets the needs of groups with specific housing requirements. In that context and given the seriousness of the affordable housing shortage in South Oxfordshire, described as “acute” by the Council, the delivery of up to 500 houses, 173 of which would be affordable, has to be afforded very substantial weight”*.
- 8.19 In determining the appeal, the Secretary of State concurred with these findings, thus underlining the importance of addressing needs on the Housing Register, in the face of acute needs and persistent under delivery
- 8.20 It is important to note that the Housing Register is only part of the equation relating to housing need. The housing register does not constitute the full definition of affordable housing need as set out in the NPPF – Annex 2 definitions i.e. affordable rented, starter homes, discounted market sales housing and other affordable routes to home ownership including shared ownership, relevant equity loans, other low cost homes for sale and rent to buy, provided to eligible households whose needs are not met by the market.
- 8.21 There is no “Housing Register” for households who do not meet the Council’s qualification criteria for social or affordable rented dwellings but still need assistance with their accommodation because they cannot afford a property on the open market. Intermediate housing is an important part of the affordable housing needs of the Borough, however there is no Housing Register for those needing an intermediate or shared ownership dwelling.
- 8.22 In short there remains a group of households who fall within the gap of not being eligible to enter the housing register but who also cannot afford a market property and

as such are in need of affordable housing. It is those in this widening affordability gap who, I suggest, the Government intends to assist by increasing the range of affordable housing types in the new NPPF.

- 8.23 The Franklands Drive Secretary of State appeal decision in 2006 (**CD10.22**) underlines how the Housing Register is a limited source for identifying the full current need for affordable housing. At paragraph 7.13 the Inspector drew an important distinction between the narrow statutory duty of the Housing Department in meeting priority housing need under the Housing Act, and the wider ambit of the planning system to meet the much broader need for affordable housing.
- 8.24 As such the number of households on the Housing register will only be an indication of those in priority need and whom the Housing Department have a duty to house. But it misses thousands of households who are in need of affordable housing, a large proportion of whom will either be living in overcrowded conditions with other households or turning to the private rented sector and paying unaffordable rents.

Private Rental Market in Chorley Borough

- 8.25 The average lower quartile monthly rent in Chorley Borough in 2018/19 was £475¹⁸ pcm. This represents a 6% increase from the figure reported in 2013/14¹⁹ where average lower quartile monthly rents stood at £450 pcm.
- 8.26 The 2018/19 figure for Chorley Borough also exceeds the average for the North West region which stood at £450 pcm over the same period.

Average House Prices in Chorley Borough

- 8.27 The National Housing Federation (NHF) produce an annual report for each of the regions in England, looking at various elements of the housing market across each area.
- 8.28 The 2018/19²⁰ Home Truths report (**Appendix JS28**) for the North West reported that the ratio of average house prices to average incomes in Chorley stood at 7.0 in 2017/18. This means that average house prices in Chorley are seven times average incomes.
- 8.29 The NHF also reported that in 2017/18 an income of £44,363 per annum would be required in order to obtain an 80% mortgage²¹ in Chorley. This represents a 22%

¹⁸ Valuation Office Private Rental Market Statistics

¹⁹ When current records began

²⁰ Covering the year 2017/18

²¹ Based on 3.5 x income multiples

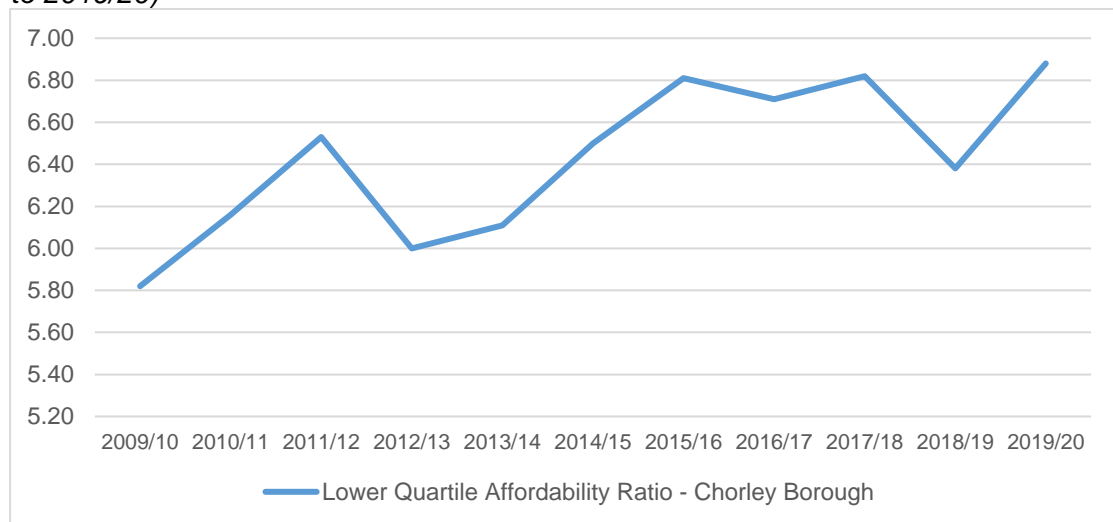
increase since the first NHF Home Truths North West report was produced in 2011/12²² (**Appendix JS29**) where the figure stood at £36,234 per annum.

- 8.30 By comparison the average annual earnings in the Borough in 2017/18 were £28,085²³, a 38% increase from 2010/11 where the figure stood at £20,405. In terms of house prices themselves, the NHF reported that the average house price within Chorley in 2017/18 was £194,086, a 15% (£169,091) increase since 2010/11.

Lower Quartile House Prices in Chorley Borough

- 8.31 For those seeking a lower quartile priced property (typically considered to be the ‘more affordable’ segment of the housing market), the ratio of lower quartile house price to incomes in Chorley Borough stands at 6.88, a 10% increase since the start of the plan period where it stood at 5.82. This is the highest on record as illustrated by figure 8.2.
- 8.32 It should also be noted that by comparison, over the same period the lower quartile house price to income ratio for the North West region has decreased by 4% from 4.95 in 2009/10 to 4.67 in 2019/20.

Figure 8.2: Ratio of Lower Quartile Incomes to Earnings in Chorley Borough (2009/10 to 2019/20)



Source: ONS Ratio of House Price to Work-place Based Earnings Table 6C

- 8.33 This means that those on the lowest incomes in the Borough, seeking to purchase a home in the lower end of the property market, now need to find almost seven times their annual income to do so.

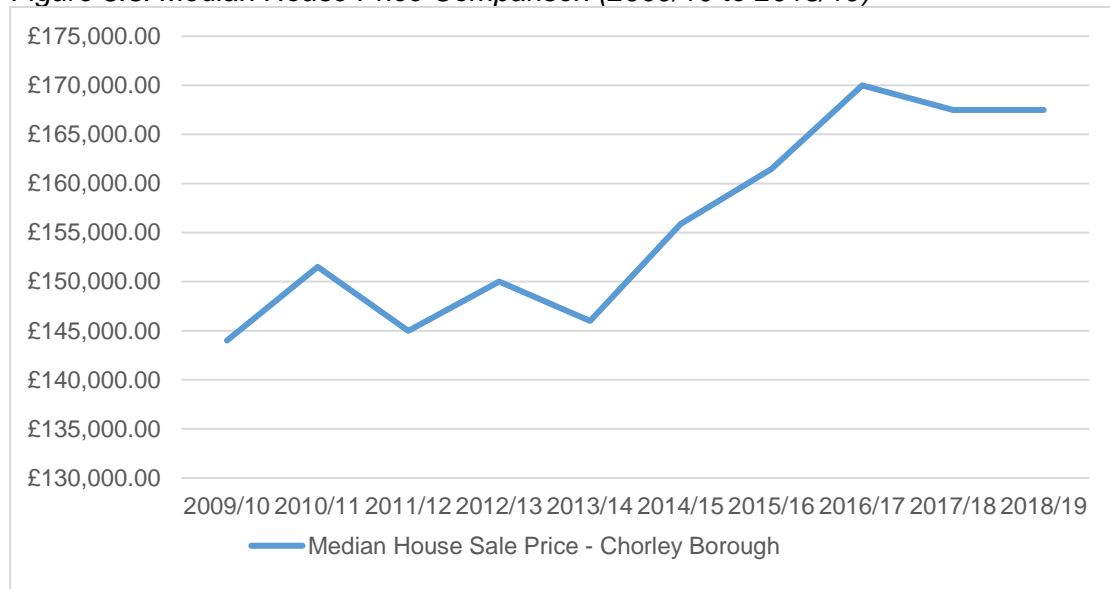
²² Utilising 2010/11 data

²³ Based on Valuation Office Agency data

Market Conditions in Chorley Borough and Euxton

8.34 Figure 8.3 illustrates the median house sale prices for Chorley Borough and demonstrates that they have increased dramatically in the period between the start of the plan period in 2009/10 and 2018/19.

Figure 8.3: Median House Price Comparison (2009/10 to 2018/19)



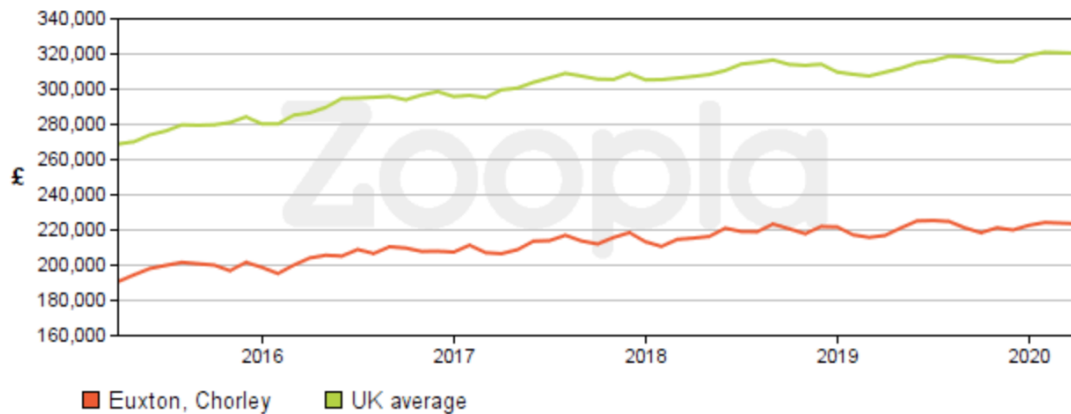
Source: ONS Dataset 9. Median price paid for administrative geographies

8.35 Data taken from Zoopla²⁴ indicates that the average price paid for a home in Euxton over the past 12 months ranged from £147,515 for a terraced property, £167,350 for a semi-detached property and £295,982 for a detached property.

8.36 Figure 8.4 illustrates that average property prices in Euxton, whilst lower than the national average, have broadly increased at the same rate.

²⁴ <https://www.zoopla.co.uk/market/euxton/?q=Euxton%2C%20Lancashire> [Accessed 19 May 2020]

Figure 8.4: Average Property Prices in Euxton Compared to UK Average (2016 to 2020)



Source: <https://www.zoopla.co.uk/market/euxton/?q=Euxton%2C%20Lancashire> [Accessed: 19 May 2020]

Conclusions on Affordability Indicators

- 8.37 As demonstrated through the analysis in this section, affordability in the Borough has been and continues to be, in crisis. House prices and rent levels in both the average and lower quartile segments of the market are increasing whilst at the same time the stock of affordable homes is failing to keep pace with the level of demand. This only serves to push buying or renting in Chorley out of the reach of more and more people.
- 8.38 Analysis of market signals is critical in understanding the affordability of housing. It is my opinion that there is an acute housing crisis in Chorley Borough, with an average house price to average income ratio of seven.
- 8.39 Market signals indicate a worsening trend in affordability in Chorley and within Euxton, and by any measure of affordability, this is a Borough in the midst of an affordable housing crisis, and one through which urgent action must be taken to deliver more affordable homes.

Response to LPA's Statement of Case

Section 9

9.1 The LPA set out several matters in relation to the need for affordable housing in their Statement of Case (SoC). These relate to:

- Sufficient land has been allocated for housing and has a number of permissions in Euxton on allocated sites;
- The appeal scheme is delivering 54 affordable dwellings which is not in excess of the requirement in Core Strategy Policy 7 (page 78) which sets down the approach to the delivery of affordable and special needs housing;
- The number of local preferences; and
- No need to deliver the site now.

9.2 Paragraph 6.42 of the LPA SoC indicates that, *“The Council considers, moreover, that sufficient land has been allocated for housing in Euxton in the Local Plan in accordance with Core Strategy Policies 1 and 4 (pages 50-51 and page 71) and has granted a number of permissions in Euxton on allocated sites. The latest planned/completed development on housing allocations in Euxton is as follows:*

- a. HS1.39 – planning permission granted for 140 dwellings – under construction;*
- b. HS1.40 – planning permission granted for 51 affordable dwellings – not started;*
- c. HS1.41 – 12 dwellings – completed; and*
- d. HS1.42 – planning permission granted for 36 affordable dwellings – not started.*

9.3 It goes on to say, *“there is no need to deliver this site now. Rather, it should await the evaluation and outcome of the Central Lancashire Local Plan Review process. Accordingly, provision of market housing generally is not a material consideration which justifies the early release of this site.”*

9.4 In respect of the affordable housing benefits, the listed sites will not fully provide for all the people remaining in need of an affordable home in Euxton, and it is important to consider them individually and cumulatively. **Appendix JS30** sets out the likely

affordable housing delivery the next 5 years, based on the Council's most recent Five Year Housing Supply Statement (2020).

- 9.5 In respect of HS1.39 the benefit to those households remaining in need of an affordable home is limited. This is because there are only 26 homes left to be built at 1st April 2020. Furthermore, the planning permission only required 25.3% of the affordable housing to be provided on site. There was a Section 106 Agreement securing a financial contribution equivalent to 4.7% for off-site provision. This amounted to a sum of £600,000.
- 9.6 The actual additional contribution this site will make to the availability of affordable housing is also minimal, due to a clause in the S106 Agreement, which requires that no more than 85% of open market units to be occupied until 100% of the affordable housing is provided. 85% of the permitted open market is 89 homes. So, for instance, if all the affordable housing had been provided this would be an additional 35 units, bringing the total to 124. However, given that to date 114 have been built, the maximum affordable housing contribution left would be 10 of the 26 dwellings left to be built. The position on site maybe that all the affordable housing units have been already provided in the 114 built to date.
- 9.7 It is accepted that 87 affordable houses on sites HS1.40 and HS1.42 remain to be built and are likely to come forward in the next 5 years. However, site HA1.41 for 12 dwellings does not assist those in need for affordable housing for two reasons. Firstly, the site is below the threshold for requiring affordable housing and secondly the development is complete. I comment further on the need for housing in Euxton below at paragraph 9.11.
- 9.8 At paragraph 6.44 of their SoC the Borough Council boldly state, "*There is no need for this development to come forward for affordable housing to be provided...., as at 26/06/19 there were 868 people on the Housing Register of which only 34 selected Euxton as their preferred location. Of these only 18 had a local connection to Euxton.*" However, the FOI response dated 12 May 2020 reveals that the number of households on 1 April 2020, who selected Euxton as their preferred location, was in fact 180 households. This is a 429% increase above the figure relied upon by the Council.
- 9.9 The FOI further reveals that of the 180 households, 124 have an established local connection to the wider Chorley Borough and out of the 124, 17 currently reside in Euxton (and would qualify based on a local connection of residence). Although, critically, the FOI response goes on to reveal that, "the 107 households who currently do not live in Euxton may still have a local connection through family, employment or

previous residence but this information is not available and would be something what would be checked by the social landlords at the point of offer”.

- 9.10 Evidently, the information in the SoC seems to somewhat underplay the significance of the wider local connections and in my opinion thereby misinforms the Inquiry. This is because not least there are 180 who have expressed Euxton as their preferred choice of location and there are 124 who have a local connection with Euxton. This is in stark contrast to the figures of 34 and 18 presented in paragraph 6.44 by the Council.
- 9.11 Therefore, in contrast to the Council’s claim that the site is not needed, I consider that there is a great and pressing need for more affordable homes in Euxton to meet the needs identified in the FOI response. The appeal site will also contribute to the Borough wide needs. The crucial consideration is that the Council can be assured that all the 56 affordable homes on the appeal site will be occupied by households who meet the Council’s qualification criteria.
- 9.12 At paragraph 6.43 of their SoC the Council appear to denigrate the affordable housing offer as being merely policy compliant, indicating that, *“The appeal scheme is delivering 54 affordable dwellings however, this is not in excess of what is required by Core Strategy Policy 7 (page 78) which sets down the approach to the delivery of affordable and special needs housing”*.
- 9.13 The failure by the Council to acknowledge the benefits of affordable housing has been considered at a previous appeal, where I gave evidence. Inspector Kevin Ward in July 2015 considered (and subsequently allowed) an outline planning permission for the erection of up to 90 dwellings with vehicular access on to Hollybush Lane and associated public open space, landscaping and drainage work on land at Firlands Farm, Hollybush Lane, Burghfield Common, Reading, Berkshire.
- 9.14 At paragraphs 57 and 58 Mr Ward identified separately the issues of new housing delivery and affordable housing delivery, indicating the following;
- “57. The proposal would make a significant contribution to the supply of new housing, helping to meet the needs of Burghfield Common, the East Kennet Valley and the District as a whole. This is particularly important given my findings in relation to the inadequacy of housing land supply. It would provide 40% affordable housing (36 dwellings), a significant contribution towards meeting needs in the area. The new housing would be well related to services and facilities within the village and help to sustain them. The revised proposal would also include the provision of substantial additional public open space in the form of a village green. I consider that the social*

benefits of the proposal would therefore be significant. As discussed above, I do not consider that the appeal proposal would undermine the plan making process in relation to the HSADPD. In addition, the fact that the proposal was subject to significant local opposition is not in my view a factor which is specifically relevant to the assessment of sustainable development. The preferred option sites are themselves subject to substantial local objection.”

9.15 Mr Ward identified that new housing would make a significant contribution and separately that affordable housing would similarly make a significant contribution.

9.16 Furthermore, at Paragraph 58 Mr Ward identified that the individual benefits of a scheme are not transferable, as each development should be considered on its own merits. Mr Ward indicated that:

“58. Whilst it may be that similar economic and social benefits could be achieved from other sites including the preferred option sites, I do not consider that this is relevant to the assessment of whether the particular proposal before me represents sustainable development in its own right.”

9.17 The context of this decision is in relation to a previously determined appeal at Mans Hill also located within Burghfield Common. Mr Ward set out his comments in relation to the distinction between the two appeals at paragraphs 70 and 71, which I set out below:

“70. I have given careful consideration to the decision of the Inspector who dealt with the appeal at Mans Hill. It is worth emphasising that in that case the Inspector was considering a noticeably larger proposal adjoining a different part of the village. Whilst I have approached the issue of housing land requirements and supply from a different perspective, I reach the same conclusion that Policy HSG.1 of the Local Plan should not be considered up to date and the proposal should be assessed in the light of Paragraph 14 of the NPPF.

71. As explained above I take a different view as to the weight to be given to the emerging HSADPD and do not consider that the particular proposal before me would undermine the plan making process. I have also taken a different view of the weight to be attached to social and economic benefits as I consider that the proposal should be assessed in its own right in terms of sustainable development. Notwithstanding this, it is clear that the Inspector in the Mans Hill case had significant concerns regarding the adverse effect on the character and appearance of the area. I do not share such concerns in relation to the proposal before me.”

- 9.18 As can be seen in relation to his comments at paragraph 58 it is for each case to be considered on its individual merits. The Mans Hill appeal is contained in **CD10.20** and Firlands Farm as **CD10.21**.
- 9.19 A further appeal also reveals this is the wrong approach. For instance, in assessing the overall planning balance of an appeal in South Gloucestershire (**CD10.05**), Inspector Nick Fagan held that:
- “The fact that the much needed affordable housing and custom-build housing are elements that are no more than that required by policy is irrelevant – they would still comprise significant social benefits that merit substantial weight.”* (paragraph 61) [my emphasis).
- 9.20 In my opinion Policy 7 of the Core Strategy is drafted as a benefit of the proposal, it is not drafted in mitigation or to ward off a harm. The fact that the appeal offer is policy compliant is not a reason to reduce the weight given to affordable housing in the planning balance.
- 9.21 Lastly, the Council claim there is no need to deliver the site now. However, the future delivery of Affordable Housing in Chorley is highly uncertain. As can be seen in Figure 7.1, past delivery has fluctuated considerably. The delivery of a higher number of affordable homes one year does not guarantee this will continue for future years. The supply of affordable housing is affected by the local market factors, including the number of sites with planning permission and wider national factors including availability of public funding.
- 9.22 The Council produced its latest five-year housing land supply (5YHLS) statement in March 2020. Analysis contained in **Appendix JS30** reveals that the Council will secure between April 2020 and March 2015 affordable housing dwellings from either allocated sites with planning permission, allocated site without planning permission or windfall sites.
- 9.23 Based on my analysis, **Appendix JS30** identifies that the Council’s likely supply from allocated sites with planning permission is 178 affordable homes, 47 from allocated sites without planning permission and 58 from windfalls. This is a total of 283 affordable homes or 57 a year.
- 9.24 **Appendix JS30** also identifies that the appellants’ likely supply is slightly less with 171 coming from allocated with planning permission, zero from allocated sites without planning permission (site delivery is disputed by Gladman Developments) and 58 from Windfalls. This equates to 236 affordable homes or 47 a year.

- 9.25 The Council appears to have committed to an average of around 57 net affordable dwellings per annum on site over the next five years. This figure falls substantially short of the Council's annual affordable housing requirement of 146 net affordable dwellings in the 2017 SHMA and the 132 identified in the recent 2020 Housing Study by Icenl.
- 9.26 Furthermore, compared to the average delivery of 145 net dwelling in the past 10 years, is reasonable to conclude the affordable housing supply in Chorley has collapsed.
- 9.27 It is important to note that over £3.6 million in off-site affordable housing contributions have also been collected in the 5YHLS in lieu of providing affordable housing onsite.
- 9.28 However, given the recently published Government consultation (August 2018) on the "*Use of receipts from Right to Buy sales*" attached as **Appendix JS31**, the impact on annual delivery is minimal. The consultation indicates that the cost of building an affordable home in the North West to be £122,000. Therefore, based on the total £3,608,726 collected this would only delivery an additional 30 affordable homes or just 6 a year, if all were delivered in the next 5 years.
- 9.29 Consequently, based on the best case for the Council it would appear just 63 affordable homes a year could be delivered for the next five years. This is significantly under half the needs identified in the two most recent housing studies. As such, I disagree with the Council's statement. The appeal site is very much needed now.

The Weight to be Attributed to the Proposed Affordable Housing Provision

Section 10

10.1 The Government attaches weight to achieving a turnaround in affordability to help meet affordable housing needs. The revised NPPF (2019) is clear that the Government seeks to significantly boost the supply of housing.

The Need for Affordable Housing

10.2 The National Housing Strategy sets out that a thriving housing market that offers choice, flexibility and affordable housing is critical to our social and economic wellbeing.

10.3 The adopted Development Plan in Chorley currently comprises the Chorley Local Plan (2015), and the Central Lancashire Core Strategy (2012). The evidence clearly highlights that within adopted policy and a wide range of other plans and strategies, providing affordable housing has long been established as, and remains, a key priority for Chorley Council.

10.4 There is an acute need for affordable homes in Chorley with the 2009 SHMA, which was tested at Examination, identifying a shortfall of 723 net affordable homes per annum between 2009 and 2014.

10.5 Critically this is based upon net completions which fails to take account of losses to stock. In reality, the shortfall is likely to be considerably higher when Right to Buy, Preserved Right to Buy and Right to Acquire sales are considered.

10.6 Comparative analysis of net completions since 2009 shows that a shortfall of -2,795 affordable homes had arisen by 2014/15 alone.

10.7 Even when consideration is given to the needs identified in the 2017 SHMA, (146 net per annum in Chorley between 2014 and 2034) a shortfall of 101 affordable homes has still arisen since the base period of the SHMA in 2014.

10.8 Given the recognised shortfall in affordable housing across Chorley, the appeal proposals provide an affordable housing contribution which would contribute significantly towards addressing this key corporate priority.

- 10.9 The Council's record of past delivery should be viewed in the context of the fact that at 1 April 2020 there were a total of 655 households on the Housing Register with an identified affordable housing need within the Borough. With over 25% (27.5%) of the register expressing a preference for a home in Euxton. It is important to remember that these are real people, in real need, now.
- 10.10 The acute level of affordable housing need will detrimentally affect the ability of people to lead the best lives they can. The National Housing Strategy requires urgent action to build new homes, acknowledging the significant social consequences of failure to do so.
- 10.11 In addition to the shortfall in delivery against the objectively assessed need for affordable housing identified in the SHMA, other indicators further point to an affordability crisis in the Borough. Affordability in the Borough has been and continues to be, in crisis. House prices and rent levels in both the average and lower quartile segments of the market are increasing whilst at the same time the stock of affordable homes is failing to keep pace with the level of demand. This only serves to push buying or renting in Chorley out of the reach of more and more people.
- 10.12 Future delivery appears to have collapsed with just 63 homes per annum likely to come forward for each of the next 5 years.
- 10.13 Analysis of market signals is critical in understanding the affordability of housing. It is my opinion that there is an acute housing crisis in Chorley Borough, with an average house price to average income ratio of seven.
- 10.14 Market signals indicate a worsening trend in affordability in Chorley and within Euxton, and by any measure of affordability, this is a Borough in the midst of an affordable housing crisis, and one through which urgent action must be taken to deliver more affordable homes.
- 10.15 This demonstrates an acute need for affordable housing in Chorley Borough and one which the Council and decision makers need to do as much as possible to seek to address. Indeed, they are required to do so, and proactively, by the revised NPPF (2019).

Weight to be Afforded to the Proposed Affordable Housing

- 10.16 The NPPF (2019) is clear at paragraph 31 that policies should be underpinned by relevant up-to-date evidence which is adequate and proportionate and takes into account relevant market signals

- 10.17 Paragraph 59 of the NPPF sets out the Governments clear objective of “*significantly boosting the supply of homes*” with paragraph 60 setting out that in order to “*determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment*”. The NPPF requires local authorities at paragraph 61 to assess and reflect in planning policies the size, type and tenure of housing needed for different groups, “*including those who require affordable housing*”.
- 10.18 The Council failed to meet the identified needs in the 2009 SHMA every year, over the five-year period between 2009/10 and 2014/15. With just 820 net affordable housing completions at an average of 164 a year, compared to an annual need of 723. The shortfall was enormous at 2,795 affordable homes. Furthermore, average delivery since 2013/14 has fallen to 140 affordable homes a year over the 6 years. Whilst the annual requirement is significantly lower at 146 affordable homes there is nevertheless an on-going annual shortfall of 101 affordable homes in the seven year period. The evidence clearly demonstrates that there has been a persistent under delivery of affordable homes to meet identified needs and demand across the Borough.
- 10.19 The projected future delivery in **Appendix JS30** does not appear to provide the answer to the 655 households in need of an affordable home. The Current shortfall will continue to grow over the next five years, unless more affordable homes are permitted.
- 10.20 Against this scale of need and poor prospects for early resolution, there can be no doubt in my mind that the provision of up to 54 affordable homes on the appeal site should be afforded nothing less than **substantial weight** in the determination of this appeal.

Relevant Secretary of State and Appeal Decisions

- 10.21 The importance of affordable housing as a material consideration has been reflected in a number of Secretary of State (SoS) and appeal decisions. Of particular interest is the amount of weight which has been afforded to affordable housing relative to other material considerations. Brief summaries are outlined below, and the full decisions are included as Core Documents.

Appeal Decision: Leasowes Road and Laurels Road, Offenham (February 2014) **– CD10.15**

- 10.22 This application sought permission for the development of 50 dwellings. The proposal included the provision of 40% affordable housing which was in line with the emerging South Worcestershire Development Plan requirements.

10.23 The Inspector noted at paragraph 37 that the proposal would accord with the aims of the Framework to boost the supply of housing, whilst the provision of 40% of this total as affordable housing is another material consideration in support of the appeal. The Inspector noted at paragraph 38 that the scheme would help meet the housing needs of present and future generations, both for market and affordable housing and that in his view these considerations carry “*great weight*” in favour of the proposal as they contribute significantly towards the national economic and housing agendas (Inspector’s Report, page 8).

10.24 The Inspector concluded that the proposal would make a strategic contribution towards addressing the shortfall of housing, and especially affordable housing, within the District.

Secretary of State Decision: Pulley Lane, Droitwich Spa (July 2014) – CD10.23

10.25 The Inspector recognised that the contribution of the scheme in meeting some of the affordable housing deficit in the area cannot be underestimated (Inspector’s Report, Page 89). The Inspector set out under paragraph 8.123 of their Report that:

“The SOS should be aware that a major plank of the Appellant’s evidence is the significant under provision of affordable housing against the established need Figure and the urgent need to provide affordable housing in Wychavon. If the position in relation to the overall supply of housing demonstrate a general district-wide requirement for further housing, that requirement becomes critical and the need overriding in relation to the provision of affordable housing. The most recent analysis in the SHMA (found to be a sound assessment of affordable housing needs) demonstrates a desperate picture bearing hallmarks of overcrowding, barriers to getting onto the housing ladder and families in crisis.”

10.26 The Inspector continued under paragraph 8.123 of his report to state that “*the SHMA indisputably records that affordability is at crisis point. Without adequate provision of affordable housing, these acute housing needs will not be met. In terms of the NPPF’s requirement to create inclusive and mixed communities at paragraph 50, this is a very serious matter. Needless to say, these socially disadvantaged people were not represented at the Inquiry.*”

10.27 The level of significance attached to affordable housing provision was addressed through paragraph 8.124 of the Inspectors Report where he stated that:

“These bleak and desperate conclusions are thrown into even sharper focus by an examination of the current circumstances in Wychavon itself. Over the whole of the

District's area, there is presently a need for 268 homes per annum. These are real people in real need now. Unfortunately, there appears to be no early prospect of any resolution to this problem...Given the continuing shortfall in affordable housing within the District, I consider the provision of affordable housing as part of the proposed development is a clear material consideration of significant weight that mitigates in favour of the site being granted planning permission” (Inspectors Report, page 111).

10.28 This statement is supplemented at paragraph 8.125 by the Inspector considering that *“from all the evidence that is before me the provision of affordable housing must attract very significant weight in any proper exercise of planning balance.”*

10.29 The Secretary of State concluded that both schemes delivered *“substantial and tangible”* benefits, including the delivery of 40% *“much needed”* affordable housing.

Appeal Decision: Land North of Upper Chapel, Launceston (11 April 2014) – CD10.16

10.30 At paragraph 51 the Inspector noted that *“irrespective of whether the five-year housing land supply figure is met or not, NPPF does not suggest that this has be regarded as a ceiling or upper limit on permissions. On the basis that there would be no harm from a scheme, or that the benefits would demonstrably outweigh the harm, then the view that satisfying a 5 year housing land supply figure should represent some kind of limit or bar to further permissions is considerably diminished, if not rendered irrelevant”*.

10.31 The Inspector acknowledged at paragraph 41 that the appeal proposal would have a very significant social role in bringing forward 40 affordable housing units, noting that there was an acute shortage of affordable housing in Launceston. The Inspector also noted that the need for additional affordable housing was all the greater having regard to other sites negotiating lower proportions of affordable housing in lieu of other planning obligation contributions.

10.32 At paragraph 52 of their report, the Inspector considered that *“there is an acknowledged acute need for affordable housing in this locality and the proposed scheme would bring forward 40 affordable units. This has to be a substantial benefit of the scheme.”* (my emphasis). In concluding the Inspector found that the benefits of the proposals outweighed the small degree of policy conflict.

Appeal Decision: Land adjacent to Cornerways, High Street, Twyning, Tewkesbury (July 2015) – CD10.17

10.33 The appeal was in respect of a proposed development of 58 dwellings with 36% affordable housing in Tewkesbury Borough Council administrative area.

10.34 In allowing the appeal the Inspector commented at paragraph 63 of their report that:

“Mr Smith agreed that the delivery of 21 affordable dwellings is a social benefit of the proposal to which it was appropriate to give substantial weight. There is a great deal of unchallenged evidence before the Inquiry to demonstrate that there is a housing crisis in this country that manifests itself in this Borough in terms of an acute shortage of affordable housing. Table 7.16 of the Strategic Housing Market Assessment [SHMA] Update [CDA17] identifies that the net annual need for affordable housing in Tewkesbury is 587 dwellings. This is more than twice the equivalent figure for the neighbouring District of Wychavon, despite the fact that Tewkesbury’s population is little more than two thirds of that in Wychavon. The Inspector in the Wychavon appeal found that the provision of affordable housing in that case: “...is a clear material consideration of significant weight that mitigates in favour of the site being granted planning permission”; the Secretary of State agreed. Given the much larger quantum of identified need in Tewkesbury and the magnitude of the accumulated shortfall in affordable housing delivery, it would be appropriate to attribute very substantial weight to this important benefit of the proposal” (my emphasis).

Appeal Decision: Oldmixon Road, Weston-super-Mare (10 April 2017) – CD10.18

10.35 The appeal proposals made provision for 150 dwellings of which 30% (45 dwellings) would be provided as affordable housing. Paragraph 92 of the Inspectors report acknowledged that the Sustainable Community Strategy “recognises that one of the main challenges is the growing number of people seeking social housing in the area” and that “it is apparent that the need for more affordable housing in North Somerset has been, and continues to be, an issue of concern.”

10.36 The Inspector went on at paragraph 94 to note the 3,608 households on the Housing Register at 1 April 2016 with paragraph 95 referring to the fact that the average waiting time for an affordable home in North Somerset was 735 days. In addition to which reference was drawn to the 34% increase in homelessness, high levels of affordability ratios and 32% house price increase over the past five years. Following on from this at paragraph 96 he found that “the need in the district is glaring with a significant number of people having bleak housing prospects for the foreseeable future”.

10.37 Furthermore, the Inspector made clear at paragraph 97 that *“although the Council sought to undermine the veracity of the affordable housing obligation, in the absence of a viability appraisal, nothing of any substance was placed before me. It is also telling that the appellant has not considered the 30% contribution to be unrealistic on the grounds of lack of viability”*.

10.38 Paragraph 101 set out that the Inspector *“remain[ed] content to afford substantial weight to the benefit arising from the market and affordable homes which the scheme would deliver”*.

Appeal Decision: Land at the Corner of Oving Road and A27, Chichester (August 2017) – CD10.13

10.39 Within the consideration of the appeal which sought to provide 100 dwellings to the east of Chichester, the Planning Inspector acknowledged the provisions of the Localism Act 2011 which allowed for Local Housing Authorities to set their own set of qualification criteria in order to register on the respective housing waiting lists.

10.40 As discussed, Local Housing Authorities such as Chichester used these freedoms to generate a more rigid set of requirements, which inevitably resulted in a reduction on those on housing waiting lists. However, whilst this was acknowledged by the Inspector, it was noted at Paragraph 63:

“Moreover, the provision of 30% policy compliant affordable houses carries weight where the Council acknowledges that affordable housing delivery has fallen short of meeting the total assessed affordable housing need, notwithstanding a recent increase in delivery. With some 1,910 households on the Housing Register in need of affordable housing, in spite of stricter eligibility criteria being introduced in 2013 there is a considerable degree of unmet need for affordable housing in the District. Consequently, I attach substantial weight to this element of the proposal.” (my emphasis).

10.41 The recognition by the Inspector presiding over the Chichester appeal highlights the impact of the freedoms brought by the Localism Act 2011, and the significant reduction in those households on Councils’ Housing Registers. The Inspector’s comments acknowledged that there is a wider cohort that have been wiped off such waiting lists as a result of the changes, and in my opinion, are still in desperate need for affordable housing. The appeal was allowed on 18 August 2017.

Appeal Decision: Land east of Park Lane, Coalpit Heath, South Gloucestershire (September 2018) – CD10.05

10.42 Paragraph 61 of the decision states that “*there are three different components of the housing that would be delivered: market housing, affordable housing (AH) and custom-build housing (CBH). They are all important and substantial weight should be attached to each component for the reasons raised in evidence by the appellants, which was not substantively challenged by the Council, albeit they all form part of the overall housing requirement and supply. The fact that the much-needed AH and CBH are elements that are no more than that required by policy is irrelevant – they would still comprise significant social benefits that merit substantial weight” (my emphasis).*

Appeal Decision: Land at Dylan, Bromley (July 2019) – CD10.19

10.43 As referred to already, in this July 2019 decision the inspector presiding over an appeal at Dylan International Premises in the London Borough of Bromley commented in his decision at paragraph 33 that “*Currently, there are some 3,477 households on the Council’s, heavily circumscribed, housing waiting list. For those accepted on the waiting list, there is an average wait time of 1.3-years for a one-bed home, 2.7-years for a 2-bed home and 2.6 -years for a 3-bed home.*”

10.44 The Inspector went on to conclude at paragraph 35 that “*very substantial weight attaches to the contribution of this scheme to the provision of market housing and particularly the pressing need for affordable housing*” (my emphasis).

Appeal Decision: Oxford Brookes University, Wheatley Campus, College Close, Wheatley, Oxford (23 April 2020) – CD10.14

10.45 Inspector DM Young asserted that in the context of a lengthy housing register of 2,421 households “*It is sometimes easy to reduce arguments of housing need to a mathematical exercise, but each one of those households represents a real person or family in urgent need who have been let down by a persistent failure to deliver enough affordable houses*” (emphasis added). He went on to state that “*Although affordable housing need is not unique to this district, that argument is of little comfort to those on the waiting list*” before concluding that “*Given the importance attached to housing delivery that meets the needs of groups with specific housing requirements and economic growth in paragraphs 59 and 80 of the Framework, these benefits are considerations of substantial weight*”.

10.46 In the planning balance the Inspector stated that, “*The Framework attaches great importance to housing delivery that meets the needs of groups with specific housing*

requirements. In that context and given the seriousness of the affordable housing shortage in South Oxfordshire, described as “acute” by the Council, the delivery of up to 500 houses, 173 of which would be affordable, has to be afforded very substantial weight”.

10.47 In determining the appeal, the Secretary of State concurred with these findings, thus underlining the importance of addressing needs on the Housing Register, in the face of acute needs and persistent under delivery.

Overview of Secretary of State and Appeal Decisions

10.48 The decisions above emphasise the great weight which both Inspectors and the Secretary of State have, on various occasions, attached to the provision of affordable housing in the consideration of planning appeals.

10.49 Some of the key points I would highlight from these examples are that:

- Affordable housing is an important material consideration;
- The importance of unmet need for affordable housing being met immediately;
- Planning Inspectors and the Secretary of State has attached very substantial weight to the provision of affordable housing; and
- Even where there is a five-year housing land supply the benefit of a scheme’s provision of affordable housing can weigh heavily in favour of development.

Conclusions on Weight to be attributed to the Proposed Affordable Housing Provision

10.50 I consider that the evidence demonstrates that there is an acute need for affordable housing in Chorley Borough. There is an objectively assessed need for 146 net affordable homes per annum between 2014 and 2034 or 132 if the findings of the 2020 Housing study are endorsed after examination. In any event the prospect in the next 5 years is bleak with projected annual completions of just 63 homes. The existing shortfall will only continue to grow.

10.51 There were 655 households on the Council’s Housing Register at 1 April 2020 with an identified need for an affordable home in Chorley Borough, with 180 expressing a preference for a home in Euxton. In my opinion there is a very substantial need for new affordable homes in Chorley Borough.

- 10.52 The appeal proposals offer 30% affordable housing which meets the requirements of requirements of Policy 7 of the Central Lancashire Core Strategy (2012). It is my view that this will make a substantial contribution to meeting the identified needs in Chorley Borough.
- 10.53 Given the Council's past performance towards meeting its identified housing needs across the Borough, I consider that nothing less than **substantial weight** should be afforded to the delivery of affordable housing through the appeal scheme in the planning balance.

Summary and Conclusions

Section 11

- 11.1 My evidence deals specifically with affordable housing and the weight to be afforded to it in the planning decision in light of the evidence of need in the area.
- 11.2 Britain is in the midst of an undisputed housing crisis with North West England suffering from an acute housing crisis with too few homes built to meet local needs. The National Housing Strategy states that a thriving housing market that offers choice, flexibility and affordable housing is critical to our social and economic wellbeing.
- 11.3 The NPPF (2019) sets out the Government's clear objective of "*significantly boosting the supply of homes*".
- 11.4 There is a wealth of evidence to demonstrate that there is a national housing crisis in the UK affecting many millions of people who are unable to access suitable accommodation to meet their housing needs.
- 11.5 In this context it is important to consider that the average affordability ratio in Chorley Borough now stands at 7 and the local quartile affordability ratio, typically considered to be the 'more affordable' segment of the housing market, is now 6.88. The lower quartile affordability ratio has risen by a 10% increase since the start of the plan period where it stood at 5.82. and is at its highest level on record.
- 11.6 The Council failed to meet the identified needs in the 2009 SHMA every year, over the five-year period between 2009/10 and 2014/15. With just 820 net affordable housing completions at an average of 164 a year, compared to an annual need of 723. The shortfall was enormous at 2,795 affordable homes. Furthermore, average delivery since 2013/14 has fallen to 140 affordable homes a year over the 6 years. Whilst the annual requirement is significantly lower at 146 affordable homes there is nevertheless an on-going annual shortfall of 101 affordable homes in the seven-year period. The prospect of just 63 affordable homes over the next five years must be extremely painful news for the 655 households currently on the housing register.
- 11.7 There is a clear and pressing need for more affordable homes to be delivered in Chorley Borough which the appeal proposals would make a substantial contribution towards addressing.

- 11.8 Given the historic rates of affordable housing delivery across the Borough and the limited future supply there appears to be little prospect of those in affordable housing need having their housing needs met anytime soon without a substantial boost to the delivery of affordable housing.
- 11.9 All of this must be viewed in the context of the 655 households on the Housing Register in Chorley Borough. It is important not to lose sight of the fact that these are real people, in real affordable housing need, now.
- 11.10 The acute level of affordable housing need coupled with worsening affordability will detrimentally affect the ability of people to lead the best lives they can. The National Housing Strategy requires urgent action to build new homes, acknowledging the significant social consequences of failure to do so.
- 11.11 On a national level, in every scenario, against every annual need figure identified since the publication of the Barker Review in 2004, the extent of the shortfall in housing delivery in England is staggering and ranges from a shortfall of -1,100,091 to a shortfall of -2,540,091 homes over the past 15 years depending on which annual target actual housing completions are measured against. This merely serves to further compound the acute affordability problems that the country is facing.
- 11.12 What is clear is that a significant boost in the delivery of housing, and in particular affordable housing, in England is absolutely essential to arrest the housing crisis and prevent further worsening of the situation.
- 11.13 Against the scale unmet need there is no doubt in my mind that the provision of up to 54 affordable homes will make a very substantial contribution.
- 11.14 In light of all the evidence I consider that the affordable housing provision through the appeal proposals should be afforded nothing less than **substantial weight** in the determination of this appeal.

Appendix JS1

Freedom of Information Correspondence
(8 & 9 April 2020 and 12 May 2020)



From: [foi](#)
To: [Andy Moger](#)
Subject: FOI/20/158 Response
Date: 12 May 2020 15:36:16

Dear Andy

I am writing in response to your request for information under the terms of the Freedom of Information Act 2000

Please find below, the details of your request and our response in blue.

REQUEST:-

Can you please provide the following data in line with the provisions of the Freedom of Information Act.

Housing Register

1. The total number of households on the Council's Housing Register at 1st April 2020. [655](#).
2. The total number of households on the Council's Housing Register at 1st April 2020 specifying Euxton as their preferred choice of location. [180](#).
3. Of those households in question 3 above, how many meet the local connection criteria for being housed in Euxton.

[124 of the 180 have an established local connection to the wider Chorley borough \(if an additional local lettings policy were to be used by the social landlords, the landlord would be responsible for establishing any additional local connection to that specific area of the borough as comprehensive details in regards to local connection are not stored under our Choice Based Lettings system\). Out of the 124, 17 of the households currently reside in Euxton so would have a local connection based on residence. The 107 households who currently do not live in Euxton may still have a local connection through family, employment or previous residence but this information is not available and would be something that would be checked by the social landlords at the point of offer.](#)

4. The average waiting times at 1 April 2018 and 1 April 2019 for the following types of affordable property in the Chorley Council region: [This information is not available as the allocation scheme is a choice based lettings scheme and therefore waiting times are to an extent determined by customer preference.](#)
 - a. A shared accommodation affordable dwelling;
 - b. 1-bed affordable dwelling;
 - c. 2-bed affordable dwelling;
 - d. 3-bed affordable dwelling;
 - e. 4-bed affordable dwelling; and
 - f. A 4+ bed affordable dwelling.
5. The average waiting times at 1 April 2019 and 1 April 2020 for the following types of affordable property in the Chorley Council region: [As above.](#)
 - a. A shared accommodation affordable dwelling;
 - b. 1-bed affordable dwelling;
 - c. 2-bed affordable dwelling;
 - d. 3-bed affordable dwelling;
 - e. 4-bed affordable dwelling; and
 - f. A 4+ bed affordable dwelling.

6. Whether the Council has made any changes to its Housing Register Allocations Policy as a result of the provisions of the Localism Act and if so, when these occurred, and what they entailed.

[The Council's Allocation Scheme for determining the allocation of accommodation is a single policy which is adopted by all three Central Lancashire Authorities of Preston, Chorley and South Ribble along with the majority of RPs \(Registered Providers\) with stock in the area. It is governed through the Select Move Partnership and is updated regularly \(most recently in 2019\) to reflect changes in legislation and policy. The 2011 Localism Act provisions were included in the 2012 update of Allocations Scheme regarding qualifying persons. Those applicants who does not qualify for Select Move \(due to no local connection or already being a home owner or having substantial assets\), are placed onto the open property register which is outside the banding system but, in effect, means that they come below band E \(which is no housing need\). There are also policy requirements which means that some applicants will not qualify for the scheme, for example, rent arrears or a history of antisocial behaviour.](#)

Social Housing Stock

7. The total number of social housing dwelling stock at 1st April 2019 in Euxton. [The council does not hold this information.](#)

8. The total number of social housing dwelling stock at 1st April 2020 in Euxton. – [As above](#).

Whether all, or a part of, the Local Authority's social housing dwelling stock as been transferred to another organisation(s). If so, when did this occur and to whom (i.e. which housing association(s) or Arms-Length Management Organisation (ALMO)) was the stock transferred. [The Council's housing stock was transferred to Chorley Community Housing Limited on 26 March 2007.](#)

9.

Social Housing Lettings

10. The number of social housing lettings in the following periods in Euxton:

- a. 1 April 2017 and 1 April 2018; [77](#)
- b. 1 April 2018 and 1 April 2019; [82](#)
- c. 1 April 2019 and 1 April 2020. [55](#)

Housing Completions

1. The number of **NET housing completions** in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20.

[Gross completions by parish – net completions by settlement not available for this period.](#)

Settlement	2000/01	2001/2002	2002/2003
Adlington	2	8	65
Anderton	0	0	15
Anglezarke	0	1	1
Bretherton	0	0	0
Brindle	1	0	4
Charnock Richard	1	6	0
Chorley	77	194	165
Clayton-le-Woods	72	48	29
Coppull	23	24	98
Croston	0	67	55
Cuerden	2	-2	0
Eccleston	13	3	1
Euxton	47	146	78
Heapey	1	2	4
Heath Charnock	1	14	1
Heskin	0	7	2
Hoghton	0	0	6
Mawdesley	1	3	3
Rivington	1	0	1
Ulnes Walton	0	1	1
Wheelton	2	0	1
Whittle-le-Woods	15	18	7
Withnell	1	1	3
Total	260	541	540

[Gross completions by settlement – net completions not available.](#)

Settlement	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Adlington	109	74	10	0	0	1	11
Buckshaw Village	0	79	179	117	226	262	110
Chorley	342	200	138	56	57	80	211
Clayton Brook	26	27	0	1	0	10	12
Clayton-le-Woods	0	3	1	0	0	0	2
Coppull	59	7	17	2	0	0	8
Eccleston	10	21	3	14	0	23	3
Euxton	45	36	12	3	0	1	5
Other Rural	61	37	28	12	7	5	87
Whittle-le-Woods	3	5	3	3	0	3	22
Withnell/Brinscall	3	0	2	0	0	3	0
Grand Total (gross)	658	489	393	208	290	388	471

Settlement	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Adlington	5	48	19	85	24	22	53	54	55	8	373
Buckshaw Village	237	199	228	290	159	141	126	160	129	171	1,840
Chorley	187	184	278	145	214	132	107	210	172	101	1,730
Clayton Brook/Green	11	56	13	10	14	3	0	19	19	76	221
Clayton-le-Woods	11	14	0	0	135	84	101	123	50	98	616
Coppull	42	-13	21	2	52	76	50	14	4	38	286
Eccleston	11	4	29	5	39	43	18	5	18	2	174
Euxton	4	0	3	5	2	6	3	0	63	59	145

[Net completions by settlement.](#)

Other Rural	12	34	35	27	66	23	36	35	22	54	344
Whittle-le-Woods	5	26	12	9	18	67	23	41	41	33	275
Withnell/Brinscall	2	0	0	4	0	0	0	0	0	0	6
Total	527	552	638	582	723	597	517	661	573	640	6,010

12. The number of **NET affordable housing completions** in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20. 2000-2010

Data prior to 2010 is not available.

Ward	Year									
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Adlington & Anderton	3	37	0	26	2	0	6	3	26	0
Astley & Buckshaw	39	19	45	19	6	3	14	36	37	23
Chisnall	0	10	0	3	2	0	0	0	0	0
Chorley East	34	19	14	1	0	0	0	0	12	0
Chorley North East	20	1	0	10	11	0	0	5	12	0
Chorley North West	1	0	0	0	1	0	0	23	77	0
Chorley South East	14	33	47	10	14	0	18	29	0	0
Chorley South West	9	1	7	35	31	3	0	27	0	0
Clayton-le-Woods North	6	12	0	0	0	0	0	0	0	0
Clayton-le-Woods & Whittle-le-Woods	33	33	19	8	0	0	0	0	3	0
Clayton-le-Woods West & Cuerden	0	0	0	0	48	32	4	39	8	31
Coppull	13	3	6	1	21	22	27	10	0	10
Eccleston & Mawdesley	0	0	21	4	12	0	0	0	0	0
Euxton North	0	1	0	4	4	0	0	0	20	11
Euxton South	0	0	0	0	0	0	0	0	0	0
Heath Charnock & Rivington	0	1	0	4	0	0	0	0	0	0
Lostock	0	0	24	0	4	0	6	0	0	0
Pennine	0	0	0	0	9	25	12	0	7	6
Wheelton & Withnell	1	0	0	4	0	0	0	0	0	0
TOTAL	173	170	183	129	165	85	87	172	202	81

13. The number of **NET** housing completions in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.

See table above under question 11.

14. The number of **NET** affordable housing completions in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.

See table under question 12. Data has been collected by ward not settlement.

Right to Buy

15. The number of social rented dwellings lost in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20 through:

- Right to Buy;
- Preserved Right to Buy;
- Voluntary Right to Buy; and
- Right to Acquire

In terms of the Right to Buy information, we do not hold that information as the stock was transferred to CCH. Right to Buy information (including Right to Acquire) would be held by the RSL's (Registered Social Landlords).

16. The number of Right to Buy replacements funded by receipts from Right to Buy sales in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20.

See answer to question 15 above.

17. The number of social rented dwellings lost in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20 through:

- Right to Buy;
- Preserved Right to Buy;
- Voluntary Right to Buy; and
- Right to Acquire.

See answer to question 15 above.

18. The number of Right to Buy replacements funded by receipts from Right to Buy sales in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.

[See answer to question 15 above.](#)

Temporary Accommodation

21. The number of households on the Housing Register housed in temporary accommodation within the Chorley Council region at 1st April 2019. [15.](#)
22. The number of households on the Housing Register housed in temporary accommodation outside the Chorley Council region at 1st April 2019. [0.](#)
23. The number of households on the Housing Register housed in temporary accommodation within the Chorley Council region at 1st April 2020. [19](#)
24. The number of households on the Housing Register housed in temporary accommodation outside the Chorley Council region at 1st April 2020. [2.](#)

I hope the information provided here answers your enquiry. If however, you are unhappy with the outcome, or the way in which Chorley Council has handled your request, you may wish to make an appeal. This can be done in writing to the Director of Governance, Chorley Council, Town Hall, Market Street, Chorley, PR7 1DP, or by e-mail to: foi@chorley.gov.uk clearly stating your reasons for dissatisfaction. Please quote the above reference number in all correspondence.

If your appeal is not upheld or you remain dissatisfied with our decision, you can complain to the Information Commissioner by completing their complaints form which can be found at:

<https://ico.org.uk/make-a-complaint/your-personal-information-concerns/personal-information-concerns/personal-information-concerns-report/>

The completed form may be submitted by e-mail to casework@ico.org.uk or by post to Customer Contact, Information Commissioner's Officer, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.

Please note that the information provided by Chorley Borough Council is intended for your personal use. If it is your intention to re-use the information for commercial gain, you will need to apply to the Council for a licence to re-use it, under the Re-Use of Public Sector Information Regulations 2005.

Yours sincerely

FOI
Chorley Council

☎ 01257 515151 | 🌐 chorley.gov.uk

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You can make service requests online at chorley.gov.uk, and it's even faster if you use **'My Account'**

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Gina Day

From: Gina Day
Sent: 05 May 2020 15:11
To: Gina Day
Subject: FOI/20/158 Acknowledgement - Affordable Housing data

From: foi <foi@chorley.gov.uk>
Sent: 09 April 2020 11:25
To: Andy Moger <Andy.Moger@tetlow-king.co.uk>
Subject: FOI/20/158 Acknowledgement - Affordable Housing data

Dear Andy

REQUEST FOR INFORMATION UNDER THE FREEDOM OF INFORMATION ACT 2000

OUR REFERENCE: FOI/20/158

Thank you for your request under the Freedom of Information Act 2000. Please quote the above reference number in all future correspondence.

I can confirm that we have received your request for information, and that it is being dealt with under the terms of the Freedom of Information Act 2000 or if appropriate the Environmental Information Regulations 2004, which requires us to respond to your enquiry within 20 working days of its receipt. **You should therefore expect to receive a response by 06 May 2020, whilst we will use endeavours to provide a response within the statutory timeframe please note that there may be some delays due to the coronavirus (Covid-19) pandemic.**

Please note that the information provided by Chorley Borough Council is intended for your personal use. If it is your intention to re-use the information for commercial gain, you will need to apply to the Council for a licence to re-use it, under the Re-Use of Public Sector Information Regulations 2005.

Information on the regulations can be obtained from the Office of Public Sector Information and accessed directly on their website:

<http://www.opsi.gov.uk>

Yours sincerely

FOI Department
Chorley Council

From: Andy Moger <Andy.Moger@tetlow-king.co.uk>
Sent: 08 April 2020 11:10
To: foi <foi@chorley.gov.uk>
Cc: James Stacey <James.Stacey@tetlow-king.co.uk>; Annie Gingell <Annie.Gingell@tetlow-king.co.uk>
Subject: Freedom of Information Request - Affordable Housing data

Dear Sir/Madam,

Can you please provide the following data in line with the provisions of the Freedom of Information Act.

Housing Register

1. The total number of households on the Council's Housing Register at 1st April 2020.
2. The total number of households on the Council's Housing Register at 1st April 2020 specifying Euxton as their preferred choice of location.
3. Of those households in question 3 above, how many meet the local connection criteria for being housed in Euxton.
4. The average waiting times at 1 April 2018 and 1 April 2019 for the following types of affordable property in the Chorley Council region:
 - a. A shared accommodation affordable dwelling;
 - b. 1-bed affordable dwelling;
 - c. 2-bed affordable dwelling;
 - d. 3-bed affordable dwelling;
 - e. 4-bed affordable dwelling; and
 - f. A 4+ bed affordable dwelling.
5. The average waiting times at 1 April 2019 and 1 April 2020 for the following types of affordable property in the Chorley Council region:
 - g. A shared accommodation affordable dwelling;
 - h. 1-bed affordable dwelling;
 - i. 2-bed affordable dwelling;
 - j. 3-bed affordable dwelling;
 - k. 4-bed affordable dwelling; and
 - l. A 4+ bed affordable dwelling.
6. Whether the Council has made any changes to its Housing Register Allocations Policy as a result of the provisions of the Localism Act and if so, when these occurred, and what they entailed.

Social Housing Stock

7. The total number of social housing dwelling stock at 1st April 2019 in Euxton.
8. The total number of social housing dwelling stock at 1st April 2020 in Euxton.
9. Whether all, or a part of, the Local Authority's social housing dwelling stock as been transferred to another organisation(s). If so, when did this occur and to whom (i.e. which housing association(s) or Arms-Length Management Organisation (ALMO)) was the stock transferred.

Social Housing Lettings

10. The number of social housing lettings in the following periods in Euxton:
 - a. 1 April 2017 and 1 April 2018;
 - b. 1 April 2018 and 1 April 2019; and
 - c. 1 April 2019 and 1 April 2020.

Housing Completions

11. The number of NET housing completions in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20.
12. The number of NET affordable housing completions in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20.

13. The number of **NET** housing completions in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.
14. The number of **NET** affordable housing completions in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.

Right to Buy

15. The number of social rented dwellings lost in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20 through:
 - a. Right to Buy;
 - b. Preserved Right to Buy;
 - c. Voluntary Right to Buy; and
 - d. Right to Acquire
16. The number of Right to Buy replacements funded by receipts from Right to Buy sales in the Chorley Council region broken down on a per annum basis for the period between 2000/01 and 2019/20.
17. The number of social rented dwellings lost in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20 through:
 - a. Right to Buy;
 - b. Preserved Right to Buy;
 - c. Voluntary Right to Buy; and
 - d. Right to Acquire.
18. The number of Right to Buy replacements funded by receipts from Right to Buy sales in Euxton broken down on a per annum basis for the period between 2000/01 and 2019/20.

Temporary Accommodation

19. The number of households on the Housing Register housed in temporary accommodation within the Chorley Council region at 1st April 2019.
20. The number of households on the Housing Register housed in temporary accommodation outside the Chorley Council region at 1st April 2019.
21. The number of households on the Housing Register housed in temporary accommodation within the Chorley Council region at 1st April 2020.
22. The number of households on the Housing Register housed in temporary accommodation outside the Chorley Council region at 1st April 2020.

I look forward to hearing from you. If there are any issues with providing any of the data then please get in touch.

Kind regards

Andy

Andy Moger BA (Hons) MA MRTPI
Associate Director
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Please read our statement on COVID-19 [here](#)



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Appendix JS2

Extracts from the Planning Practice Guidance (March 2014,
ongoing Updates)



Section	Paragraph	Commentary
Housing and Economic Needs Assessment	006 Reference ID: 2a-006-20190220	<p>This section sets out that assessments of housing need should include considerations of and be adjusted to address affordability.</p> <p>This paragraph sets out that <i>“an affordability adjustment is applied as household growth on its own is insufficient as an indicators or future housing need.”</i></p> <p>This is because:</p> <ul style="list-style-type: none"> • <i>“Household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and</i> • <i>people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.”</i>
Housing and Economic Needs Assessment	018 Reference ID 2a-01820190220	Sets out that <i>“all households whose needs are not met by the market can be considered in affordable housing need. The definition of affordable housing is set out in Annex 2 of the National Planning Policy Framework”</i> .
Housing and Economic Needs Assessment	019 Reference ID 2a-01920190220	States that <i>“strategic policy making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market. This should involve working with colleagues in their relevant authority (e.g. housing, health and social care departments).</i>
Housing and Economic Needs Assessment	020 Reference ID 2a-02020190220	<p>The paragraph sets out that in order to calculate gross need for affordable housing, <i>“strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:</i></p> <ul style="list-style-type: none"> • <i>the number of homeless households;</i> • <i>the number of those in priority need who are currently housed in temporary accommodation;</i> • <i>the number of households in over-crowded housing;</i> • <i>the number of concealed households;</i> • <i>the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and</i> • <i>the number of households from other tenures in need and those that cannot</i>

		<i>afford their own homes, either to rent, or to own, where that is their aspiration.”</i>
Housing and Economic Needs Assessment	024 Reference ID 2a-02420190220	<p>The paragraph states that <i>“the total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period”.</i></p> <p>It also details that:</p> <p><i>“An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”</i></p>
Housing Supply and Delivery	031 Reference ID: 68-031-20190722	<p>With regard to how past shortfalls in housing completions against planned requirements should be addressed, the paragraph states:</p> <p><i>“The level of deficit or shortfall will need to be calculated from the base date of the adopted plan and should be added to the plan requirements for the next 5 year period (the Sedgefield approach)”</i></p>

Appendix JS3

Laying the Foundations – A Housing Strategy for England
(November 2011)



Laying the Foundations: A Housing Strategy for England

Executive summary

The case for change

1. A thriving, active but stable housing market that offers **choice, flexibility and affordable housing** is critical to our economic and social wellbeing.

2. The Government is clear that **we need to get the housing market – and in particular new house building – moving again**. This is central for our plans for economic growth – but more importantly, it is essential to the hopes and plans of young people, families and older households across the country.

3. But we will **not achieve this by attempting to control the market from Whitehall**. The system of setting top-down targets for housing, vast amounts of planning guidance and excessive regulation did not deliver the homes we need nor the places that people want to live in. **This Government is doing things differently** – freeing up local areas to provide the homes needed for their communities and enabling the market to work more efficiently and responsively.

4. We know that the current housing market is not working. We inherited a housing market where:

- **buyers can't buy** – with the average age of an unassisted first time buyer continuing to rise and families struggling to 'trade up'
- **lenders are not lending enough** – with high deposit requirements excluding young people and families from home ownership
- **builders are not building** – without consumers ready to buy and without enough land for development or access to finance
- **investors are not investing** – without the right framework or incentives in place
- **affordable housing can do more** – to deliver new homes and support the social mobility and aspirations of tenants and communities
- **tenants are struggling** – as pressures increase in the private rented sector.

5. **The problems we face are stark** – we have not built enough new homes for more than a generation and the impact of the credit crunch has simply compounded this challenge.

6. In 2009/10, there were 115,000 new build housing completions in England.¹ Meanwhile, the latest household projections suggest that the number of households will grow by 232,000 per year² (average annual figure until 2033).

7. While house building starts in 2010/11 were 29 per cent higher compared with 2008/09, and 17 per cent higher compared with 2009/10, there is still more to do.³

8. Without **urgent action to build new homes**, children will grow up without the same opportunities to live near their families, young people will struggle to get a place to call their own and older people will not have the choice and support they need. Some 60 per cent of projected growth in households to 2033 will be aged 65 and older.

9. Housing is **crucial for our social mobility, health and wellbeing** – with quality and choice having an impact on social mobility and wellbeing from an early age, and our homes accounting for about half of all household wealth. Social housing

should provide support for those who need it, when they need it, and should help vulnerable people to live independently. And opportunities for wealth must be open to all, with housing choices helping rather than hindering people's ability to build assets and find employment.

10. Housing is **inextricably linked to the wider health of the economy**, the financial markets and consumer confidence. The current challenging economic and financial circumstances make action on housing even more important – both to tackle immediate pressures now and to lay the foundations for stronger growth and stability in the future.

11. **Getting house building moving again is crucial for economic growth** – housing has a direct impact on economic output, averaging 3 per cent of GDP in the last decade.⁴ For every new home built, up to two new jobs are created for a year.⁵ Without building new homes **our economic recovery will take longer than it needs to**. The construction workforce has fallen from 2.35 million just before the credit crunch to 2.1 million today and is likely to have been mostly in house building. This 10 per cent fall is around four times greater than the decline in the overall workforce.⁶

Support to deliver new homes and support aspiration

12. We are taking immediate action to get the housing market moving through:

- supporting a new and innovative new build indemnity scheme led by the Home Builders Federation and Council of Mortgage Lenders to provide up to **95 per cent loan to value mortgages for new build properties in England**, backed by a housebuilder indemnity fund
- consulting on a proposal to allow **reconsideration of those planning obligations agreed prior to April 2010** where development is stalled
- the establishment of a new **£500 million Growing Places Fund** which will support infrastructure that unblocks housing and economic growth
- launching a new **£400 million 'Get Britain Building' investment fund**, which will support building firms in need of development finance, including small and medium-sized builders. This will help to unlock progress on stalled sites which have planning permission and are otherwise shovel ready
- **freeing up public sector land** with capacity to deliver up to 100,000 new homes – with Build Now, Pay Later deals on the table, where there is market demand and where this is affordable and represents value for money, to support builders who are struggling to get finance upfront
- supporting and encouraging more individuals to build their own homes through a **Custom Homes programme, including making available up to £30 million of new funding** to support provision of short-term project finance on a repayable basis.

13. As well as taking action to get house building moving now, **we are also laying the foundations for a more responsive, effective and stable housing market in the future.**

14. We will provide **more support for local areas that want to deliver larger scale new development** to meet the needs of their growing communities – through locally planned large scale development – with a programme of support for places with the ambition to support new housing development on various scales.

15. We are putting in place **strong new incentives** for housing growth through the New Homes Bonus, Community Infrastructure Levy and proposals for local business rates retention.

16. We have consulted on **simplifying planning policy** through the draft National Planning Policy Framework (NPPF).

17. We are giving communities new powers to deliver the development they want through **Community Right to Build**.

Supporting choice and quality for tenants

18. **To help tenants and to deliver more rented homes**, we are supporting growth and investment in the private rented housing market, as the key

to increasing choice, access and standards in the sector. The private rented sector is continuing to grow in size and importance⁷ – that is why we are **supporting landlords and investors to invest** – building on measures announced at Budget 2011. There will be an **independent review of the barriers to investment** in private homes to rent. We are also supporting new **Build to Let** models of development, where homes are built specifically for the private rental market, with funding from investors with a medium to long term interest. Our work includes pilot projects to develop this approach. This is alongside work with local authorities to **tackle the worst properties**.

19. We are giving more **freedom to local authorities** which have retained their housing stock. Local authorities will have, for the first time in generations, direct financial and strategic responsibility for the 1.7 million council homes – and we expect them to grasp the opportunity of self-financing to provide a better deal for current and future tenants.

20. We have introduced a radical programme of **reform of social housing** through the Localism Act 2011, changing the way in which people access social housing, the types of tenancies which are provided and the way that the homelessness duty is discharged. Social housing must both provide the support that people need, when they need it, and be a springboard for social mobility, rather than trapping people into patterns of worklessness and benefit dependency. And we are doing **more to tackle fraud and tenancy abuse** – we propose to give social landlords the tools to identify and recover properties that are being used unlawfully; to charge more reasonable market orientated rents from people earning very high salaries; and to prevent people who already own a suitable home from seeking social housing too.

21. And we are considering how we can **encourage more affordable housing** – supporting greater innovation and competition between social landlords – including encouraging new private entrants into the social housing market, and considering innovative new approaches to funding affordable housing in the medium term.

22. We are **reinvigorating the Right to Buy** – to support social housing tenants who aspire to own

their own home, by raising the discounts to make it attractive to tenants across England. And to **support tenants and help build more affordable housing**, we are matching this with a commitment that, for every additional home bought under Right to Buy, a new affordable home will be built. Our firm intention is to increase the caps on discounts substantially and hence the average discount received by buyers in England would be up to half the value of their homes – which would be roughly double the current average discount.

Tackling empty homes

23. We are **bringing more empty homes and buildings back into use** – we are providing £100 million of funding to bring empty homes back into use as affordable housing and are announcing **£50 million of further funding** to tackle some of the worst concentrations of empty homes. We are also consulting on changes to Council Tax to help tackle empty homes and bring them back into productive use.

Better quality homes, places and housing support

24. We are **committed to providing appropriate support, protections and opportunities to struggling households** and to making the best use of social housing to provide stable homes for those who need them most. We **prioritised protection for the vulnerable** in last year's Spending Review and have established a **Ministerial Working Group to tackle the complex causes of homelessness**. We are also setting out a **new deal for older people's housing**, with a better offer to support older people to live independently for longer.


25. This strategy is **not about building more homes at any cost**. We know that the quality, sustainability and design of housing are just as important as how many new homes are built, and that getting this right is crucial if communities are going to support new homes.

26. People want to live in a home and a place that they can be proud of. We are **committed to improving the design and sustainability of housing** in ways which give communities a say over the design of new homes and

neighbourhoods. We are funding the Design Council to support communities in shaping development in their area, improving the energy efficiency of both new and existing homes, and ensuring protection of the green belt and protected areas as part of our commitment to sustainable development.

27. At the heart of this is our commitment to delivering the **Zero Carbon Homes standard** for all new homes from 2016, which will mean that all the carbon emissions covered by Building Regulations – such as from heating, lighting, hot water and other fixed building services – will need to be abated.

28. This strategy sets out the actions taken across government to support communities (including current and prospective owners and tenants), local authorities, landlords and developers to work together to meet the housing needs of the country – now and in the future.



The Rt Hon Eric Pickles MP
Secretary of State for Communities and
Local Government



The Rt Hon Grant Shapps MP
Minister for Housing and Local Government

Notes

- 1 See: www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/. Net additions over the past ten years (2000/01–2009/10) have been around 160,000 per annum on average. See: www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/netsupplyhousing/
- 2 Average annual figure until 2033. DCLG (2010) *Household Projections, 2008 to 2033, England*. See: www.communities.gov.uk/publications/corporate/statistics/2033household1110
- 3 103,750 starts in 2010/11, 88,690 in 2009/10 and 80,550 in 2008/09. DCLG (2011) *House Building: September Quarter 2011, England*, Table 1a. See: www.communities.gov.uk/publications/corporate/statistics/housebuildingq32011
- 4 Office for National Statistics (ONS) Construction Output. See: www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-224276
- 5 DCLG analysis (based on Scottish Government estimates of construction employment multipliers and previous English Partnerships guidance). See: www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Input-Output/Multipliers
- 6 ONS Labour Market Statistics
- 7 From 8 per cent in the late 1980s to 16 per cent in 2010. Rugg, J and Rhodes, D (2008) *The Private Rented Sector: its contribution and potential*. Centre for Housing Policy, University of York; English Housing Survey (2010/11)

Appendix JS4

House of Commons Debate (24 October 2013)



Westminster Hall

Thursday 24 October 2013

[MR DAI HAVARD *in the Chair*]

BACKBENCH BUSINESS

Planning and Housing Supply

Motion made, and Question proposed, That the sitting be now adjourned.—(John Penrose.)

1.30 pm

Mr Laurence Robertson (Tewkesbury) (Con): I thank the Backbench Business Committee for granting this debate, which has been supported by a large number of concerned Members. In particular, I thank my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) and the hon. Member for St Albans (Mrs Main) for sponsoring it along with me. There is concern among hon. Members and local planning authorities about apparent confusion in the Government's planning policies. I requested this debate because I want to consider planning, the countryside and housing projections, as well as related issues, such as the Government's professed preference for localism, as these matters are all interconnected.

Protecting the countryside was one of my main motivations for entering Parliament in the first place. As I represent the constituency of Tewkesbury, I am more sensitive than most to the need to avoid developing on or near flood risk areas. The terrible 2007 floods in Tewkesbury will never be forgotten by anyone who lived through them. I spend a lot of time trying to attract businesses, visitors and people in general to Tewkesbury, so I believe that a balance can be struck between allowing appropriate development and protecting our green belt, green fields and important open spaces, but I am not sure that we are striking that balance at the moment.

What do I mean by confusion in policy? The Government have said frequently, for example, that their policy is to preserve green-belt land, yet my local planning authorities—my constituency covers three—are telling me that the Government are pressuring them to provide for so many houses in their local plans or joint core strategies that it will inevitably compromise the green belt, green fields and flood risk areas.

In a ministerial statement dated 6 September 2012, the Government said:

“The green belt is an important protection against urban sprawl, providing a ‘green lung’ around towns and cities. The coalition agreement commits the Government to safeguarding green belt and other environmental designations”.

That seems clear enough. However, the same statement goes on to say:

“As has always been the case, councils can review local designations to promote growth. We encourage councils to use the flexibilities set out in the national planning policy framework to tailor the extent of green belt land in their areas to reflect local circumstances.”—[*Official Report*, 6 September 2012; Vol. 549, c. 33-34WS.]

That is less clear. Indeed, it is confusing, perhaps even contradictory.

On the face of it, reaffirming councils' right to re-designate the status of their land could be seen as promoting localism. However, the fact is that Government pressure to create high housing numbers is forcing such re-designations, which flies in the face of localism and contradicts the localism policy. The Government's policies on the green belt and the wider countryside are confusing and contradictory; clearing up that confusion is one of the purposes of this debate. The Government's insistence on high housing numbers is threatening the green belt, which leads me to question why the Government believe that we need so many houses in the first place. I wish to consider the question of housing projections.

I recognise and claim everyone's right to a decent place to live. My job immediately before I was elected to Parliament involved working with homeless women in London. My responsibility was to raise money to build a hostel and day centre for them, to enable them to take the first steps back to normality. I learned that in almost all cases, homelessness is caused not by a property shortage but by other factors such as finances, family breakdown, drug or alcohol abuse, unemployment, refugee status or other social factors. It is not that there are not enough houses.

The Government's own figures seem to confirm that there is no shortage of houses. In an answer to a recent parliamentary question that I tabled, the Government informed me that at the last count, there were 709,426 empty properties in England. Add to that the number of houses with planning permission that are not yet built and the figure for available properties in England comes close to 1 million.

Of course, there are in fact shortages of two kinds of housing: affordable homes, which are scarce in the village where I live, and privately rented properties, partly because it is hard and often undesirable to be a landlord. There are shortages in those two sectors for reasons other than a shortage of houses as such. For example, it is getting on for 2 o'clock, yet any one of us could go out into London or anywhere else and find houses to buy this afternoon. I question the Government's assertion that so many houses need to be built that local authorities must re-designate green-belt land in order to meet the Government's arbitrary and undefined housing targets.

Tewkesbury is an example of what I mean. There is no housing shortage in my area. In fact, there is planning permission for houses that have not yet been built, as well as empty properties. In the past 20 years, 7,536 houses have been completed in the borough of Tewkesbury, yet the Cambridge university econometric assessment, which is used by local councils and presumably approved of by the Government, suggests that 10,900 houses will be needed in the borough over the next 20 years—or, to be strictly accurate, over the next 18 years, as two years of the plan period have already passed. Why has Tewkesbury's housing need for the next 20 years been assessed as 45% higher than for the last 20 years? It needs explaining.

It gets worse. Tewkesbury borough is involved in drawing up a joint core strategy with Cheltenham and Gloucester. The JCS allocation for Tewkesbury borough for the next 20 years is not the 10,900 I refer to, high though that is, but 18,800, which is 150% higher than for the last 20 years. Why? Partly because it is deemed that Cheltenham and Gloucester cannot find land for

[Mr Laurence Robertson]

their housing growth needs, so the houses will be dumped in Tewkesbury borough, potentially causing housing stock in Tewkesbury to increase by 54% over the next 20 years and causing the councils to build on green-belt land and in other undesirable areas.

That raises the question of the duty to co-operate. Gloucestershire has six council areas, not just three, and the duty to co-operate goes beyond county boundaries. Why, then, will the houses that Cheltenham and Gloucester are deemed to need but cannot accommodate end up being built on green-belt land in Tewkesbury? That cannot be fair, and it demonstrates the paucity of the current planning guidance, which says that plans will be considered unsound if the councils concerned have not co-operated. However, it is the councils that are not involved in the plan, as well as those that are, that need to co-operate. How does that work?

I reiterate that if it were not for the Government's apparent pressure on local authorities to plan for a greater number of houses, the problem would not arise. Such a top-down approach is arbitrary and undefined. I say so because that is basically what the Government indicated to me in reply to a parliamentary question. In a written answer dated 9 July, the Minister told me:

"While there is no standard methodology, councils' assessments should be demonstrably objective."—[*Official Report*, 9 July 2013; Vol. 568, c. 191W.]

What exactly does that mean? If there is no standard methodology for assessing future housing needs, how can Government assessments be right and the local authority's previous housing figures wrong? That is another question that I want answered today.

That brings us to the issue of localism. In my view, the Government were right to scrap the regional spatial strategies. It was surely wrong for unelected, anonymous people to determine how many houses an area should build and where they should build them. It was therefore with great anticipation that I and many others looked forward to the new housing and planning strategy—only, so far, to be disappointed.

Local plans have always had to be sound, and developers have always had the right to appeal against decisions against them locally; there has also always been a presumption in favour of sustainable development. However, we now seem to have gone beyond that, and to be setting the bar far too high for local planning authorities, and that causes them to contradict another area of Government policy, which is the need to protect the green belt.

As I have said, in my area, Tewkesbury borough will, if the JCS is adopted, have to increase its housing stock by about 54% over the next 20 years. That massive increase will mean that the council has to grant permission for developers to build thousands of houses on land that is currently designated green belt. Such sites have already been identified.

Sir Bob Russell (Colchester) (LD): I understand the point that the hon. Gentleman is making, but is it that Tewkesbury borough council is not engaging in a conversation with neighbouring authorities, or do those authorities want to foist some of their development on Tewkesbury, or on its borders?

Mr Robertson: The authorities are involved in the joint core strategy, which covers three councils, but there are six councils in the county, and others outside the county overlap with them, or are contiguous. Perhaps there has not been enough of an attempt to ensure that all councils join in, and there has been obstinacy on the part of some of those involved in the joint core strategy, but whatever the case, it is a really strange situation to have three councils getting together while others each have their own plans. The whole system is very confusing and difficult. As for Tewkesbury's allocation, even if we accept the Cambridge assessment of 10,900 homes, we will not have that figure; we propose to have 18,800, even though we built only 7,500 in the previous 20 years. The situation is very confused.

I have mentioned that there are proposals to build on designated green-belt sites. If they are built on, it will bring the coalescence of Cheltenham and Gloucester nearer, but it was precisely to avoid that that the land in question was designated green belt in the first place, in line with the policy stated in the written ministerial statement that I read out. Surely that is not what this Conservative-led Government intend to happen?

As I have mentioned the Conservative party, may I say in the privacy of this room that our policies on planning are losing us many votes in many areas? I am sure that the leaders of my party do not intend that to happen. In some ways, I feel that the Government believe that recovery and growth in the economy can be kick-started by encouraging more house building. Perhaps that is why the Government are requiring such high numbers, rather than following assessments based on experience and fact.

Mrs Anne Main (St Albans) (Con): I will be brief, because so many hon. Members want to speak. There are huge numbers of readily accessible plans in the system that no one is building for, so just granting more plans will not kick-start the economy; it will just provide more land-banking for developers.

Mr Robertson: I entirely agree. I do not believe that it is for the Government to engineer a recovery in such a way. Surely the market will determine in which areas there will or will not be growth, so why not leave local councils to determine how many houses they need over any given period and to make their plans accordingly? The Minister may reply that that is indeed happening, but it is not. The three council areas I cover have all told me that they have to make plans for a high number of houses, because the Government will reject plans as unsound if they do not plan for such large numbers. If that is wrong, I want the Minister to say so. I will then go back to those councils and tell them that their view is wrong. I do not, however, believe that that is the case.

There is certainly a feeling that developers' ad hoc applications are granted too freely on appeal by the Secretary of State. I have examples of that in my area. Appeals have been granted that will allow the building of many houses at Bishop's Cleeve and Winchcombe, against the wishes of local people. On the face of it, those appeals were allowed because the council has been deemed to have an insufficient five-year land supply. What is that assessment based on? Is it based on the number of houses built in the past, on some arbitrary and undefined calculation, or on figures in the regional

spatial strategy? The strategy for the south-west was never signed off, and that whole policy has been scrapped in any case. Once again, this practice flies in the face of the localism concept that the Government are promoting.

Many hon. Members wish to speak, so I will summarise my main concerns. The Government's policy on the green belt is confused and contradictory, and we need clarification today. Exactly how do the Government assess how many houses will be needed in the future? Why are they following the predict-provide approach? Why are estimates for future housing need so high, and why are they so much higher than what was needed for the last 20 years? As a slight aside, much of the population growth in the past 20 years has been caused by immigration. Given that the Government are intent on reducing net immigration and claim to have done so already, how can housing need be predicted to increase? Why is the localism agenda being ignored? Why is pressure being put on local councils, causing them to build on green-belt land? All those questions are being asked in the council areas that I represent and, most importantly, by the constituents I represent, and they would all like answers.

Several hon. Members *rose*—

Mr Dai Havard (in the Chair): Order. I thank hon. Members who have indicated that they wish to speak. I have a long list of 15 Members. Given the time constraints, I appeal to you to plan on having seven minutes each. That will give everyone a fair chance to speak, and allow for a proper response from the Minister, as Members will want him to give a comprehensive reply.

1.48 pm

Valerie Vaz (Walsall South) (Lab): It is a pleasure to serve under your chairmanship, Mr Havard. I thank the hon. Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main), and the right hon. Member for Arundel and South Downs (Nick Herbert) for calling the debate, which is very timely.

I declare an interest as a member of the National Trust—I am concerned about its announcement that the National Trust will allow fracking on its land, but perhaps it will consult its members—and in my previous life, I used to litigate on behalf of the Government on planning matters.

I want to focus on three main areas that have affected my constituency of Walsall South, which is an area of mixed housing, with 11 farms—planning and the green belt, land banking and permitted development.

The green belt was first proposed by Ebenezer Howard in 1898, in his book "Garden Cities of Tomorrow". Hon. Members may not know that as well as writing that book, his day job was as a transcriber for *Hansard* in Parliament, so who knows what the transcribers get up to in their spare time? In 1935, the metropolitan green belt was proposed by the Greater London regional planning committee, under the leadership of Herbert Morrison, one of whose relatives is in the other place. In 1947, under the main Town and Country Planning Act, councils outside London became able to control the use of, and to develop, undeveloped land. In 1955, the green-belt policy was established, requiring local authorities to set out the green belt in their area.

Like the hon. Member for Tewkesbury, I still find that there is a misconception about the nature of the green belt, what planning in the green belt is and what "very special circumstances" means. We have a national planning policy framework in place. In old money, which is what I am used to, it was called planning policy guidance. There were lists of criteria of what could and could not be built on the green belt. Either way, whether we use the old money or the new framework, the green belt should be protected, and it is not.

In Walsall South, we fought against development on the site of the Three Crowns pub. Against the planning officer's advice, permission was granted for 14 flats with three detached houses on the green belt. The development was clearly out of character for the area. Since then, nothing has happened, except for the development of a car wash. No building work has taken place. The only sign of creativity is graffiti on the building. Land and building have lain empty and unused for three years.

As we are debating this matter today, a decision will be made about the disused site of the Three Crowns school. It is green-belt land that was given to the community, so it is council land. Permission will be given—or perhaps not—for eight detached houses. Such development is not required in the area. Not only was the consultation carried out in the summer holidays when people were away, but the plans go beyond the footprint of the building.

There is need for housing in Darlaston, in another part of the constituency, and there is permission for 224 houses to be built on a former factory site. Permission was granted in 2007 and still the site remains derelict, without the sound of people coming in and out of their houses. The owners are a subsidiary of the Royal Bank of Scotland. The residents in the area say that they want housing, a community space and a place for young people. The owners, however, want a retail development on a site that is near the largest retail parks in the region; that is land banking at its worst.

My third area of contention is permitted development and its extension. We have the extraordinary situation in my constituency where a phone mast has been placed in a high street. The council rightly refused permission, but because it sent the rejection by second class post, the company was deemed not to have been given reliable and verifiable notice of the refusal. There was notice: Vodafone were informed of the result by phone and the refusal was on the council website. Residents will have to put up with this phone mast, as there has been no compromise from Vodafone. Indeed, Vodafone is planning to extend the height of the mast. There were many sites for the mast—I have been in discussions with Vodafone—but the company insists that it wants to keep it on the high street. It is an eyesore, and because of a simple mistake, my constituents are affected. Furthermore, with the new permitted development rights these phone masts can be extended up to 20 metres and widened by up to a third. The Phesay phone mast is on a pavement on the high street. Once again, other interests carry more weight than those of the people who have to live with the consequences of such decisions.

In conclusion, with cuts to local authority budgets, those with the skills to make coherent planning decisions are in short supply. Such people should be valued, as should the views of residents, with a tribunal attaching the appropriate weight to the views that are based on

[Valerie Vaz]

planning grounds, and not just on commercial interests. In that way, we will maintain the spirit of Octavia Hill and Beatrix Potter and balance the need for housing with a protection of the countryside preserved for future generations.

Mr Dai Havard (in the Chair): I thank you for your time consideration. I now call the co-sponsor of the debate, Mrs Anne Main.

1.54 pm

Mrs Anne Main (St Albans) (Con): St Albans is ringed by green-belt land and green fields. We have good schools, very low unemployment, good links to London and a beautiful historic city. We are an aspirational living destination as well as an area in which people have firm roots. Once they are there, they do not usually wish to move; they want to bring up their families there, and their families want to stay.

It is no wonder that developers have us in their sights. We are in the proximity of London and house prices are high. I hope that local need and modest growth are not being confused with the ramped-up desire to market our area, as I regularly see local developments being actively marketed in London in terms of relocating for quality of life. For local councils, therefore, the “predict and provide” is hard, as we are trying to satisfy the appetite of developers. We want to ensure that we support the local economy, businesses and the need for the sort of development that our area can handle. I want to focus on the economic balance of an area.

Locally, it is hard to find a significant number of large brownfield sites, so any development tends to be a sensitive issue. We must make hard choices and my authority is up for that. We are actively undertaking a green-belt review, but we wish to have minimal impact on our green belt and coalescence. The need for local decision making in the planning system will be a strong theme in the debate, and Members from different areas will have their own issues and views in that regard. I trust local elected representatives to act like grown-ups, to listen to residents, to recognise the need to build and develop, and to plan and provide for their local area. No one wants a no-build or silo mentality, and in St Albans we are certainly not averse to having cross-border authority co-operation.

I welcomed the fact that in June my right hon. Friend the Minister urged local councils to encourage co-operation. I urge him now to listen to neighbouring authorities, which are being frustrated by the current developer-led system. They may wish for something in their area, but it will not happen because something is being imposed in a neighbouring area.

A case in my area proves that point. Hertfordshire is furiously resisting a rail freight interchange on 300 acres of green belt, slap bang in the middle of villages, accessed off village roads and with no direct motorway access. It is at a commuter pinch point on the line—commuters are very important to the economy of St Albans, and we do not have blue collar workers—and all in all, the villagers are up in arms about the interchange, which certainly was not included in the local emerging development plan. We believe that it is the wrong site in

the wrong area and that it will have an injurious effect on our part of the countryside. Even the inspector in his first and second reports rejected the site, observing that

“there is not a large, available work force local to the Radlett site...The net result would inevitably be mass in-commuting, mostly by car, all of which is directly contrary to the Government’s policy. The irony of this is almost painful. The Government promotes SRFIs in order to advance the cause of sustainability—”

and the developer is promoting the proposed site—

“in a wholly unsustainable location.”

If we are to take seriously the protection of the green belt, surely we should be looking at relinquishing parts of it only when we absolutely have to and we should relinquish only those bits that would be least injurious to us. The inspector also said that there is no dispute that we enjoy very low levels of unemployment

“and several of those who spoke at the inquiry advised me that employers in the area were already experiencing difficulties in recruiting workers.”

He said that there would be no reason for that to change should we have this large commercial development on our green belt.

Members might be amazed to hear that only 15 miles north in a neighbouring authority—I know that we are supposed to co-operate with our neighbours—on exactly the same train line, well away from residential homes, unlike in my constituency where residents are directly backing on to this site, development is starting on a newly constructed motorway spur off the M1 costing £134 million. Also under development is a £2.5 million slow passing link, which would allow freight lorries to wait and heavy trains to let through the passenger services that are all part of the new £6 billion Thameslink commuter services. Moreover, there is a willing local work force who need the jobs.

I cannot say this strongly enough: the public will find that scenario completely puzzling. We are supposed to have a commitment to the green belt and to the policy of letting localism decide. We talk about having economic regeneration in areas that need it and about not over-heating the areas that do not need it. Here we have an area that waited to get the infrastructure in place. It now has it in place and the funding to facilitate it. The scheme is included in the local plan. The reason it wants it is to improve the economic regeneration of the whole area. In January, the site assessment was made in which the council said:

“Overall, it is considered that this site will be suitable for the development of a RFI and employment land and will make a significant contribution to the economic growth of the area.”

In its own assessment, it said:

“It will contribute to the economic delivery of the area by providing much needed employment opportunity to complement the growth of north Luton and Houghton Regis.”

This is where the public are puzzled; my hon. Friend the Member for Tewkesbury (Mr Robertson), who opened this debate, said exactly that. We must have a degree of sympathy and co-operation with areas that are near to us, and I really want that to happen, as people can imagine. However, I am puzzled why the Minister did not give this mutual gain and benefit to both areas. At the time of his minded-to decision—that is somewhat in the past, so I hope today he has a chance to reflect on it—he said that there was

“little substantive evidence...to indicate that...site”

was “preferable”.

Perhaps today the Minister will reflect on those recent developments, which I believe are material planning considerations. First, Mid Bedfordshire has a firm commitment to this project; it has expressed the need for development. There is a massive motorway funding agreement now in place and going ahead. The rail infrastructure work has started; he can visit it and see it. It is in an area of green belt that is certainly not as sensitive as mine. What is more, I am not fighting an authority that is resisting it; we are looking at an authority that will welcome it with open arms.

My site will have 25 mph trains crossing a fast line. There will be an interruption to my commuter services, and those commuters are a part of the London economy. The St Albans economy is very much knowledge-based, and those workers support a lot of businesses in London. To have their fast Thameslink train commuter services interrupted by 25 mph freight trains will be a nightmare. I have written to the Secretary of State for Transport because we still do not have the pathings, and we still have not received the assurances we want.

I find it amazing that the planning process is still developer led. Developers pick the sites they want to build on and it seems they are delivering some Government aims, whether on housing totals or strategic rail freight. Surely we can start looking at this process in a more local fashion.

The latest jobs figures in St Albans, which are all part of the mix, confirm almost zero unemployment. Nothing alters; we are fortunate in St Albans. We have a blue collar worker deficit, and yet there are nearly 5,000 unemployed people in the Luton area, which is where the proposals show we would draw our work force from. Why are we still bussing—well, we are not using buses, but why are we allowing cars to circulate around our countryside to access inaccessible sites, when just up the road from us we have an area crying out for economic regeneration? The second inspector's report said:

"Employment has never been a major problem in this part of Hertfordshire. A project such as this ought to be directed towards a regeneration zone."

I agree with that.

Of course, a developer will always push his own site, whether it is for housing or—as in my case—for a major infrastructure project. Ironically, on a large infrastructure project such as this one, the developer is allowed to conduct his own alternative sites assessment and choose his own selective criteria by which to judge a site. So it is not surprising that—hey presto—you can demonstrate after all, Mr Havard, that after due consideration of everywhere else, your site is the best—not yours, Mr Havard, but the developer's.

Is there any consideration within the Minister's current thought processes about whether we can alter that situation? Why should the developer pick the criteria by which we will judge a site and then say, "Well, mine's the best"? If we listen to local decision makers, the answer is different, as I have just demonstrated, but not surprisingly in my case I have two different developers, so each one wants to say that their site is the best; the difference is that one local economy believes theirs is the best.

Mr Dai Havard (in the Chair): Can I ask you to—?

Mrs Main: I certainly can.

If we are to stand for anything, it is as a Government of empowerment and choice over planning and local decision making. That is what the residents expected when this Government came as a coalition. I cheered the abandonment of the regional planning targets. I sincerely hope that this Government will review its planning processes.

Mr Dai Havard (in the Chair): Thank you very much. Well, Ms Vaz gave us a little bit of extra time and as you, Mrs Main, are a co-sponsor of the motion, it was probably helpful that you had a little extra time. May I remind everyone please to give others the opportunity to speak?

2.3 pm

Sir Bob Russell (Colchester) (LD): Thank you, Mr Havard, for calling me to speak. I thank you, the Minister, and the shadow Minister—the hon. Member for City of Durham (Roberta Blackman-Woods)—for understanding that I am not able to be here for the wind-ups.

The Minister will have noticed that there are 23 Government Back-Bench MPs here today, and it may well be that, at the end of three hours of debate, he will not have too many supporters. That is because the reality and the rhetoric of the Localism Act 2011 sadly are not the same, and while the intentions were clearly there, the reality is not.

I will be very parochial and talk about my constituency, which is supposed to be the fastest-growing town in the east of England. The Minister will know from questions that I have put to him and to his predecessors that I will be site-specific. I ask him and his officials whether it is appropriate that they will shortly make a determination on a development of 1,600 homes, even though the section 106 agreement fails to deliver the funds for the two schools that are required. It is not me saying that but Essex education authority. It says that there is no money to build the schools. How on earth can approval be given, particularly as the development is contrary to Government policy, which is that brownfield land, where available, should go ahead of greenfield land?

This particular site, which I have dubbed the fields of west Mile End, is adjacent to a former psychiatric hospital site that is on the market and zoned for housing; it has been for several years. The sale could be scuppered at the 11th hour if the development on the farm land goes ahead, because even though Colchester is the fastest-growing town in the east of England, there must come a point when there are too many houses and there is a glut. We already have a glut of flats—the "Prescott" flats. The last Labour Government insisted that the future was flats. We have a glut of empty flats in my town. What we want is family housing.

Do hon. Members remember an advert from a few years ago about a beer that reached the parts that other beers did not reach? Well, we have a local developer called Mersea Homes that is able to reach land that has never been lined up for development before. For example, the fields of west Mile End have always been land without notation—white land. It was never going to be built on, and no developer had a chance there. All of a sudden, under the radar, the land was lined up for

[*Sir Bob Russell*]

development. The ward council did not know about it, or if it did—I am not sure what happened. It is the only part of my constituency with a community council—Myland community council—and it was late in the day when it found out what was going on.

This is a bad development, a bad plan, with 1,600 houses to be served by the longest cul-de-sac in Britain. All the cars will pour on to the already congested highway network around Colchester mainline station. Everybody knows it is wrong, and in a question that I put to the Department for Communities and Local Government, I said that developers and planners should be

“forced to live there for a minimum of five years”.—[*Official Report*, 4 February 2013; Vol. 558, c. 13W.]

They are creating problems for others to suffer that they will not suffer themselves, because they tend to live in big houses miles away; they do not have to put up with the consequences.

To the east of Colchester—this is why the hon. Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main) are absolutely right—the next-door council, Tendring district council, wants to plonk houses on farm land that, astonishingly, nobody has ever thought should be built on, and on which, in 2010, Mersea Homes secured the best part of 800 acres. Having been lucky twice with farm land that had never been zoned for housing, Mersea Homes must know how to go about securing it. I will leave that hanging there.

Tendring district council has the North sea on one side. Clacton is 15 miles from Colchester, and the council is talking about a development of 3,000 houses adjacent to the borough boundary of Colchester. It will double the urban estates of Greenstead and Longridge Park. It will just be an urban sprawl going eastwards. The local authority—Tendring—should build its houses where its people want them. As for the idea that people living on this huge estate right up on the border of Colchester will look to Clacton—16 miles away, where they pay their council tax—rather than to Colchester, when many of the houses will be in sight of the town hall, that is not what the Localism Act 2011 was about.

What is worrying—I will end on this, Mr Havard—is that it is quite clear that this has all come in under the radar. Elected councillors in Colchester—virtually all of them—have not been engaged in the debate. Secrecy, or at least lack of involvement, is a serious issue here. There should be an inquiry into what the hell is going on.

Mr Dai Havard (in the Chair): Thank you. I have had a missive from Mr Turner. Although special pleading is not allowed, it is his birthday today. I cannot accede to the request that we all sing him “Happy Birthday”, but he indicated to me that he has a pressing engagement, so I call Mr Turner.

2.10 pm

Mr Andrew Turner (Isle of Wight) (Con): Thank you, Mr Havard. It is a pleasure to serve under your chairmanship. I congratulate my hon. Friends the Members for Tewkesbury (Mr Robertson), and for St Albans (Mrs Main), and my right hon. Friend the Member for

Arundel and South Downs (Nick Herbert), on securing this important debate on a issue that affects everybody in every constituency.

I have long been interested in planning and there are many points that I could raise, but I want to keep my remarks brief and will restrict them to an aberration in the planning rules. I shall also make an observation about local development plans.

The problem is that planning authorities can give themselves planning permission to develop sites that they own. I was a city councillor in Oxford for 17 years, until 1997, and during that time, on many occasions, the council gave itself planning permission, sometimes in preference to other applicants. I am certainly not suggesting that my colleagues at the time did anything wrong or even anything questionable. However, if people own a site and are responsible for giving themselves permission to develop it, it is hard to ensure that there is no appearance of impropriety. We all know that appearances are important. We need to make sure that people have faith in the planning system. I know that this issue troubles people across the country; indeed, a number of people have raised it with me on the Isle of Wight.

I am not sure what alternative procedure we could or should follow. Perhaps it would be appropriate for neighbouring authorities—if there are neighbouring authorities—or a totally separate body to take decisions about council-owned land, or in cases where the local authority would benefit in some way. I should be grateful if the Minister shared his thoughts on this issue and said whether he believes it to be a problem that the Government should address that a council may give planning permission for land that it owns, where it would benefit from doing so.

Local development plans were introduced in 2004, so they postdate my experience as a councillor. I do not claim to have any particular knowledge of or expertise about them. However, I know that writing them and getting them approved can be a long-drawn-out process. Although they replaced a system that was seen to be inflexible, the intention being that they could more easily be amended, having spoken to Bill Murphy, head of planning services at Isle of Wight council, I am not convinced that changes to the core strategy document can be made as quickly and easily as was envisaged when the plans were brought in. It seems to me that a Minister can change the rules much quicker than a local authority.

To provide an example of certain problems, on the Isle of Wight the core strategy document sets out that we should have 520 new dwellings every year. It is not a secret that I think that is far too many, but it was not a decision for me to make; it was made, quite properly, by an elected council. However, it is now clear that the existence of that target may make it more difficult for the Isle of Wight council effectively to oppose inappropriate developments, such as Pennyfeathers, a proposal to develop a 55-hectare greenfield site just outside Ryde. There are many problems with that proposal. Not least of them is that Monktonmead brook already floods. Also, there are a number of brownfield sites available in and around Ryde that should be developed before greenfield farm land. Putting between 800 and 1,400 additional houses on Pennyfeathers farm land is quite wrong. I sincerely hope that the council will find the grounds to reject this development; if it does, I will be pleased.

It should be much easier to amend the core strategy document to take account of changes, particularly political change. A Conservative council may be replaced by a Liberal council the following day. *[Interruption.]* Well, not a Liberal, but an independent one, perhaps. The council should be able to change the rules, because the people have voted. That also applies to changes in economic circumstances, changes in local authority control, changes in demographic trends, or even changes in response to proposals that are clearly against the wishes of local people, because if localism means anything, it must take account of what local people want. I shall not detain the Chamber any longer. I should like the Minister to make his views clear.

Mr Dai Havard (in the Chair): Happy birthday, Mr Turner!

2.15 pm

Nick Herbert (Arundel and South Downs) (Con): I congratulate my hon. Friend the Member for Tewkesbury (Mr Robertson) on securing this debate, which I am delighted to co-sponsor.

Two years ago, we passed the Localism Act 2011 and promised local people that they would be given a greater say over matters that they care about, including development. It was part of a deliberate programme of devolution of power to people and communities. Ministers promised, and continue to promise, that power will transfer to local people in accordance with our manifesto and the coalition agreement. I fear that, two years on, people's faith in that promise will be considerably undermined if we allow, by the back door, the re-entry of top-down decision making that effectively denies the localism that was promised.

Let us consider the first problem. Central to the Government's new planning policy was the principle of sustainable development. Paragraph 14 of the national policy framework states that this is the

"golden thread"

that should run through

"both plan-making and decision-taking."

There are two words in the phrase "sustainable development"; it is imperative that proper weight be attached to the first of them.

Many in communities in my constituency are concerned that inadequate consideration is given to the availability of infrastructure to support development proposals. We have congested roads, over-subscribed schools, serious flooding issues and countryside that is valued and in short supply. Half my constituency is protected landscape, forcing all development proposals into the other half that is not.

Under the new system, local authorities are required to make an assessment of housing need, but surely that cannot be the last word. If sustainable development means anything, local authorities must be free to decide how many houses can be built—not just how many are necessary—to match that need, otherwise we might as well return to the top-down targets. The Campaign to Protect Rural England's Sussex Countryside Trust, in my constituency, makes the point well:

"The figures generated by the Strategic Market Housing Assessment are an assessment of need without constraints. These figures cannot simply be passported into an emerging local plan without

an effective analysis of the limitation imposed by the supply of land for new development, historic underperformance of infrastructure or environmental constraints."

Are local authorities free to make such an assessment and, regardless of the housing need that they assess, then decide how many houses can be delivered sustainably in their area? Or is an assessment of need the last word? The Government are driving hard at the demand to provide more housing. The "sustainable" part of sustainable development, promised in the Localism Act, is being put in the second rank.

A second issue is whether there is proper assessment of the available infrastructure. That issue was raised by me and many of my hon. Friends during consideration of the Growth and Infrastructure Act 2013 in December 2012. I moved an amendment stating that infrastructure needs should be taken into account when drawing up local plans. I was grateful to the Minister for what he said in response:

"I will look at making sure that the guidance that is provided in a much reduced set of planning guidance is very clear about the need to plan positively and specifically for infrastructure that is required to support the development and to ensure that it is brought on stream in good time for that development."—*[Official Report, 17 December 2012; Vol. 555, c. 605.]*

That was a pledge that there will be very clear guidance on the need to plan positively for infrastructure, but when the guidance was published in beta form—it was a draft—on 28 August, I think I am right to say that there was no such reference to infrastructure. My second question to the Minister is whether he will in fact introduce that guidance on infrastructure, as he promised in the House last December.

Another key way in which faith in localism will be undermined is if we return to the bad old days of planning by appeal, and allow the Planning Inspectorate to overturn planning applications. That is happening time after time, and it is hugely undermining faith in localism in my constituency and elsewhere. It is undermining faith in the whole system that we have set up to encourage people to take responsible decisions on planning in their local area. That is not just my view. In a briefing today, the Local Government Association said that the Planning Inspectorate's

"apparent disregard for sites identified in emerging local plans not only undermines the principles of a plan led system and local determination set out in the NPPF, but also seriously undermines local communities' trust in the planning system. This results in resistance to further local development, general local resentment, and development that does not reflect the needs of local communities as set out in the draft published local plans."

In a letter to me on 6 August, the Minister said that "decision takers may give weight to relevant policies in emerging plans"—

that is, plans that have not yet been completed, which is important, because they are either district councils' plans, or emerging neighbourhood plans, in which people have put a great deal of effort into deciding where development should go. If those plans were given no weight, speculative applications would be allowed, and we would get a system that was not plan-led, but developer-led, which would effectively amount to a free-for-all on our countryside. However, when the guidance was published, it actually stated that

"arguments that an application is premature are unlikely to justify a refusal of planning permission other than in exceptional circumstances",

[Nick Herbert]

so will the Minister consider allowing more weight to be attached to emerging plans, so that an indication by local people of where they do, responsibly, want development, and also where they do not, is taken on board by the Planning Inspectorate? If that is not taken on board, again, we might as well return to the top-down system that we had before, which did not deliver the new housing that we needed, and we cannot justify promising to people that we are delivering localism.

I understand why the Government were concerned about the situation they inherited. There was a low level of housing starts, and we have to accommodate this country's housing need. There are important generational arguments about the lack of opportunity for young people and their ability to get their foot on the housing ladder, but allowing top-down targets to return through the back door—indeed, even encouraging them—will not deliver the additional housing that is needed. It will merely deliver a great deal of pain—pain politically, as people see that the promise of localism was not in fact real, and pain because such top-down targets will not help people to get their foot on the property ladder and will not have a significant effect in reducing property prices.

House building is growing at the fastest rate for 10 years. A more radical reform will be required if we are to seek to close the gap between incomes and rapidly rising house prices, but I urge the Government to keep faith in the localism that was promised in our manifesto and in the Act that we passed, and not to return to the bad old days of top-down targets and of allowing the Planning Inspectorate to override local decision making, which merely set up conflicts and delivered nothing, in terms of the housing that we needed.

Mr Dai Havard (in the Chair): We have now used the time won by Sir Bob and Mr Turner.

2.24 pm

Sir Tony Baldry (Banbury) (Con): I last raised concerns on planning and planning guidance in a debate I initiated in the House on 18 January, which can be found at *Official Report* column 1218. I will not repeat what I said in that debate, and I will put the full text of what I intend to say this afternoon on my website, www.tonybaldry.co.uk.

In January, I expressed concerns that developers were making opportunist planning applications in the hope of securing planning permission before the adoption and introduction of a new local plan, and I also observed that if localism and neighbourhood planning were to have any meaning, local communities must have the opportunity and a reasonable period of time in which to draw up neighbourhood plans. I drew the House's attention to four specific planning applications in my constituency, all of which clearly ran counter to Cherwell district council's local plan.

Following that debate, the Secretary of State for Communities and Local Government decided to call in all four planning appeals. As a former Planning Minister, I am well aware of how rarely Ministers call in planning applications, so I assumed that the Secretary of State

had called in the applications because he wanted to give an indication on the weight that the Planning Inspectorate should give to draft and emerging local plans, a point raised by my right hon. Friend the Member for Arundel and South Downs (Nick Herbert).

I assumed that the Secretary of State would also want to give some indication on how the Planning Inspectorate should calculate the five-year housing supply and would take the opportunity to reinforce the Government's belief in localism and commitment to neighbourhood planning. In the event, the Secretary of State did give a clear indication on the weight that should be given to the draft local plan: absolutely no weight whatsoever, according to the decisions in all those appeals. By allowing all four appeals, the Secretary of State also made it clear that no weight or consideration should be given to localism or neighbourhood planning.

Given that those appeals all ran so clearly counter to the provisions in Cherwell district council's draft local plan, they not surprisingly provoked a good deal of anger from local residents, local councillors and indeed myself, and given that all the decisions were made by the Secretary of State, they not surprisingly attracted press coverage. In response to journalists' questions on why the appeals had been allowed, in one article the press spokesperson of the Department for Communities and Local Government observed that the appeals had been allowed because Cherwell had not made

"sufficient progress with their Local Plan".

I will examine that proposition. A draft local plan is not something that can be whistled up overnight on the back of an envelope; it requires consideration and full and proper consultation with local people and house builders. If the local planning authority gets the local plan wrong, it is liable to judicial review.

One of my many frustrations with the Secretary of State's decisions is that Cherwell, after careful, widespread and considered consultation, had managed to produce a draft local plan to which there is practically no opposition among local people. I would have understood the Secretary of State's decision to allow all four recent planning appeals if there was a scintilla of a suggestion that my constituents or Cherwell district council were in any way wanting to frustrate local housing development. The reality is quite the contrary.

Over the past 25 years, Banbury and Bicester have been two of the fastest growing towns in Oxfordshire and everyone accepts and recognises that Banbury and Bicester will continue to develop with new housing growth over the next 20 years. Indeed, I can only assume that Ministers in the Department for Communities and Local Government simply do not talk to each other. That may be a consequence of the fact that, unlike in my day, when Housing Ministers—as the Chief Whip, the right hon. Member for North West Hampshire (Sir George Young), who was here briefly, and I were—were also Planning Ministers, those roles now seem to have been separated.

If Planning Ministers had spoken to Housing Ministers, they would have learnt that Housing Ministers had made numerous visits to my constituency over the past couple of years to support and encourage the numerous housing initiatives in north Oxfordshire, including: one of only two eco-town projects left and being developed, which in due course will deliver approximately 5,000 houses;

probably the fastest turnaround to grant planning permission for new housing on a major Government surplus brownfield site on former Ministry of Defence land at Bicester, granting planning permission for 1,900 houses; and one of the largest, if not the largest, proposed self-build housing projects anywhere in the country. Indeed, the Minister's Department and the Homes and Communities Agency tell me that what we are proposing at Bicester will be the largest self-build scheme by a long way anywhere in the country and will deliver up to 1,900 houses. Cherwell district council is so keen to get house building going in north Oxfordshire that it has offered to buy the surplus MOD land from the Government, so that it can ensure that new house building takes place there as speedily as possible.

This very Monday, Cherwell district council agreed its local plan for submission to the Secretary of State at a meeting of the full council, which endorsed it with a unanimous vote. No responsible local authority could have produced a local plan more quickly. The agreed plan makes robust provision for housing until 2031 and envisages 16,750 new houses being built in Cherwell district during the survey period up to 2021. That is in a robust and deliverable local plan that has been adopted unanimously and without any significant local opposition. Moreover, the House might be interested to know that more than 50% of the planned houses are already being built or are subject to planning applications under active consideration by the district council. Cherwell not only has an agreed local plan, but is doing all that it can to deliver on the provisions of that plan.

The whole point of local plans, however, is to enable local councils and local communities to decide where new housing provision should go. Cherwell's local plan focuses development growth on the towns of Banbury and Bicester, while avoiding coalescence with villages by introducing new green buffers around the towns. That seems to be a wholly commendable policy aspiration on the part of district councillors.

One of the recent planning appeals decided by the Secretary of State, however, drove a complete coach and horses through that policy aspiration of developing green buffers, by allowing development in an area that the district council had allocated as a green buffer in the local plan. In effect, the Secretary of State has allowed a policy of first come, first served, with planning permission being given to whichever house builders or developers happen to get their planning applications in earliest. This is not plan-led development; this is not central planning policy—this is planning anarchy.

My hon. Friend the Minister will say that the Secretary of State, having granted planning permission, now has no locus on those decisions. In law, that is correct, although Cherwell district council is not surprisingly considering with leading counsel whether there are good grounds to take the Secretary of State to the High Court for judicial review of his decisions. Ministers may no longer be legally accountable for their decisions, but they are politically accountable.

Ministers say that one reason for allowing the appeals was because, at the time the planning applications were made, the district did not have adequate five-year housing supply. One of the main reasons why the district did not have adequate supply, however, was because, on a number of significant sites where developers had been granted planning permission, they had simply not started building

work. Local authorities and local people, having granted permission on significant sites, are not to blame if the house builders decide not to build until some time in the future, for whatever commercial reasons of their own.

From what the Secretary of State decided in the four appeals, it appears that the local plan will have no weight until it is actually adopted. It cannot be adopted, however, until after the process of examination in public. District councils such as Cherwell are in no way in control of when the Planning Inspectorate will undertake and complete the continuous improvement plan. Until then, we are all vulnerable to continuing opportunist planning applications by developers who strongly suspect that they will be allowed by the Planning Inspectorate or by the Secretary of State on appeal.

2.33 pm

Martin Horwood (Cheltenham) (LD): I apologise to you, Mr Havard, and to my neighbour, the hon. Member for Tewkesbury (Mr Robertson), for missing the opening speech. I congratulate the hon. Members who secured the debate, which is enormously important.

The issue is enormously important politically for both coalition parties, because we both made profound promises in opposition. The Conservative party's policy document, "Open Source Planning", states:

"Our emphasis on local control will allow local planning authorities to determine exactly how much development they want, of what kind and where"—

not how much an econometric model tells them they need, or how much demand has to be met, but how much development they want.

The Liberal Democrats produced a document called "Our Natural Heritage", which states that

"our quality of life is dependant on the quality of our environment. We will not only work to maintain and enhance it but will give people more access to and influence over it."

One of the ways in which we suggested doing that was a new designation, the local green space designation. I helped to author that policy, and I was proud when it made its way into the coalition agreement, and from there into the "Natural Environment White Paper" and then the national planning policy framework. As the Prime Minister said to the director of the National Trust, I think, it would be a tool that local people could use to protect not vast tracts of countryside, but those local spaces that were not necessarily the most beautiful or the most rich in great crested newts, but the ones valued by communities.

Instinctively, all of us know which those areas are—we can all think of that local area that people have been campaigning to protect, sometimes for decades, as in the case of Leckhampton in my constituency. I thought, "At last, we have a Government committed to localism, which I am proud to be part of and a supporter of"—Conservative colleagues were equally proud—and that the Government were actually going to deliver on such promises, rejecting the very unpopular, top-down regional spatial strategies that seemed to be imposing numbers from above. The regional spatial strategy in the south-west had 35,000 objections—but the situation around my constituency in Cheltenham is every bit as bad now.

In practice, we are facing the loss of vast areas of green fields. The local paper converted the amount into that popular measure of area, football pitches—about

[*Martin Horwood*]

2,000 football pitches of green fields are about to be lost, if the plan being formulated in the joint core strategy goes through. Almost everything in the plan is greenfield sites, and almost all those sites are in the green belt—there is a Kafkaesque process whereby the green belt boundary is redesignated, so that the bits taken out of the green belt can be built on, while claiming that the green belt is not being built on.

Equally badly, another area at Leckhampton had a sustainability assessment and a green belt review, which talked about its value in biodiversity, public access, the enjoyment that it brings, its rural character, and such things—all of which were recognised by inspectors in the past—but again that is included simply because the econometric model dictates a certain number. That number for around Cheltenham is at least 10,000 houses, which is a 20% increase in the size of the town. That is not sustainable.

As the right hon. Member for Arundel and South Downs (Nick Herbert) rightly said, it is as if the rest of the national planning policy framework, which we celebrated at the time of its second draft, did not really exist. There were elements that discussed balancing economic growth with environmental and social factors, and things such as the local green space designation to protect what people really cared about; among the core planning principles were meant to be respect for the environment and sustainability, and prioritisation of open spaces and, if possible, brownfield over greenfield development. In practice, however, at local level all of that appears to count for absolutely nothing. We are told that the objectively assessed housing need dictated by the econometric model must be observed absolutely—that the developers must get absolutely everything that they are demanding, because otherwise unelected inspectors will declare the whole plan unsound.

There is a nice coalition balance of local councillors in Gloucestershire. In the constituency of my neighbour the hon. Member for Tewkesbury and in Gloucester city, we have Conservative councillors who felt obliged to vote for the thing, while the Liberal Democrats very much enjoyed opposing them. In Cheltenham, it was rather the other way around—many Liberal Democrats and some Conservatives voted for it, while others voted against. The result was that councillors were put between a rock and a hard place. They were told that if they voted things down and did not move on at least to the next stage of consultation, the plan was likely to be declared unsound, it would all fall apart and we would end up with a developers' free-for-all.

I have to tell the Minister that local people see very little distinction between what is emerging from some local plans and a developers' free-for-all. Despite all our promises in opposition, despite the national planning policy framework and despite all the grand words in it about balancing environmental and economic factors and respecting open space and sustainability, we are in a position that is every bit as bad as the regional spatial strategies. That is simply not acceptable—

Annette Brooke (Mid Dorset and North Poole) (LD): Will my hon. Friend give way?

Martin Horwood: I suspect that I shall be out of time shortly, so I fear that I had better not.

I think we will end up in a situation that is just as bad as under the regional spatial strategies. I want to go back to my local councillors and constituents to say that the coalition Government have delivered on their promises, but I have to tell the Minister that that is not what is happening now.

2.39 pm

Rebecca Harris (Castle Point) (Con): Earlier speakers have said many of the things that I wanted to say, but possibly more elegantly.

I thank the Minister for declining a developer's appeal in my constituency. That was warmly received, but we are on notice that developers may keep pushing, and they will.

I think all hon. Members here greatly welcomed the abolition of the previous housing regime and everything in the new national planning policy, including abolition of the regional spatial strategy housing targets. However, I see all around, particularly in my area, that it is pretty much business as usual for planning departments, for the Planning Inspectorate and certainly for developers. Some key aspects of the current regime seem very similar to the old regime and are being interpreted and treated similarly—for example, the requirement to find the local need. It is not a target, but it must be established based on complicated methodology. Consultants in my area have come up with four or five different scenarios, all wildly different, about local housing need. It is supposed to be objective, but councillors will have to choose the figure that they believe is most likely to be accepted by the Planning Inspectorate. That does not strike me as wholly objective.

We must put together a local plan that specifies deliverable land over a certain number of years and then developable land. There must be objective evidence of whether it really is deliverable, and I understand that. We cannot have local councils saying they want to build all their houses on what is currently a lake because that would be a good way to get around having building done. In the world of planning, however, what is deliverable is entirely down to argument. The big unit developers may see the four or five attractive green fields that are left in a borough, and argue that they could put their bulldozers on there tomorrow, that the development would be in single ownership and that that would be a good deal with a percentage going to the farmer. No one could argue otherwise—it is clearly developable tomorrow.

What happened in practice over the last decade and during the previous Government's regime is that land was banked and there was not enough work done or pressure put on the little brownfield sites in multiple ownership, which is what we should be doing now. Those are the sites our communities would prefer to be developed, not the fields that they see and appreciate.

I urge the Minister to put as much pressure as he can on councils when interpreting and putting together their plans. In the national planning policy framework and the recent guidance, which I greatly welcome, it is clear that our councils have the power to do something about small sites, which may be in multiple ownership with some planning constraints. They can knock heads together and encourage local people to suggest such sites. That would save us from losing the fields that we

all love and appreciate. However, that is a big ask for a constrained planning department. Everyone is feeling the pinch at the moment, and the planning inspector is breathing down councils' necks to get the local plan completed. It is a lot more work and takes a lot more time, but it can be done. For example, if we want to build houses, we are much more likely to get small local sites up and running. If we told the local scrap metal dealer, who has gone bust because we have changed the law and he cannot take cash, that he could build five or six starter homes on his land tomorrow, he would not do what the big unit developers do and wait until the time is right or build only one or two homes because he does not want to flood the market; he would sell straight away and houses would be built there.

We should change what we are doing and target smaller and less popular sites that have local owners, who will use local builders and local estate agents. We would then have a much more popular local plan for residents, and we would not have the big household-name developers acquiring 600-unit sites where, if they got around to building houses on them, it would not be in the time frame we want, and would market them out of town and in London. Local estate agents would not get a look-in, and the houses would not go to local people.

That is the problem with the current planning regime, and we desperately need the Department to tell councils that it expects them to plan positively. Planning positively under the national planning policy framework does not mean more green-belt sites with many houses on them. It means they should find out where they want houses, and make that happen. We must get that message across, because it is in the national planning policy framework and it is good stuff, but out there on the ground it does not seem to be working.

I plead with the Minister to ensure that he directs councils to use their powers of compulsory purchase and to find owners of sites that people would like to be developed, instead of what happens at the moment with the big boys turning up, driving round the area, seeing the half a dozen local fields that everyone loves and appreciates, putting in a planning application, and arguing time and again that that is more deliverable.

Mr Dai Havard (in the Chair): We now move from south-east England to Mr Stuart Andrew who will give us a view from the north.

2.45 pm

Stuart Andrew (Pudsey) (Con): I welcome this debate and congratulate my hon. Friends on securing it. I have been interested in the subject for a long time, not just because I represent a heavily affected ward, but because I am a member of a plans panel on Leeds city council.

My constituency has seen many significant changes over the past 20 years. It was renowned for its cloth and woollen mills, and other industries, but as those industries declined, their sites became redundant and places such as Pudsey, Farsley and Guiseley saw those employment sites turned into residential areas. During the first decade of the this century, we were inundated with application after application to build even more houses, and consequently our roads are congested beyond belief at weekends and during weekdays and evenings. Our surgeries have more and more patients and our schools are so

busy that children living just across the road from their local school may struggle to get into them. Most of all, people were exasperated and frustrated that the planning system was something that happened to them, and that they had little say in it. Sometimes, even when the council said no and that enough was enough, an appeal was allowed. I cannot express strongly enough the anger and resentment that that created.

When the Government talked about planning reform, I thought "Hallelujah". Many of the changes have been welcome and in the right direction. Reducing the plethora of guidance and advice to a more manageable document is making life a lot less complex and the system more understandable. The ability to create neighbourhood forums to offer real engagement is hugely welcome.

I pay tribute to the Minister for taking time to visit so many constituencies around the country. I was pleased to welcome him to mine, where he heard the concerns of local councillors and others, and saw for himself the significant development that has taken place. That was appreciated. I have noticed that when hon. Members list a number of positives in this place, a "but" invariably follows, and here it comes. Despite the Government's work, a problem threatens the intentions of localism and people's trust that we will have a real bottom-up approach to planning.

Localism is about local communities deciding what, where and when development should take place. There has been a real appetite and interest in my constituency in being involved in the planning process. Groups such as Wharfedale and Airedale Review Development and Aireborough Civic Society have campaigned long and hard on the issue. In addition, residents have turned up in their hundreds at public meetings when these issues were discussed. Organisations such as Horsforth town council, Rawdon parish council and Aireborough Neighbourhood Forum have all worked incredibly hard to engage with the whole community, bringing residents, schools and businesses together to develop a vision of future development that is sustainable, realistic and seeks to preserve our natural surroundings.

I am talking not just about building houses but about creating places that people want to live in, work in and play in: real place-making. Something is jeopardising all that work, and is still seen by my constituents as a top-down major influence: the housing targets that we have heard so much about today. We all know that the original regional spatial strategy placed huge burdens on local authorities, but despite abolition of the RSS, little has changed with the targets. In my constituency, the core strategy of the city council is being examined. It includes a plan to build 74,000 homes over the next 14 years, and it arrived at that figure with a host of scenarios ranging from 27,500 to 92,000. That means that the council has gone for the high end because it believes that the Government expect it to be far more ambitious than can reliably be achieved. I, local councillors, and all the groups I have mentioned have argued, ever since the document came out in draft form, that the figures are far too high. Despite our logical arguments, the council has kept the target, fearing that the inspector will force it to go even higher. The problem is that the council is far too ambitious.

What is the consequence? The council then has to prove that it has the land to supply such high targets. Even with the existing permissions of 20,000 dwellings,

[*Stuart Andrew*]

there is still not enough land, so the council is now looking at greenfield and green belt, meaning that in my constituency up to 80% of all new homes will be built on green-belt or greenfield sites. The precious places that are the lungs of our communities, the natural barriers between the towns and villages, and the green borders between the cities of Leeds and Bradford, will all be gone. They are now all under threat and my constituents are clearly not happy. Even in the best of the boom years, we never managed to build so many houses, and developers want to go even higher, saying that the brownfield sites in the city centre are not viable. That is because they are lazy and do not want to be ambitious about creating places where people want to live in our city centres.

The other day, I asked my hon. Friend the Minister what happens if the inspector, in the process of looking at these figures, agrees to such a high amount. If it is approved, I fear that the brownfield sites in city centres will be abandoned, that the developers will cherry-pick the green belt, and that residents will be stuck between the Government saying that local councils can set high targets and the council saying that the Government expect high targets.

I know that the Minister will say that the target needs to be objectively assessed, but what happens if those figures are approved? Is there any appeal process for my constituents to present their case? They are doing so brilliantly at the hearing, but if we are saddled with those housing targets, our green belt will be ravaged, and future residents will not be able to do anything, because the period will already have been set in stone. Worst of all, however, it will send a message that some already believe: localism goes only so far, but not far enough where it matters.

Mr Dai Havard (in the Chair): In my spatial planning, we now move to Cheshire and Ms Fiona Bruce.

2.52 pm

Fiona Bruce (Congleton) (Con): I am here as a voice for my constituents, who feel grievously let down by the lack of clarity of the planning policy, practices and procedures of local and national Government. Only one thing is clear: despite more than 20 action groups representing thousands of people across my constituency, despite many public meetings, the most recent of which was held last night in Congleton town hall, despite my bringing successive leaders of Cheshire East council to meet Ministers for clarity on these issues, and despite countless letters having been sent to Ministers on behalf of constituents, we still have developer-led development in our area and unsustainable, unplanned development. It ignores town plans, places no weight on the emerging local plan and makes a mockery of localism.

The national planning policy framework, with its presumption of sustainable development, contains an inadequate definition of that—in fact, it is barely a definition at all—which certainly does not equate with my constituents' definition. Sustainability means there being enough schools, roads, medical centres and facilities for local people, and there simply will not be enough if the rate of development continues in our towns.

In Alsager alone, which is a town of some 5,500 houses, applications are in the pipeline for 3,000 dwellings. This is a town recently described by the chief planning officer of Cheshire East council as “currently unsustainable”. In Sandbach, which is a town of 8,000, some 6,000 applications have been granted or are in the pipeline. Just last week, two consents for Sandbach were granted, in Abbeyfields and Congleton road. That makes the consents already granted for Sandbach sufficient to cover one third of its 20-year supply. And those are on greenfield sites. This is countryside. This is prime agricultural land. The mayor of Sandbach is in the Chamber today, having come directly from 10 Downing street, where he presented a petition objecting to the Government's policies.

There is then the unclear procedure surrounding the requirement for a five-year supply of housing. That is simply unjust. The primary reason for the two appeals granted last week was that Cheshire East apparently is unable to demonstrate a five-year housing supply, and yet the council told residents months ago that it had developed a robust strategic housing land availability assessment, which would satisfy requirements for a five-year housing supply.

Who is right—national Government, through the inspectorate, or local government? How was it that Cheshire East could say that it had demonstrated a five-year supply if clearly it had not? Is there no means by which such statements can be validated with central Government before they are made? Surely the only way cannot be for the strength of such a supply statement to be tested on appeal, because it adds insult to injury for thousands of pounds of local taxpayers' money to be spent on such appeals, when it could be spent on meeting local people's needs. There is so much confusion regarding the requirements that injustice is being introduced into our communities, particularly because there are other sites—brownfield and non-brownfield, including in Sandbach—that the local community have already said that they will accept for development.

That brings me to my next point. It is wholly wrong that people in the towns of Alsager, Congleton, Middlewich and Sandbach in my constituency were offered the opportunity and funding under the Government's neighbourhood plan front-runner schemes to develop neighbourhood plans, only to find that those town plans count for absolutely nothing, in terms of the Planning Inspectorate's decisions regarding appeals against developments.

The situation is also producing inconsistent decision making. Just last week, when two developers' applications were accepted for Sandbach, we had a refusal for a site at Sandbach road north in Alsager. That was despite the inspectorate acknowledging the lack of a demonstrable five-year supply of deliverable housing in Cheshire East, and apparently, according to my interpretation, giving weight to the draft Cheshire East local plan, which other decisions refused to do. It stated:

“It would seem wise in this part of the borough not to proceed with development which would go beyond the draft strategy at this stage.”

The inspectorate also rejected the developer's appeal on the grounds that it is in open countryside, and that harm to it would be significant and demonstrable. But so it would be to Abbeyfields, Congleton road and Hind Heath in Sandbach, which have already been

granted. We really need clarity on these issues. How long should a local plan realistically take to develop? We pride ourselves in this country on clear and speedy delivery of justice. We say that justice delayed is justice denied. We talk about the rule of law. And yet, in planning, we could not have murkier, muddier waters. That is simply unfair.

Our local authority has been working for three years on a local plan. What has gone wrong? Why does the draft plan that was prepared last year, which was the subject of a six-week public consultation, now have to be radically altered and be the subject of a further public consultation, while all the time, developers rub their hands with glee and take advantage of that void? Will the Minister provide whatever assistance is required for Cheshire East council from a senior planning adviser to ensure that there are no further delays or confusion regarding what is required to get our local plan through? My constituents have had enough.

I also ask the Minister to ensure that we have clarity on our five-year housing supply numbers, and that a clear message is sent to the people of my constituency, as I have sought to provide for three years, giving them every and any necessary and available means of help to resolve those issues. My constituents simply cannot understand the situation. They feel angry, in despair, ignored, impotent as regards the plans for development of their own communities, and without any democratic recourse, as one has said to me, except the ballot box.

On behalf of the Under-Secretary of State for Education, my hon. Friend the Member for Crewe and Nantwich (Mr Timpson), I confirm that he, too, has been working tirelessly with planning action groups in his constituency, which is adjacent to mine, and also in Cheshire East. He recently arranged for the Planning Minister to speak to those groups so that they could hear the advice that the Department had for Cheshire East council on resolving the adoption of the local plan and housing supply. I would appreciate that advice and clarity being given today in the Minister's response.

Mr Dai Havard (in the Chair): Thank you. Mr Brady will take over from me shortly. I ask you to temper your enthusiasm with the pessimism of the intellect, and look more towards six minutes than seven for your future contributions. We now move back to the west midlands and Mr White.

2.59 pm

Chris White (Warwick and Leamington) (Con): It is a pleasure to follow my hon. Friend the Member for Congleton (Fiona Bruce), who gave a passionate speech. I also start by thanking my hon. Friends the Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main) and my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) for securing this important debate. As we can see from the speeches that we have heard so far from around the country, this is an issue that affects so many of our constituencies.

During the past two years, Warwick district council has been seeking to create a new local plan that will guide the development of our community for the next 18 years. That is a hugely important document, but it has been mired in controversy and opposition since it was put forward. That highlights some of the problems

in the current planning system. The local plan has been controversial because of the number of homes that have been proposed by the council, as well as their concentration and location. First, the scale of the proposed housing development is enormous. The local plan outlines the building, during the next 16 years, of more than 12,000 homes, in addition to the 6,000 that we built between 2001 and 2011. That would increase the number of dwellings in Warwick district by about 20% during the next two decades.

[Mr GRAHAM BRADY *in the Chair*]

The "Strategic Housing Land Availability Assessment" compiled by the council has indicated that the total capacity of the district is about 13,000 dwellings between 2014 and 2029, so the proposed local plan would use up 91.8% of the total capacity. Planning is something that we must consider over the long term. Once homes are built, we cannot turn back the clock to change the mistakes that we have made, so we must consider the long-term sustainability of our planning decisions as a whole. How can it be sustainable to build so many new homes and to use up so much capacity?

The concentration of development is also a deep concern and raises questions of fairness. The majority of the new properties will be in the area south of Warwick, Leamington and Whitnash, with 70% of the new homes being placed in that part of the district. That is despite the fact that there has been, and continues to be, a considerable amount of housing development in that part of the district and there are already concerns about the impact that the proposals will have on local infrastructure. I do not believe it is fair that such a concentration is allowed in that part of the district. Residents of those areas are rightly angry about the sacrifices that they are being asked to make in order to allow the development of so many new homes.

I shall take this opportunity to urge Warwick district council, once again, to pause the local plan process and start discussions with local residents so that we can build a consensus on creating a sustainable future for our community. During the process, in the lead-up to the preferred options being outlined by the district council, it was clear that residents did not want to have that number of homes and that they wanted development to take place primarily on brownfield land, rather than greenfield land as is proposed. That will have an impact on the wonderful Warwickshire countryside. Our area has a large percentage of green belt, and I do not believe that we should develop on green-belt land. However, that does not give the local authority an excuse to concentrate developments on non-protected greenfield sites. If our district was 95% green belt rather than 80%, would that mean that all development would be concentrated in the unprotected 5%? Surely it would make sense to adjust the scale and ambitions of the development, rather than to ram through such large developments, which take no account of this situation.

However, the views to which I have referred have not been consistently accepted by the council to date. As a result, public confidence in it has been damaged, and that will undermine future efforts by the council to undertake consultations on new developments or infrastructure. I appreciate that councils have an obligation to ensure that there is enough housing to meet demand in the future, but I also think that we need to ensure that

[Chris White]

that obligation is met in the right way. I do not believe that Warwick district council has so far acted in the right spirit during this planning process.

I believe that the Government have done the right thing through the Localism Act 2011 to try to ensure that communities have greater control over planning matters. However, we also need to ensure that the process is carried out in the right way, in empathy with such localism, that councils do not ride roughshod over the desires of local people, and that the principles of localism are delivered on the ground.

The best way forward would be for the Government to get each local authority to sign up to a national planning compact that outlines how councils are expected to carry out their consultations on planning matters; the role that local communities should have in co-producing proposals such as the local plan; and best practice in terms of planning processes that have been carried forward and that have brought communities with them. Having such a compact would ensure that each local authority was taking a long, hard look at how it was developing its local plan.

We must have a system whereby people feel that they have ownership of the planning process and whereby they can have confidence in the decisions that are reached. That will ensure that we create plans that have the support of residents, are in the long-term interests of our community, will address real housing needs and will almost certainly create local economies that grow and prosper.

3.5 pm

Julian Sturdy (York Outer) (Con): It is a pleasure to serve under your chairmanship, Mr Brady, and to speak in this very important debate. I congratulate my right hon. and hon. Friends on securing it. Like many other Members, I would like to highlight some of the concerns in my constituency.

York, like so many other towns and cities across the country, is surrounded by green-belt land, which is vital in preserving and enhancing its character and setting. It is as important to the identity of our great city as the Gothic minster, the Roman walls and the National Railway Museum. To my mind, it is an essential part of York's DNA.

However, the very fabric of what makes York such a great and beautiful city is under threat from the misguided plans of the local authority. The City of York council published its draft local plan in April of this year and, to the utter dismay of many of my constituents, the plan proposes to take 1,400 acres out of York's green belt and build 16,000 new homes on that land during the 15-year life of the plan. As if that was not enough to satisfy the council's appetite for green-belt land, a further 1,000 acres will be removed from the green belt and safeguarded for future development. Sadly, the plan does not stop there. The council has also proposed more than 80 additional Traveller and showpeople pitches, all in inappropriate locations, on green-belt land, in quiet rural communities such as Dunnington, Knapton and Huntington in my constituency.

The icing on the cake is that the council is also pursuing its plans to destroy the open countryside that surrounds our great city with 40

"areas of search for renewable electricity generation",

covering vast swathes of green-belt land in my constituency. It was, until recently, pursuing those sites as potential wind farms. However, due to the unsurprising lack of sufficient wind speed in the Vale of York—something that was obvious to most local people, but that the council and the local taxpayer-funded studies failed to pick up—I have now been given the impression from the council that it is considering solar farms on the sites as an alternative.

I am therefore speaking on behalf of my constituents in welcoming the recent announcements from the Minister of State, Department of Energy and Climate Change, my right hon. Friend the Member for Bexhill and Battle (Gregory Barker), about the Government's determination to crack down on inappropriately sited solar farms in the countryside by introducing the solar road map. I urge the City of York council to consider very carefully what the Minister has been saying on the matter and not to ignore the views of local residents.

Turning to the important issue of housing supply, I want to make it clear that, like many right hon. and hon. Members here today, I fully support the decision to scrap the rigid, top-down housing targets in the regional spatial strategies. The Government should be congratulated on doing that. However, three years on, there remains confusion among some local authorities about what housing targets are appropriate.

Some local authorities surrounding York are reducing their targets from the levels that they were at in the now redundant regional spatial strategy. Meanwhile, York, which is currently controlled by Labour, is proposing to increase its old housing targets by more than 40%. In doing so, the council is placing itself completely at odds with the guiding principle behind the modern planning framework—that development should always be sustainable.

York is an historic city in which the local infrastructure is already under strain. Adding tens of thousands of new homes will mean tens of thousands more cars on an already congested road network and thousands more pupils trying to gain entry to our excellent but already oversubscribed schools. That is not to mention the drainage and the strain on existing health care facilities.

With approximately two thirds of the council's overall housing projections to be allocated to York's established green belt, I am deeply concerned that the plan will push our already creaking local infrastructure to breaking point. The council has provided no guarantees that it will help secure the investment we need in our local infrastructure. It clearly believes the local plan will result in economic growth for York, but having investigated the issue, I fear that putting the cart before the horse and failing to guarantee the infrastructure investment York already needs will lead many of the city's leading employers to question in the long term whether York is still a suitable base for their businesses.

In its current form, the plan has the potential to end in disaster for York on the economic stage. That is why I entirely agree with my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) that the requirement for infrastructure must be considered when granting planning consent—something that, to be frank, is blindingly obvious. I was reassured by the pledge from the former Minister of State at the Department, the right hon. Member for Tunbridge Wells (Greg Clark), that the requirement would form part of the planning

guidance. I hope, therefore, that the omission will be rectified, as York's future viability as a centre of commerce and enterprise could depend on it.

Local authorities that press ahead with unsustainable housing plans must be stopped and compelled to consider whether they have the necessary infrastructure in place; if not, they should change their plans accordingly. Equally, we must ensure that the important principles of sustainability and green-belt protection remain central to the national planning policy framework and that our local authorities understand that that is the case. Otherwise, I fear that the towns and cities we are proud to represent will change out of all recognition.

In summary, the tension between our local planning authorities and the planning inspector is twofold. Where councils produce reasonable, appropriate and sustainable local plans, we face the problem of planning inspectors overstepping the mark and making unreasonable demands. In areas such as York, however, we appear to face the opposite problem, because the local authorities propose to decimate our open countryside and change it out of all recognition. I therefore reiterate that it is vital that we have a strong and fair Planning Inspectorate to protect our communities and countryside from unsustainable development. That means that infrastructure must be at the heart of any considerations.

3.12 pm

Harriett Baldwin (West Worcestershire) (Con): I, too, congratulate my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) and my hon. Friends the Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main) on securing the debate.

The issue of planning also fills my postbag. I represent the thriving, beautiful constituency of West Worcestershire, which has one of the highest ratios in the west midlands of house prices to average earnings. It is also the birthplace of Elgar, and its countryside inspired much of his music.

Despite all the valid concerns colleagues have raised, I think we are in a much better place on planning than we were under the Stalinist diktats of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), and I agree with colleagues who have welcomed the abolition of the regional spatial strategy.

Shifting local planning decisions to councils, which makes so much democratic sense, has raised a range of issues. I particularly welcome the Government's introduction of neighbourhood planning. In the Malvern Hills district, the parishes of Kempsey, Clifton upon Teme, Leigh and Bransford, Alfrick and Lulsley, Martley, and Knightwick and Doddenham have all had their neighbourhood areas approved.

When we discuss planning, however, one thing that strikes me is that the beautiful villages we all love—in my area, I have the villages around Bredon Hill, the town of Pershore and the towns and villages of the Malvern Hills district—all grew up without our current planning regulations. Ironically, however, we would not be able to build those communities under today's planning rules. Their growth tended to be more organic and more bottom up; people built their own homes on their own land, which they had bought for that purpose. When the Victorians became concerned that Great Malvern was encroaching far too much on the Malvern hills,

they established the world's first conservation area by Act of Parliament in 1884. Since then, the hills have been owned for the common good by the Malvern Hills Conservators charity. That organic approach has worked well for this country for the thousands of years there have been settlements in Worcestershire and elsewhere. That is why I am so supportive of the recent changes to the planning system, which move us back in the direction of the village and the neighbourhood, while embodying the countryside protections pioneered by the Malvern Hills Conservators.

In south Worcestershire, we may be a bit further ahead on our local plan than other colleagues are on theirs. Our three local councils—Worcester City, Malvern Hills and Wychavon, which my hon. Friend the Minister visited recently—have been working in partnership for many years to develop an ambitious and sound local plan. After the 2010 election, they presciently commissioned expert projections of population growth and perhaps got a head start on some other council areas. Their evidence base is now more up to date and fresher than those in some other parts of the country.

All three local councils democratically agreed the plan last December. I can assure hon. Members that that was not without a great deal of controversy, but one factor that encouraged councillors to vote in favour of the plan was that it would allow them to be in control. The south Worcestershire development plan has much more up-to-date and adequate five-year land supply numbers and such ambitious plans for employment land that we are getting complaints from Birmingham councils.

When I say the plan was democratically agreed last December, people complain that a bit of whipping was involved. Well, I hate to tell my local councillors this, but Whips are often involved in democracy here in Westminster. However, despite the vote last December, it took a further five months to send the plan to the inspector for the examination in public and another few months for him to decide on his inspection plan and timetable. The inspection has just got under way, and I would not be surprised if it took the inspector well into 2014 before he recommends adoption.

I want this period of uncertainty to be over, so that we can move forward with the construction, growth and jobs embodied in the plan. A delay of 18 months to two years is too long, and it undermines the local democracy of the vote in December. As the Minister knows, I and the leader of the council in my area have written to him. I have also written to the local planning inspector urging him to respect the local plan unless there are actual factual inaccuracies in it. The inspector has written a helpful reply, assuring me that he will seek to complete his inspection as soon as possible, subject to the legal requirements on him. The Minister has also responded constructively.

Here is my wish list of four things I would like to ask the Minister for. First, as he finalises his latest national planning practice guidance, which will set out the exceptional circumstances in which a refusal may be justified on the grounds of prematurity, will he try to ensure that the democratically agreed plans that have emerged will get almost full weight in any decision making, allowing the fresh evidence base and the numbers in the plan to be used, unless the inspector sees actual errors of fact, rather than just a divergence of opinion?

[*Harriett Baldwin*]

Surely the future of the area should be entrusted to south Worcestershire councillors, rather than shaped by contesting opinions—they will only be opinions—from Birmingham and elsewhere?

Secondly, may I ask the Minister for his thoughts on how we as MPs can best support emerging neighbourhood plans? I love neighbourhood planning, which is an excellent way of giving power to local people and bringing back an organic approach to planning, reducing the need for vast swathes of land to be swallowed up by urban extensions. Thirdly, can we reassure villages that, once they have agreed their neighbourhood plan and won a vote on it in a referendum, it will take precedence over the local plan, even if that has been adopted?

Finally, what can the Minister say to the octogenarian farmer in my local area who lives in a draughty five-bedroom home and who wants nothing more than to build a bungalow in the field next door for the final years of his life? Under today's rules, such building is prohibited in open countryside. If there is a neighbourhood plan, will my farmer have any hope that he can build his bungalow?

Once again, I congratulate my right hon. and hon. Friends on securing the debate, and I thank you, Mr Brady, for allowing me to pass on the concerns of my constituents in the glorious area of West Worcestershire.

3.19 pm

David Rutley (Macclesfield) (Con): It is a pleasure to serve under your chairmanship, Mr Brady. I am grateful to the Backbench Business Committee for securing the debate, and I congratulate my hon. Friends the Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main) and my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) on making sure that we have a debate on such an important subject. The fact that there are so many of us here shows that there is a need for a debate, and I am sure that the Minister is taking copious notes.

As others have said, the debate is a critical one. It is about balance: getting the housing supply right—we have a growing population, so that is an important priority—and protecting the countryside at the same time. We need to provide more houses, but also to protect our natural assets—and they are assets. Our countryside helps to define our communities, making them distinctive. It provides agricultural land and draws in visitors, which boosts tourism in towns and villages. Those things are valuable assets and need to be protected. It is important to underline the point that the debate is not about quaint rural traditions threatening to block housing development; it is about economic effects on the macro-economy and on communities, businesses and residents. That is why it is important to make the right decisions.

In east Cheshire we understand that it is a critical matter to get the local plan in place. The move to become a unitary authority, and the time taken to integrate services previously provided by other local authorities, initially slowed progress, but we got back on track quickly and a huge amount of work has now been done to shape the plan. Successive rounds of public consultation have been undertaken, at pace. Like

my hon. Friend the Member for Congleton (Fiona Bruce) and the Under-Secretary of State for Education, my hon. Friend the Member for Crewe and Nantwich (Mr Timpson), I have attended many public meetings and met many community groups, so that I could understand their concerns better and help to shape and refine the plan.

I am pleased to say that the residents of Macclesfield are not shy about coming forward with their concerns. That is a good thing, and means that there has been rigorous and challenging debate. I commend those who have taken part in campaigns about south-west Macclesfield, Fence Avenue and Lark Hall, to name a few, for the way in which they engaged elected representatives and clearly expressed their views. I know that the final local plan will be much better for that. We recognise in Cheshire East, and in Macclesfield in particular, that the local plan urgently needs to be signed off to stop unwanted speculative housing developments, as my neighbour, my hon. Friend the Member for Congleton, so clearly articulated. At the moment they are a particular challenge in the south of the borough. In Congleton and Crewe work is going on tirelessly with Cheshire East council and residents to stop them, and I fully support that work.

We need to get the local plan set up, and are working hard, but we need the Minister's support and advice to get the right plan signed off. I am, like other hon. Members, grateful for the Minister's efforts to understand the issues on the ground better. I am pleased that he recently went to Cheshire to speak to residents. I am also pleased and grateful for his meetings with me and colleagues to hear about our concerns and challenges. As he knows, one key issue is defining what housing is required in our five-year housing supply. At the moment that is holding us back. As my hon. Friend the Member for Congleton pointed out, sites have been identified in our draft plan that can be developed. There is a difference of opinion between the councils and the inspector as to what the figure should be; that is what needs to be unblocked so we can move forward. I urge the Minister to use his good offices to help resolve the situation and clarify what the target should be, so that the plan can be concluded and unwanted, speculative house building can be stopped in the borough. That is a vital priority, as I think the Minister knows.

For all the hard work that has been done to shape the plan, there are other questions that urgently need an answer. Like many Macclesfield residents I understood that we were close to finalising the plan and that its focus was on housing developments to 2030. I think that the Minister may be a little surprised to know that I found out a few months ago that Cheshire East council officers were now under the impression that they had to work towards a planning horizon not of 2030—which by most people's standards is, I think, quite a long time horizon—but 2050. That has completely slowed down the process. How can we have a view and a sense of purpose in relation to a time horizon of not 17 but 37 years?

The new requirements have major implications, particularly for the northern part of the borough. In communities such as Macclesfield and Poynton, which I am proud to represent, the news led the council to highlight green-belt land as supposedly "safeguarded for development"—not to be confused with safeguarding

it from development, which is very different. The designation could be applied to large areas such as south-west Macclesfield, where up to 3,000 houses could be developed.

We have all worked hard to ensure that the green belt around Macclesfield and nearby communities is protected in the 2030 local plan. The green belt exists to protect the communities from urban sprawl from Manchester, and it is important for it to be kept that way. The Minister will understand the strong local concern—including mine—at the proposal to safeguard green belt “for development” to achieve housing targets for not 2030 but 2050. That situation is made even worse by the fact that there are no exceptional or compelling circumstances, which are a clear requirement in the national planning policy framework.

Will the Minister take this opportunity to set the record straight and tell the House whether showing how housing targets for 2050 will be achieved is a requirement for approval of a local plan? If it is not, will he also confirm that it will not be necessary to safeguard land for development, particularly in the green belt, beyond 2030? Macclesfield residents will be grateful for his views on those issues. They will affect green-belt areas that are vital to the fabric of the community, and will address the concerns of hundreds of residents who could become victims of a planning blight that I believe and hope is completely unnecessary.

3.26 pm

Damian Hinds (East Hampshire) (Con): It is a great pleasure to see you in the Chair, Mr Brady, and to follow my hon. Friend the Member for Macclesfield (David Rutley). I congratulate my hon. Friends the Members for Tewkesbury (Mr Robertson), and for St Albans (Mrs Main), and my right hon. Friend the Member for Arundel and South Downs (Nick Herbert), on securing this important debate, which is particularly important to residents of East Hampshire—especially, at present, residents of Four Marks, the parish of Medstead, Liphook, Alton, Petersfield and the area in and around Bordon and Whitehill. I want to focus on two aspects of the issue that my right hon. Friend the Member for Arundel and South Downs set out clearly and convincingly: the need for recognition of in-progress plans; and the insistence on accompanying infrastructure where permissions are granted.

Like those of many other areas, our plan was stopped in its tracks. In our case it was stopped at the stage of the joint core strategy between East Hampshire district council and the South Downs national park authority, and we now find ourselves in the void period that many hon. Members have spoken about, which can last a long time. The concern is that in that long time, until things are finalised, there is a risk—we already see the signs—of a flood of speculative applications.

I should say that East Hampshire district council is not anti-development, and nor am I. There is concern that the average first-time buyer in East Hampshire is 40 years old, and that the average home costs £321,000. We also recognise the need for market towns and villages to have vibrant, diverse communities. If we want to save what is left of our village pubs and shops, we need people to work in them, and our small primary schools need young families with children to go to them. The council also supports a substantial development on

former Ministry of Defence land at Whitehill and Bordon; my hon. Friend the Member for Banbury (Sir Tony Baldry) spoke about his area’s eco-town, and this is ours. In the case of Bordon, the development will add 2,700 homes. East Hampshire also has a very ambitious self-set target for affordable homes.

In its interim housing statement, in this void period, East Hampshire reflects the revised strategic housing market assessment, or SHMA—I think I am the first speaker this afternoon to say that, although I know that my hon. Friend the Member for Congleton (Fiona Bruce) mentioned the SHLAA—the strategic housing land availability assessment. The SHMA called for between 500 and 650 homes per annum, and East Hampshire is working towards the figure of 582, which is of course in the top half of that range.

In some places, the speculative applications and pre-application interest shown already exceed the targets in the areas and villages concerned for the period until 2028, and in my constituency that is especially true in Four Marks, the parish of Medstead, Alton and Liphook. There has also been significant interest in Petersfield, where a neighbourhood plan is in development; we expect the referendum on that next year. I suggest to the Minister that where a council is making proactive efforts, once the number of houses called for in the interim housing statement—in our case—has been reached in a particular area, it ought to be possible to say, “No more.”

A complication is that part of my constituency is in a national park—the relatively newly formed South Downs national park—and other parts have special protection area status, which leaves people who are in neither feeling somewhat exposed. We need a balance of development and a balance of community throughout the area. I strongly suggest that the elected local council is best placed to determine how the balance should be struck, and the interim housing statement seems to be a good way to express that. In general, residents’ concerns are twofold: first, they are concerned about the general scale of development and its implications for the character of an area; and secondly, they are concerned about the infrastructure deficit. Already, certain parts have seen significant infrastructure deficit. Four Marks has experienced a great deal of development, and needs commensurate infrastructure to ensure safety on the main road—the A31—sufficient primary places, and so on.

The approach is meant to be plan-led, so Ministers rightly say that the best thing that everybody can do is get on and make their plans. That is of course correct, but the plan process seems to take inordinate amount of time, from beginning to end, and there must be ways to accelerate elements of it. We must recognise that many councils are not at the end of the process and find themselves in this void period. A large proportion of plan submissions in the first year of the national planning policy framework were found to be not sound. I therefore join strongly in the calls to make it explicit that infrastructure requirements should be met if permission is to be granted, the calls for emerging plans to be recognised, and the calls to find ways to speed up the whole process.

I shall strike a slightly different tone on the overall need for housing. I recognise that we need housing—the Office for National Statistics figure is 232,000 homes per year—but what is not necessarily well understood is that that is not all, or even nearly all, about immigration. If we strip out future net migration, the projected

[Damian Hinds]

requirement is still 149,000: people are living longer; households are smaller, for all sorts of wider social reasons; kids live away at university and have a place at home; hardly anyone has a lodger anymore; and so on. There are lots of pressures, and they will not go away. The south-east will over-index on that pressure, and we must accommodate it but also mitigate it.

I encourage the Minister to work with councillors on how, on a relatively small scale in our local areas, we can do more about the conversion of redundant agricultural buildings; make granny flat conversions easier; work on empty properties, as my hon. Friend the Member for Tewkesbury said; and take up small-site opportunities, as my hon. Friend the Member for Castle Point (Rebecca Harris) said clearly. An interesting point in the Portas report was about the opportunity to concentrate town centres. That has the benefit of freeing-up space on the relative periphery for residential development. On a bigger scale, there are new towns, but perhaps the biggest opportunity of all is the one touched on by my hon. Friend the Member for Pudsey (Stuart Andrew): we should not only build higher-density, in-town living, but make it attractive. Some of the most sought after areas of the country are high-density, which proves that it can, in principle, be done. I see that I am out of time, Mr Brady, so I will stop there.

3.34 pm

Andrew Bingham (High Peak) (Con): I congratulate my hon. Friends on securing this debate. We can tell by the attendance today, and from our postbags, that the subject is of great importance to Members and our constituents. It follows on from a 30-minute debate held in Westminster Hall some time ago, in which, because of sheer weight of numbers, the time limit was very restrictive. Today we have been given double that limit—six minutes.

I spent 12 years on the local council, and planning exercised my residents more than anything else, and as an MP, I find a similar situation. The creation of the NPPF has simplified the planning laws, which had become complicated and burdensome. Like many others here today, I supported sending the power to rule on applications down to local authorities. As a councillor on the planning committee, I felt many times that we were rubber-stamping central Government policies on development. That was frustrating to me and my residents, because they believed, as I did when first elected, that the local authority was the sole arbiter on applications.

As previous speakers have said, I look forward to a brave new world under the new NPPF and local plans, where locally elected representatives make the decisions that impact so much on local people, but I, too, am concerned about recent events. My constituency, High Peak, is the most beautiful in the country, though I am biased. I am sure that others will disagree. As I said in the previous debate, there has been a proliferation of significant applications for development on greenfield sites. They have been refused by the local authority's planning committee on perfectly legitimate grounds. This is not a case of nimbysm at all. The decisions were met with great approval, and in some cases relief, by local residents, who felt that their views had been represented by the people for whom they had voted.

I want to be clear: the High Peak is a great place to live. I am lucky, as are my constituents. We know that many people would love to live in the High Peak. We are not of the mind that says, "We have our housing and we're going to pull the ladder up. We're all right, Jack." We acknowledge that there is a need for some housing. My constituents have young children and teenagers. There are people in their early 20s who want to stay and live in the High Peak. There is a housing need, which I touched on in my Adjournment debate last week on the challenges facing rural businesses. We need houses for people to live in, so that they can work in the High Peak. No one I have spoken to disputes that there is a need for housing. My constituents would accept development, provided it was proportionate.

Recent decisions by local councillors, who, I remind everyone, are elected by local people, have been overturned by the Planning Inspectorate, which is not. That flies in the face of everything that we believe about localism. I have spoken to many residents, who are seeing more applications coming forward, with the threat of ever larger developments. In my previous speech on the subject, I highlighted the area of Harpur Hill and the concerns of its residents' association. I will not repeat the statistics, because time is short and they are in *Hansard*, but as I said in my previous speech, the problems facing Harpur Hill are mirrored in other areas of my constituency. As the Minister knows, Chapel-en-le-Frith parish council now objects to every significant planning application, after several applications have already been given the nod. If all of them were built, the size of that small village, where I live, would increase significantly, beyond what many believe the infrastructure could cope with.

I could run through a list of applications in different parts of my constituency, but we are not at a planning meeting today. My constituents are asking questions about the applications and the method of approval. Are they powerless to prevent approvals? Can they at least ensure that there is some sense of proportion? Proportion is what they are asking for. I am sure that the Minister will respond that local plans should be drawn up, and planning policy should be defined in documents and properly evaluated. My local council has yet to produce its local plan; indeed, it has delayed its anticipated completion. In 2011, the controlling Labour group rejected proposals from the Conservative group to use some underspend to bring forward brownfield sites. It has now belatedly allocated some extra resources to that. Delaying the local plan has created a window of opportunity for developers. I could easily turn my contribution into a tirade against the Labour group and its management of the local authority. I have met the executive member to discuss the situation; he has his views and I have mine.

I want to deal with the harsh realities of the here and now. No local plan has been completed, and developers are submitting speculative applications time after time—applications that may have been refused in the past. They see from previous examples, which I highlighted today, that the Planning Inspectorate appears to be unmoved by local representations. I repeat that this is not nimbysm; my constituents and I are not against development. It is about proportion. A well-constructed local plan should bring in proportion, but at the moment the Planning Inspectorate does not listen to our views.

I am pleased that the Minister has agreed to visit the High Peak. I promise him a warm welcome in the hillsides. We can have an interesting day. There has been a dearth of houses built in the past few years, and that has created the shortage facing us today, but I am concerned that in our eagerness to deal with that, we are being too hasty, and will be left to repent at leisure. I have asked the Minister this question previously, and I will repeat it today: will he not seek to give more weight to emerging plans? I know that that may amount to making up for the shortcomings of the council, but I am looking to assist my constituents.

I am looking at the clock; time is short, and I could go on to several other issues. A consultation on the latitude in permitted development rights for agricultural buildings closed recently. The Peak District national park covers a large chunk of my constituency. I value that national park greatly, as I know the Minister does—he has gone on record on this. People are concerned about that proposal. There was also a consultation on catching up on housing deficits, and having to reduce them in the first two or three years. That will cause huge problems to local authorities if we are not careful.

I plead with the Minister: listen to what we have all said today. We are all on a common theme: we need houses. We know that under the previous Government, the numbers were woefully low, but let us get some proportion. The essence of localism is local decisions made by local people. That is not happening in the High Peak, and, from what we have heard today, it does not appear to be happening in other areas of the country. I would therefore like some assurance from the Minister that something can be done for my constituents. Harold Wilson once said to Hugh Scanlon,

“get your tanks off my lawn”;

the people of High Peak are saying to developers, “Get your bulldozers off our fields.”

I look forward to welcoming the Minister to High Peak. My residents are eager to see him. I hope that he will come soon. It is very cold and high where I live, and we will get a lot of snow soon, so I recommend that he comes as soon as possible.

Mr Graham Brady (in the Chair): Hon. Members have all been so disciplined in their time-keeping that we have lots of time for Front Benchers' responses. However, I am keen to reserve at least a couple of minutes at the end for the hon. Member for Tewkesbury (Mr Robertson) to respond, if he wishes.

3.41 pm

Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to serve under your chairmanship again, Mr Brady. This debate is primarily for Back Benchers, so I had intended to keep my remarks fairly short. I think I should do that and give the Minister lots of time. I congratulate the hon. Members for Tewkesbury (Mr Robertson) and for St Albans (Mrs Main) and the right hon. Member for Arundel and South Downs (Nick Herbert) on securing a lively debate on what is clearly a serious issue, given the large number of Members present.

I hope that hon. Members will forgive me if I do not go through their contributions individually, because that would take up a great deal of time. They spoke

passionately about their own areas. There clearly is a major issue across the country. I was pleased that a number of their remarks were not based on just being anti-housing. There was a sound recognition that we need more housing, but concern was expressed about the sites that have been identified for building houses. I was pleased to see a commitment to plan-making and place-shaping, because they are an important part of the solution to some of the issues that have been raised today. Hon. Members also produced a wish list. I am probably going to add to that a little bit, but I hope not too much.

We know that we need more housing, including in rural areas. In order to secure a typical mortgage, a rural resident needs to earn £66,000. With the average rural income standing at just over £20,000, there clearly is a problem with affordability. That exists partly as a result of insufficient supply. The situation in rural areas is part of a wider problem. For decades, under successive Governments, house building has stayed low relative to demand. I will hold my hands up to say that the previous Labour Government did not see enough houses built, but neither did the previous Conservative Government. Private house building completions in England have been relatively static for more than 30 years, averaging about 130,000 per annum. That is below the peak average of 180,000 per annum in the 1960s, and well below potential.

Mrs Main: The hon. Lady just said that the number of houses being built has been low or static. What about the number of permissions? I have not seen anything that shows that the number of permissions has been low or static. It is just the amount of development that developers are prepared to get under way.

Roberta Blackman-Woods: The hon. Lady makes a valid point. We know that a number of sites with planning permission never end up being developed. The point I am trying to make is that we must look seriously at the housing numbers that we need, particularly as we have a shortage, partly because we were not building enough in the past.

Private completions increased from 2003, with a steady improvement to 154,000 in 2007. However, they fell with the economic crash to 89,000 in 2012. In contrast, new affordable homes produced by local councils and housing associations, which averaged more than 130,000 per annum in the 1950s and '60s, have seen a steep downward trend since the 1970s. Production has averaged fewer than 30,000 per annum since the mid-1980s, falling to 13,000 in 2003. There has been some improvement since then, with new completions at 27,000 in 2009 and a similar number in 2012, due to the housing stimulus put in place by the previous Labour Government following the crash. However, the numbers produced are too low.

There is an ever-growing gap between supply and demand, which means that millions of hard-working people are increasingly priced out of buying their own home. Home ownership has declined from its peak in 2001—69%—to 64% in 2011. The average house price is now nine times larger than the average wage. The average low-to-middle income household would now have to save for 22 years to accumulate a deposit for the typical first home, compared with just three years in 1997. So-called second steppers are also being affected, with

[*Roberta Blackman-Woods*]

the average age for a second purchase rising to 41, despite 40% of families saying that their first home is too small for a growing family.

More than 1.1 million families with children, and 8 million people in all, are now part of what we are calling generation rent. They are paying private rents that are rising faster than wages and contributing towards a cost of living crisis. They face rip-off letting agent fees, instability and uncertainty as a result of short-term tenures, and sometimes poor standards and service. Many want to buy their own home but have little hope of being able to do so.

We must address the housing shortage. I absolutely agree with all the Members who have contributed this afternoon that development sites need to be identified by local communities, with a stronger emphasis on neighbourhood planning and putting consent at the heart of the planning system. I think that can be helped in a number of ways. I have often paid tribute to the Minister and his predecessors for introducing neighbourhood planning. We think that is probably the key in the medium and longer term to delivering the sorts of neighbourhood that we all want.

The issue is not just about housing. I think we will partly get consent when we stop referring only to housing numbers when talking about the issue. People want to see employment, proper infrastructure and leisure, and they want to keep their open spaces. The issue is about building communities, and we have to talk more about that.

We also need to do something about quality. I know from my constituency that people often get upset about the houses proposed, because they simply look awful: they are too small, or have various features not in keeping with the local neighbourhood. We need to get better at improving the quality of our housing stock. That is especially important in rural areas, national parks, areas of special scientific interest and so on. I am a bit concerned that the Growth and Infrastructure Act 2013 reduced some of the existing protections in areas of outstanding natural beauty and national parks. That is not a good thing; it is a step in the wrong direction. [*Interruption.*] I think that hon. Members might think that the clock is set for 4 o'clock, but we actually have until 4.30.

Will the Minister consider the Woodland Trust briefing sent to all of us about giving better protection to ancient woodlands and planting many more trees? Does he intend to monitor the relaxation of permitted development rights and use-class order changes to see what happens to the quality of buildings in rural areas as well as on our high streets? High streets are not part of this debate, but rural town centres would be relevant as well.

I am looking forward to hearing what the Minister has to say about the over-reliance on appeals that seems to have emerged as a result—probably a temporary one—of the national planning policy framework having been put in place before local plans were adopted. I am interested to know whether he has thought about that, or considered speeding up plan-making to reduce the reliance on decisions made by inspectors. Does he plan to strengthen the brownfield first policy, which the NPPF weakened, and does he intend to reform land

acquisition and assembly in accordance with some of the helpful suggestions made in this debate about opening up the land supply market for competition by a larger number of people?

Mr Graham Brady (in the Chair): The shadow Minister is quite right: it is possible, though not mandatory, for the debate to continue until 4.30.

3.52 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Nick Boles): It is a pleasure to serve under your chairmanship again, Mr Brady. In your other role as the chairman of the 1922 committee, I am sure that you are delighted to see so many of your flock here. I wish I could pretend that I thought so many of my hon. Friends were here because I am so popular in the party or because I am a compelling orator, but I recognise that the reason is the level of concern in the communities that they represent and the lack of comprehension in those communities about some of the decisions being made on nearby developments that matter to them. Those decisions seem to be visited on them from on high without explanation.

Many hon. Members have asked specific questions. I could probably take up all the time until the end of the debate just answering them, although I do not intend to do so. Instead, if it is acceptable to you, Mr Brady, and to my hon. Friends and other hon. Members, I will try to address all the issues and see whether I can answer specific questions in doing so. If, by the time we start edging towards the close of the debate, there are burning questions that I have missed answering, I will be happy to take interventions to answer them. However, I hope that I will be able to cover most of them.

I need not start by underlining the scale of the housing crisis faced by this country, the extent of the need for housing or the grief and hardship that the crisis is visiting on millions of our fellow citizens. My hon. Friend the Member for East Hampshire (Damian Hinds) described it eloquently when discussing the average age of the first-time buyer and the average house price in his constituency, and others have referred to the situation in their constituencies. The hon. Member for City of Durham (Roberta Blackman-Woods) set out clearly the roots of the crisis and the fact that Governments of all stripes share responsibility for it. I hope that we can take that as a premise that everybody agrees on.

Mr Laurence Robertson: The Minister used the word “crisis”, but that is not a situation that I recognise. I would be grateful if he went into it in a little more detail.

Nick Boles: I will just recap some of the figures mentioned by the hon. Member for City of Durham and others. In the past year, the percentage of first-time buyers in England who were able to buy a home without their parents' help fell to its lowest level ever, under one third. Two thirds of all first-time buyers in England last year required a subsidy from their parents. By definition, that means that they came from a relatively narrow social group—those from relatively well-off families. Until we introduced the Help to Buy policy, the opportunity to become a first-time buyer had been denied to a large number of our fellow citizens.

Another key fact also mentioned by the hon. Member for City of Durham is that the average age of first-time buyers has crept up and up, and is now nudging 40 in many parts of the country, although of course there are parts of the country where the crisis is not so acute. It is intense within the south-east and the south, but there are also pockets in parts of Yorkshire, and it is just as intense elsewhere, around certain big cities.

Mrs Main *rose*—

Martin Horwood *rose*—

Nick Boles: If I may finish, we also know that the size of the homes in which families are forced to live has fallen steadily for several decades. The number of overcrowded families has risen and the amount of space in which young people must grow up has fallen for several decades for a simple reason: our population has grown and we have not built enough houses to keep pace with it.

That growth in population has had two main sources. One, which is contentious in the House and elsewhere, is immigration, which was uncontrolled for a long time. We as a party rightly criticised that, and are now doing something to control it. However, it is important to remember that the majority—about two thirds—of the growth in population and in the number of households in the country has resulted not from immigration but from ageing. One way that I ask people to think about it is by considering how many people now are part of families in which four generations are alive. Quite a lot of them are. It used to be rare to have a great-grandparent or great-grandchild in a family; it is now common, because people are living longer, and they do not all want to live in the same house. I could go on, but I know that time is limited.

Several hon. Members *rose*—

Nick Boles: I would like not to take interventions on the argument, as I have heard the argument from hon. Members. I will take interventions later if I have not answered the specific questions raised.

Martin Horwood: Will the Minister give way on that point?

Nick Boles: No, I will not take interventions on the argument; I will take them on the specific questions asked. I have sat here for two hours listening to the arguments from the Opposition, and I would like a brief moment to develop my argument.

Housing need is intense. I accept that my hon. Friend the Member for Tewkesbury (Mr Robertson) does not share my view, but many hon. Members do, and there are a lot of statistics to prove it. How are we going to solve the problem? My hon. Friend, whom I congratulate on securing this debate, referred to the country having 700,000 empty homes, which, he said, should be a priority for meeting the intense need for housing. Although I agree with the sentiment, unfortunately his figure does not give a true picture. The figure of 700,000 homes captures every home that is empty right now, including every home that is between buyer and seller and every home in probate.

I will, therefore, give him the true figure for homes that have been empty for more than six months, which I think we can all agree is probably the right figure for an empty home that could meet somebody's housing need in the long term. That number is 260,000 for the whole of England. It has fallen by 41,000 since this Government came into office in 2010. We are spending a great deal of money, and we and local authorities are working hard, to bring those empty homes back into use. It is important to recognise that many—not all, by any means, but many—of those 260,000 are in parts of the country where demand for housing is not as strong as it once was, not in parts of the country where demand for housing is great. I do not believe that a Government can tell people to go and live somewhere with no jobs and no future, just because houses have been built there. Empty homes can make a contribution and are doing so under this Government, but in the scale of need explained so vividly by so many, they are a small contributor.

We need to move to the question of brownfield sites. If it were possible, everybody in this country would prefer every new house to be built on a brownfield site. We would all love not to develop a single scrap of greenfield land if we did not need to. Therefore, the question is whether there is enough brownfield land to do that. The Campaign to Protect Rural England often bandies about the statistic that 1.5 million homes could be built on the available brownfield land. I am afraid that that figure is not entirely a fair representation, because more than half of that brownfield land is already occupied for another use—for example, with a house or factory on it. In theory, it might make good sense to use it for converted housing, but the people currently occupying and using it for another purpose would, by and large, have a view on that: if they own or use the property, they will probably not want to give it up immediately, and if they did give it up, where would they be employed? Having taken all that out, a large number of the remaining brownfield sites are in places where demand for new housing is not so intense. In many areas of most intense demand, the number of brownfield sites that have not been developed is relatively small.

I reassure hon. Members that nearly 70% of new houses in 2010, the last year for which figures are available, were built on brownfield land. We are still building more houses on brownfield land than on greenfield land. We are approaching the point at which the number of brownfield sites that are in the right part of the country and are vacant and available for housing development is too small to supply more than a small, although significant proportion—nearly 70%, but not more—of our need.

Another subject raised here and elsewhere by many hon. Members, including my hon. Friend the Member for St Albans (Mrs Main), is the amount of land banking in the country. We all know individual examples of sites that have been bought and for which planning permission has been given, but on which development has not happened. The question we have to ask is: why has that happened, what is the scale of that problem and what contribution would fixing that problem make to solving our intense need?

We must first recognise that that is true of many sites because developers bought them before the financial crash, secured planning permission in anticipation of

[Nick Boles]

the economic environment pertaining at the time and, frankly, could not raise the money to build out the site or, even if they raised the money to do so, could not find people to buy the houses. Ultimately, developers are businesses. Certainly in my party, which so many hon. Members here represent, we believe that businesses need to be free to make investments and bring forward projects, but should be forced to complete such projects only if they have a reasonable prospect of getting their money back and perhaps gaining a small return. That problem grew during the recession not because of developers' greedy behaviour, but simply because they do not want to build houses if there is nobody to buy them.

That situation led to an expansion in the scale of land banking, but let me tell hon. Members about the current position, because it has been reduced by the recovery in house building. The latest estimate is that the total number of units of housing in land banks throughout England is 500,000, but only half of that is on sites where building has not begun. From our constituencies, we all know that most housing developments of a scale greater than a dozen houses are not built out in one year, but sometimes in three or five years, because it is natural to do so. If all the houses were built in one place in one year, it would result in a strange development in which half the houses were sitting empty. That is how the house building industry works, and unless any hon. Member in the Chamber wants to nationalise house building, we have to live with that system.

Only 250,000 units are on sites that have not been started. That is a significant number, but the point is that it covers the whole country, including some places where demand is not sufficient to pull through supply. The Labour party has proposed to confiscate that land from developers, but will such compulsion really solve our housing crisis or lead developers to build more places where we want those houses? I am sure that that might make a contribution, as empty homes may, but I do not believe that it could solve the problem on its own.

On the whole question of local plans and the process that local authorities are asked to go through in putting them together, the fundamental basis of the national planning policy framework, about which many hon. Friends and other hon. Members have been generous, is that local authorities are in control because they have put in place a local plan. Doing the work of producing a local plan puts the local council, as the representative of the community, in control. The local plan has a very simple concept that is very difficult to deliver, which is that the authority has to provide a five-year land supply of immediately developable and deliverable sites to meet its objectively assessed housing need.

I understand that there are concerns. My hon. Friend the Member for Cheltenham (Martin Horwood) referred to an econometric model, and other hon. Members have spoken about the various methodologies. It is not unreasonable, however, for the Government to tell an authority, which is representing the people and has a duty to serve them, "Work out what's needed, and make plans to provide it." That is what we do with schools. We do not tell local authorities, "You can provide as many school places as you feel like"; we say, "Provide as

many school places as are needed." We do not tell the NHS, "Provide as many GPs as you feel you can afford right now"; we say, "Work out how many GPs are needed." The same is true of housing sites: we tell local authorities, "Work out how many houses will be needed in your area over the next 15 years, and then make plans to provide them."

Stuart Andrew rose—

Martin Horwood rose—

Nick Boles: I am happy to give way to my hon. Friend the Member for Cheltenham.

Martin Horwood: My constituents in places such as Leckhampton and Hatherley do not understand this: the econometric model is based not so much on need as on demand, which in areas such as mine—and St Albans and many other constituencies—is practically insatiable, so we will still have high house prices that are unaffordable for many first-time buyers in places such as Cheltenham, because we have good schools and shops, as well as a good local environment and good employment levels. If such areas are simply consigned to endless development, we will lose something very precious to local people and to the environment.

The problem with the Minister's scenario is that the issue is not about trying to stop all development—nobody has said that—but about wanting local people to be able to make some difference and have some say. The economic model for the assessed housing need or demand—

Mr Graham Brady (in the Chair): Order. I remind the hon. Gentleman that interventions should be short.

Martin Horwood: Sorry, Mr Brady. The model or whatever dictates that number should not be a be-all and end-all that nobody can influence.

Nick Boles: I want to reassure my hon. Friend that the process is not based simply on a measure of demand. It is not a matter of sending out a survey to ask people whether they fancy living in West Worcestershire. That is not how it is done; it is done on projections of population, of the number of households in which ageing is taking place and of the historical record and, therefore, the likely future trend of inward migration. That is the definition. The immigration figures are based on the past record. They are not just plucked out of the air as the number of people in the whole world who would quite like to live in Cheltenham. The model is based on an understanding of the pressure of demand from people who actually want to come to Cheltenham. They might want to move to Cheltenham to be near a job, go to college, or be close to their mum who is growing old on her own in a flat.

Martin Horwood indicated dissent.

Nick Boles: My hon. Friend shakes his head. I am happy for him to go through the modelling that is the basis on which this is done. I simply say to him that if he added up all the projections of housing need of all the local plans in the country, he would find that it would add up to a figure that is too low to meet the overall population growth of England. It is not, therefore, the

case that there are these hugely inflated demand figures being put into local plans, which add up to something way in excess of what we need; they are too low to meet our universal needs as a nation. Somehow, somewhere, we are not overestimating the need.

Stuart Andrew: In 2001, the population of Leeds was 715,000, and in the census of 2011, it was 751,000, but the estimate of the Office for National Statistics said that it would be 788,000, which is 37,000 more than actually happened. If we go on the same figures, Leeds will yet again be overcompensating for a population increase that will not exist, but it will have to have the five-year land supply, and to do that, it will have to go into the green belt. How does my hon. Friend marry up that problem that we and our communities face?

Nick Boles: My hon. Friend makes a good argument, and he has made a good argument generally, which he will have every opportunity to make in the examination in public. He will be able to say why he thinks that the projections done by his local authority are way out of line with any realistic possibility and to challenge those projections. He will be able to require the local council to demonstrate to the inspector the reasons it needs to supply those numbers, which cannot be that it is ambitious or that it is going for growth. If it has no good arguments or good evidence, there will be every reason for him to say that it is a plan to meet not need but ambition and dreams, which is a great and lovely thing but not what plans are meant to do.

A great many of my hon. Friends are concerned because they see that, in the absence of a local plan that has been fully adopted after an examination in public by an inspector, many decisions are being made that local people are not content with and their local authorities have opposed. It will be of no reassurance to them, but it is interesting that there is not a single person who has spoken in this debate who is from an area that has a recently adopted local plan. There is a reason for that: once there is a recently adopted local plan, the authority is then in the driving seat. It may well have gone through a process, as my hon. Friends the Members for Cheltenham, for Tewkesbury and for West Worcestershire (Harriett Baldwin) have—*[Interruption.]* No, let me finish my sentence. It may well have gone through the process of putting together that plan, which would be painful because it requires someone to carry out the contentious job of identifying the sites. Once the plan is in place, that is the point at which local authority decisions—*[Interruption.]* I hear lots of rumblings. If I could just finish the argument, I promise to take some more interventions. At that point, the authority will find that appeals are not going against it. I accept that there is a certain amount of scepticism about the figures, but I am giving Members the facts. In 2012-13, the number of planning appeals in which the inspector backed the local council and rejected the appeal was 67%. In 2011-12, it was 68%, and so far this year it has been 67%. In two thirds of all appeals, the inspector is backing local decisions, because the council has made local plans that meet the requirements, so it can be trusted to make its decisions.

Sir Tony Baldry: The Minister knows that, for historic reasons, almost half of all local planning authorities in England do not have an up-to-date local plan. They

started to get that going with the introduction of the national planning policy framework. I suggest that most of them are doing so with all due speed, as is evidenced by my local authority, which adopted its local plan on Monday. My concern, and the concern of many Members, is that the Minister and the Government are not giving any protection or taking any notice whatever of emerging local plans. As a consequence, they are not giving any consideration to the efforts by local communities and local councillors to ensure that they have robust local plans.

Nick Boles: I thank my hon. Friend for that. I understand what he is saying. It is difficult and painful, especially in an area of high demand, to produce that local plan. Many local authorities have been making excellent progress, which is why the number of local plans has risen from about 30% when the national planning policy framework was passed to more than 50% now, and many more will be adopted over the next few months. The difficulty is that there are cases—I am afraid that some of those cases are represented in the Chamber—in which the local plan, despite what the local authority might have said, does not meet the requirements of the Localism Act 2011 and of the national planning policy framework, and does not provide a five-year land supply.

In some cases, that is because local authorities put too many eggs in one basket. They identify one big site to which they attach a lot of hope value, and which might make a fantastic development, but which, in reality, has no immediate prospect of being developed. It therefore cannot count as a site in a local plan. Sometimes, they make estimates that a site will build out over two years, when it clearly will not do so in less than five. It is not surprising, therefore, that the inspector sometimes says, "I'm sorry, but that is not a robust plan, because the sites you have identified will not deliver what you say they will deliver in the established time frame." Then he asks the local authority to go back and revise the plan. That is happening in many local authorities represented in this Chamber, and is causing some of the frustration.

Harriett Baldwin: What, in the Minister's view, is the appropriate time between a council democratically agreeing a local plan and the plan finally becoming set in stone, as there is a very protracted period of inspection by a scarce national supply of inspectors?

Nick Boles: In general—I cannot comment on any particular case—one would hope that that would happen in about nine months. If it could be six, that would be great. It certainly should not be more than 12. In some cases—I am not suggesting that it is happening in West Worcestershire—the inspector, rather than saying that the plan will not meet the requirements, says that the authority needs to do a bit more work on it and then suspends the plan. That can be a good thing, because we do not want to see a lot of good work thrown away because one part of the plan has not been properly completed. That is sometimes what causes it to be delayed beyond the time frame. If everything is in order, it should be done within six to nine months.

Mrs Main rose—

Nick Boles: There are many questions that I have not yet answered, and there are only so many minutes left. I want to come on to the point of prematurity that some Members have raised. There is a difficult balance to be struck. One extreme would be to say that it does not matter how early stage a local plan is; as soon as an authority has started on a local plan, the draft policies, which have not yet been examined, consulted on or tested, should determine decisions. That is at one end. I understand that no one is suggesting that it should be at that extreme end. At the other end, we say that no weight should be accorded to a plan until it has absolutely finished the process.

The balance that we have put out in the draft guidance is that once a local plan has been submitted for examination—not completed or passed—it should carry significant weight if there are no substantial unresolved objections to parts of it. A neighbourhood plan has to pass a referendum, which is a big moment at which it might fail, and it starts to acquire weight when it has been presented to the local authority for what is called the local authority publicity period. I accept that both those stages are towards the end of the process. However, the difficulty is if we try to move them earlier in the process is that—I promise you—developers will go to court, they will seek the judge's interpretation and they will say, "This plan hasn't even been consulted on. It hasn't even been tested by examination. How can it be the basis for a decision, when in every other way this proposed development meets all of the policies in the national planning policy framework?" That is the argument that they will make, and indeed it is the argument they are making in cases right now.

Therefore, it is not simply in the gift of Ministers to move that decision point through guidance; we cannot do that. We have to put it at a point that the courts will find reasonable as an interpretation of the requirements for a plan to be sound and robust. We have set it where we have because we think that is the most reasonable position, but I am very happy to invite colleagues here in Westminster Hall today to meet my officials to discuss whether there is a way of finding another time frame that would stand up in court. However, I would simply share with them the view that the bar that would stand up in court is a very high one, and I have concluded that the position that we have outlined in the guidance is the one that will not only stand up in court but provide some protection for those plans that have reached an advanced stage of development.

David Rutley: Notwithstanding the point that the Minister is making, can he confirm that the planning horizon currently is to 2030 and any talk of moving to 2050 is for the birds, to use a technical term? Would he also use his good offices, given that there is good will—particularly in Cheshire East—to conclude local plans, to bring the requisite expertise to enable us to get over this hurdle as quickly as possible?

Nick Boles: I am very grateful to my hon. Friend for reminding me of two very important specific questions, to which it is a great pleasure—and a rare one—to be able to give an answer that I hope is satisfactory. The answer to the first question is that there is nothing in the Localism Act 2011, in the NPPF or in any aspect of Government planning policy that requires someone to

plan beyond 15 years. So, anybody who is suggesting that there is any requirement to safeguard land or wrap it up in wrapping paper and ribbons for the future development between 2030 and 2050 is getting it wrong. There is no reason for it and my hon. Friend can knock that suggestion straight back to wherever it came from.

Regarding help for authorities, I will make an offer to everyone here in Westminster Hall who has an authority that is having difficulty resolving the final objections to a plan that is still in draft form. It is that I am very happy to ask officials in my Department and—perhaps even more usefully—the recently retired chief inspector and another recently retired very senior inspector to meet those authorities to help them, in a sense, to understand what are the practical things they have to do to get the plan to a point where it can pass examination.

I fully understand that there is a frustration, namely that people cannot negotiate with an inspector; because an inspector is basically like a judge; it would be like someone negotiating with a judge in court as to whether they will be found guilty or not. The inspectors cannot negotiate, but that is why we have created a resource within the Department that is able to provide that practical support, and I am very happy to offer it to Cheshire East and to other boroughs where it would be necessary.

Several hon. Members rose—

Nick Boles: I will move on to the infrastructure point; I am happy to take more interventions after that. That is because my right hon. Friend the Member for Arundel and South Downs (Nick Herbert), who spoke so passionately and so persuasively, as he has done so many times before, on this subject, raised a particular point about a commitment to make a clearer reference to the need for infrastructure to be planned in planning guidance.

When my right hon. Friend raised that point with me before this debate, I was very concerned that I had failed to deliver on a commitment made on the Floor of the House, and that that was something I needed to correct. I will not suggest to him that it is impossible to improve on what we have done, but I would like to reassure him that my officials—being marvellous officials—put in something that addressed the concern that he raised and the commitment that I made; it just may not be something that he considers to be sufficient. I will quote from the new draft planning guidance, because it is important that we all understand it. It says:

"Local Plans set out a vision and a framework for the future development of the area, addressing needs and opportunities in relation to housing, the economy, community facilities and infrastructure".

That is the introductory phase. Then it says specifically:

"The Local Plan should aim to meet the objectively assessed...infrastructure needs of the area".

Then it says something even more specifically, which directly addresses the point of whether it is possible to ensure that a development only goes ahead once the necessary infrastructure has been put in place, and only after that necessary infrastructure has been put in place. We have made direct provision

"that a condition"—

that is, a planning condition—

“may be used to prohibit ‘development authorised by the planning permission or other aspects linked to the planning permission...until a specified action has been taken (such as the provision of supporting infrastructure).’”

That is the element where we have attempted to make it clear that planning authorities can very reasonably say, “Yes, we’ll pass this planning application, yes, we will consent, but it can only go ahead and be built out once that infrastructure has been put in place.” I believe that the use of conditions is the right way to do it, as well as the plan making that makes the broader plans for infrastructure. However, I am very happy to invite my right hon. Friend to meet my officials and to come up with a better solution if one can be found that addresses his concerns.

Nick Herbert: I am grateful to my hon. Friend the Minister and I will have a look at the specific provisions that he says address the concern that we raised last December, and that he committed to bring forward; I thank him for that. Can he assure me that the proposals in the guidance in relation to infrastructure will enable a local authority, in drawing up a plan, to adjust the housing number that it sets, such that the number may be lower than the strategic housing market assessment provides, because of infrastructure considerations?

Mr Graham Brady (in the Chair): Before the Minister replies, I remind him that we only have three and a half minutes left, and I am keen to allow the Member responsible for securing the debate—the hon. Member for Tewkesbury (Mr Robertson)—to reply as well.

Nick Boles: If you will forgive me a very scrappy finish, Mr Brady, I will answer the question, and then I will sit down to allow my hon. Friend the Member for Tewkesbury to speak.

Very specifically, development must be sustainable, and sustainable in many ways. Infrastructure is one of the ways in which it needs to be sustainable. However—the however is quite important—to say that the current infrastructure is insufficient to support a level of development that otherwise would be “sustainable” in other senses of the word is not quite enough, because someone has to be able to say that it is incapable of being made sufficient to support that level of development; in other words, that the local authority either could not bring the financial resources together or could not physically and geographically make arrangements to make that development sustainable. Just to say, “The road is too narrow; we can’t do anything more there,” is not quite enough. To say, “The road is too narrow and can never be widened, because it’s between two ancient forests that have the highest status,” could be sufficient and that tends to be where the debates take place.

However, as I say, I am very happy to invite my right hon. Friend to meet officials to explore this issue further.

I will conclude. I am sorry if I have not answered everybody’s questions.

4.27 pm

Mr Laurence Robertson: Thank you for calling me to speak, Mr Brady. It is a pleasure to serve under your chairmanship, and to have served under that of Mr Havard earlier.

I thank all the Members who have attended Westminster Hall today and contributed to this very lively debate. I thank the Minister for his attendance and his answers. I am not completely satisfied, as he would imagine, by some of the answers he has given, particularly about this so-called “housing crisis”. He said that we are an ageing population. Of course we will age during the next 20 years, but we aged during the past 20 years as well, so I am not convinced that the projections should jump up so much because of that single factor. Of course, families go their own separate ways and people unfortunately have divorced, but again I am not aware that the projection will go up in the way that it would need to in order to justify the additional housing figures that are being talked about.

The Minister was perhaps talking about people being unable to buy houses, and ignoring the financial constraints. In my experience, it is not necessarily that the houses are not there. We went through a situation where some lenders were lending 125% of the house price, which had the effect of inflating those house prices. Now we have the opposite, where there is a very tight lending policy, and that is making it difficult for people to borrow. I accept the philosophy of price elasticity, of course—demand and supply—but there is more to it than that, so I am a little concerned that the Government are still clinging to the “housing crisis” phrase.

I will rattle through one or two final points. I am very much in favour of neighbourhood plans, of course, but they have to be in conformity with the local plan, so they are not actually that valuable.

My final point is the one raised by my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) about infrastructure. Does that mean that numbers can be reduced? What about the green belt? What about flood risk areas? All these provide great difficulties, certainly in my constituency, to coming up with the sort of numbers that are being proposed by the Government—

Mr Graham Brady (in the Chair): Order.

4.30 pm

Sitting adjourned without Question put (Standing Order No.10(13)).

Appendix JS5

Building the Homes We Need (April 2014)





cutting through complexity

Building the homes we need

A PROGRAMME FOR
THE 2015 GOVERNMENT

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Shelter



ACKNOWLEDGEMENTS

This report is the result of a year-long joint project by KPMG in the UK and Shelter to contribute to the crucial national debate on the housing shortage. In October 2013 we published an interim report which summarised our findings from a series of roundtables in the West Midlands, and several other subsequent roundtable discussions.

We have now supplemented our findings from the West Midlands with expert input from the UK and abroad, and with a series of commissioned technical research reports led by Capital Economics, Europe Economics and IPPR, to develop a comprehensive package of solutions to the housing shortage.

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Recommendations in this report

Area for reform	Policy recommendations	Vision
Land Market	1. Introduce "New Homes Zones"	Our vision is for a land supply system that is transparent, efficient and stable and most importantly provides much more land at lower prices
	2. Incentivise the use of stalled sites	
	3. Build new Garden Cities	
	4. Open up the land market with far more data	
House building market	5. Help local builders access finance	Our vision is for a house building sector with many more local builders and more innovative models of development such as custom build. We need the big players running at full throttle, but alone they won't be able to solve the housing shortage. We need to help local builders thrive once more and new builders join the market.
	6. Prioritise stable house prices to help SME builders	
	7. Provide land for custom build	
	8. Level the playing field for builders with national space standards	
Affordable housing investment	9. Boost public and private investment in affordable homes	Our vision is for an affordable housing sector that's well funded, has a variety of developers and produces high quality homes for a wide range of income groups, including social rented homes for those on low incomes and shared ownership homes for middle earners.
	10. Set up a National Housing Investment Bank and use public land in joint ventures	
	11. Raise borrowing caps on local authority building	
Strategic local leadership	12. Put housing at the heart of new City Deals	Our vision is for cities and towns which plan strategically: linking jobs, services, transport and homes. Local leadership will be vital to get us building the new places we need.
	13. Assess housing needs across local authority boundaries	
	14. Integrate major new infrastructure with new homes	
	15. Increase flexibility to make green belt swaps	

Dear David Cameron, Nick Clegg and Ed Miliband,

Everyone now accepts that we have a desperate housing shortage in England.

Each year we build 100,000 fewer homes than we need, adding to a shortage that has been growing for decades. What's more our current house building system seems incapable of delivering growth on the scale required. Growing demand means that without a step change in supply we will be locked into a spiral of increasing house prices and rents – making the current housing crisis worse.

Despite modest efforts to improve supply over many years, there has been no comprehensive plan to get us rapidly building the homes the country needs. If the next government shies away from showing the strong leadership needed, having a home of your own to rent or buy affordably will become a distant dream for an increasing number of people in this country. Rents will rise and homelessness will increase. The economic recovery will be held back by high housing costs, an immobile workforce and unstable housing markets.

In short, the country needs a serious plan to transform housing supply. One that faces up to tough choices, but also sets a new tone for political generations to come – and all Parties need to sign up to it. Solving this problem will take leadership and vision from across the political spectrum at local and national level. All Parties share responsibility for the housing shortage, and all must commit to ending it.

KPMG and Shelter have put together a comprehensive, visionary programme for the next government to get the country building the homes it needs. Taking steps to lower the cost of land for development will reduce the profits made by some land owners, but allow better homes to be built and stimulate a new wave of SME builders who have been squeezed out of the market. Increasing investment to build genuinely affordable homes will mean tough fiscal choices, but reducing the cost of housing will also cut the welfare bill. Introducing new taxes on unused housing land and empty homes will be unpopular with some, but it will get development moving on stalled sites.

There are no easy solutions or silver bullets. Coherent and co-ordinated action is needed at each stage of the development process, to deliver a new vision in the way that housing is provided in England.

This report has been written through close collaboration between housing policy, financial and housing market experts in KPMG and Shelter. It draws on a wide range of expertise and new research to address the problems and propose solutions. We are confident that our programme will create the new generation of homes which are so desperately needed. We look forward to working with you to deliver it.



Marianne Fallon
– UK Head of Corporate Affairs,
KPMG in the UK



Campbell Robb
– CEO,
Shelter

Executive Summary

The housing shortage and its implications

We need to build more homes in England.¹

With rents and house prices rising, a great many are struggling and many more are worrying where their children and grandchildren will be able to live. Across England, a quarter of adults under the age of 35 are living in their childhood bedroom.²

If we do not take firm action to build more homes there will be very worrying consequences for our economy and society. The impacts will be felt in rising homelessness, stalled social mobility, declining pension saving and an ever rising benefit bill. High house prices and often unaffordable private rented housing is already impacting the country's competitiveness, particularly given that migration to the job market in London and the South East is increasing, but it is this market that has the highest housing costs.³

Changing demographics mean we need to build a minimum of 250,000 new homes per year in England to meet rising demand. Last year, we built just 110,000. But the housing shortage is not a new phenomenon: successive governments have failed to get us building at the rate we once did, and no party has yet presented a credible plan to fill that gap.

The broken housing supply system

Over the last 40 years house prices have risen by 3% annually in real terms,⁴ but this price signal has not produced a supply-side response. With every period of rapid house price growth supply has only responded slowly and then declined rapidly when house prices have fallen. Over a long period we can see that this has ratcheted down private market supply from cycle to cycle.

¹ Shelter in England has collaborated with KPMG on this report. Housing is a devolved issue for Scotland, Wales and Northern Ireland. Where possible, all figures in the report will be for England

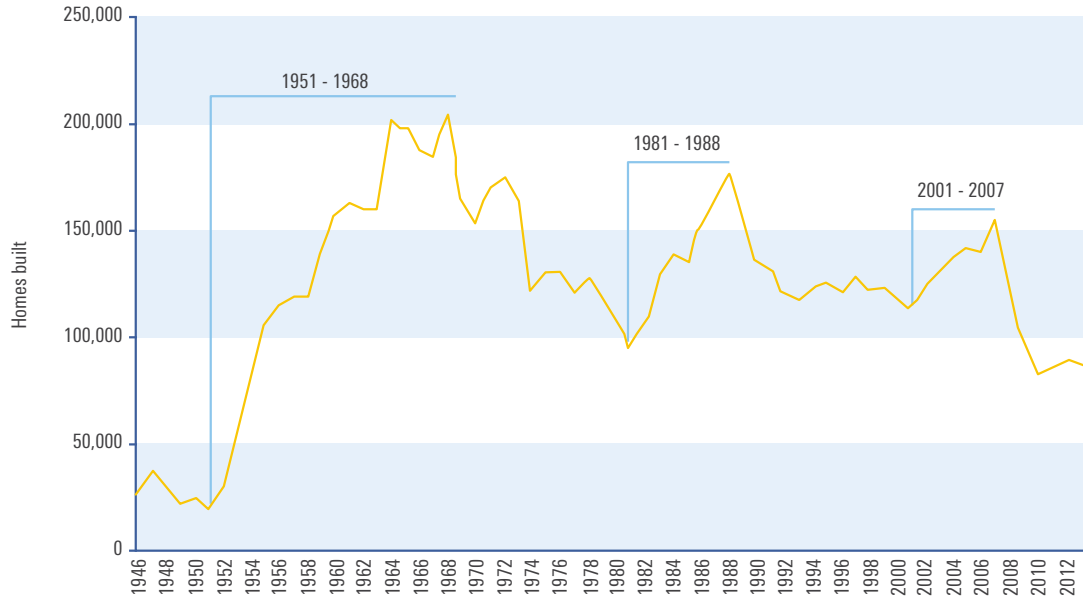
² ONS, Young adults living with parents, 2013

³ Home ownership has been falling in England since 2003 while house prices have risen faster than inflation or earnings over many decades. DCLG, English Housing Survey and Survey of English Housing (homeownership trends). Barker Review 2004 showed that real mean house price inflation was 3.3% in England over the three preceding decades. Housing as a concern for businesses is demonstrated by CBI/KPMG, London Business Survey, July 2013. Average house prices in London and in the South East are over £300,000 in both regions, the only regions in the UK to be above that level. ONS, House Price Index January 2014

⁴ According to the Barker Review 2004, the long term trend of annual average real term house price growth is 3.3% in the UK



Graph 1: Private sector house building, England 1946-2013

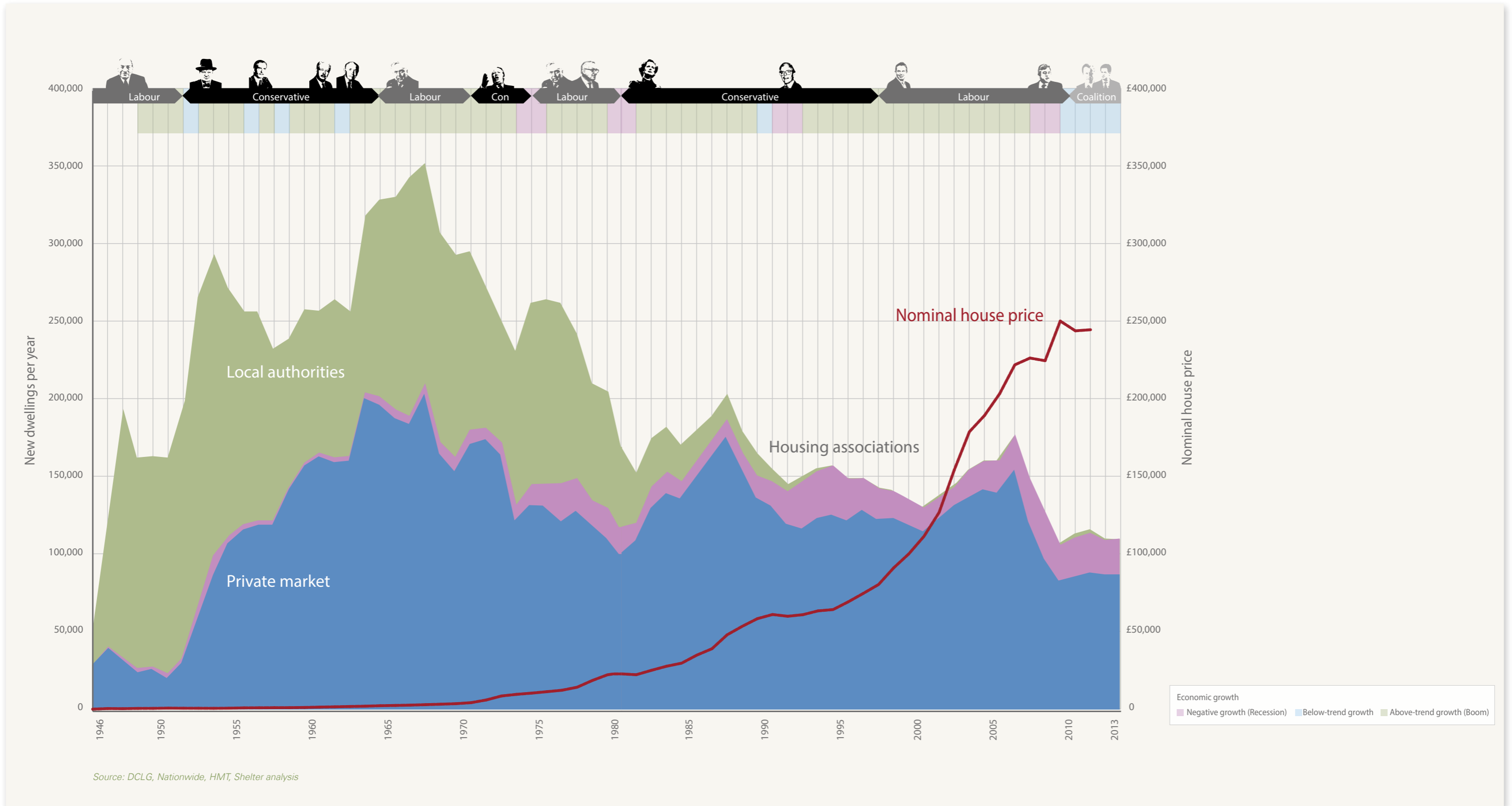


Source: DCLG

The reasons for this systemic failure are many and complex, because house building is a complex, time-consuming and expensive process. Crucially, it is one that takes place at the intersection between three markets: in land; construction; and home sales.

These interactions currently create a housing supply system that consistently delivers too few homes, of variable quality, at very high costs. In seeking to understand and reverse this dysfunctional pattern, our analysis identifies four main problem areas: the workings of the land market; the role of competition in the house building sector; investment in new affordable housing; and the difficulties in gaining local support for development.

House building since 1946





The land market

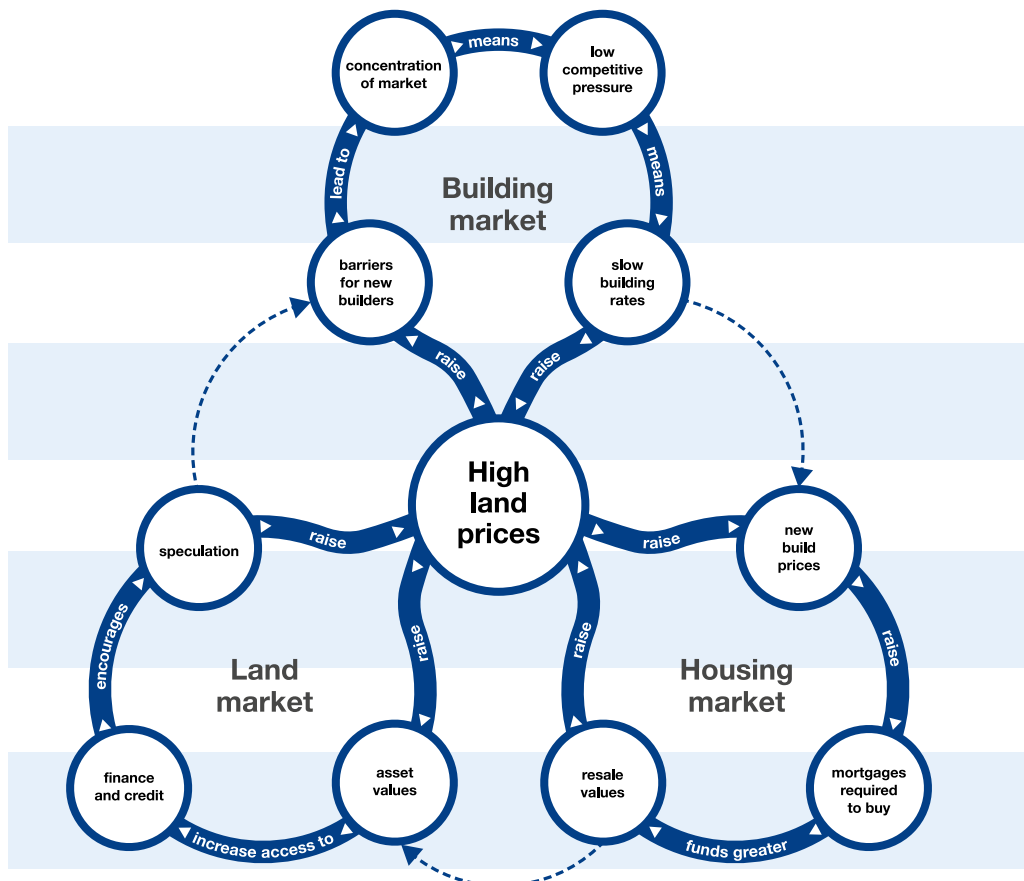
Land is the primary input into house building, but the unique features of the land market have been poorly understood. The primary consequence of the inherent scarcity and permanence of land, accentuated by the planning system and amplified by the financial system, is that land values tend to rise over time. The gain in value that planning permission delivers is generally very high, encouraging strategic land trading, rather than development and also resulting in the most profitable beneficiaries of residential development being the land owner – not the developers, the community or central or local government.

Developers must compete fiercely for scarce land, while remaining uncertain as to what planning permission they will be able to secure. The lack of transparency or published data on land market activity only serves to make this harder. The land market dysfunctions result in a 'land price trap' where development variety and quality is squeezed to increase the price paid to land owners to beat rival bidders. Price competition for land can systematically force down the quality and size of new homes.

Time lags between land purchase and home sales make development highly vulnerable to external shocks or local house price falls. The result is a vicious circle in which high land prices ensure housing output remains low and house prices high – which in turn sustain higher land prices.

Graphic: How the markets in building, land and housing all feed into land prices

High land prices are at the centre of our dysfunctional housing supply system





Competition that fails to benefit consumers

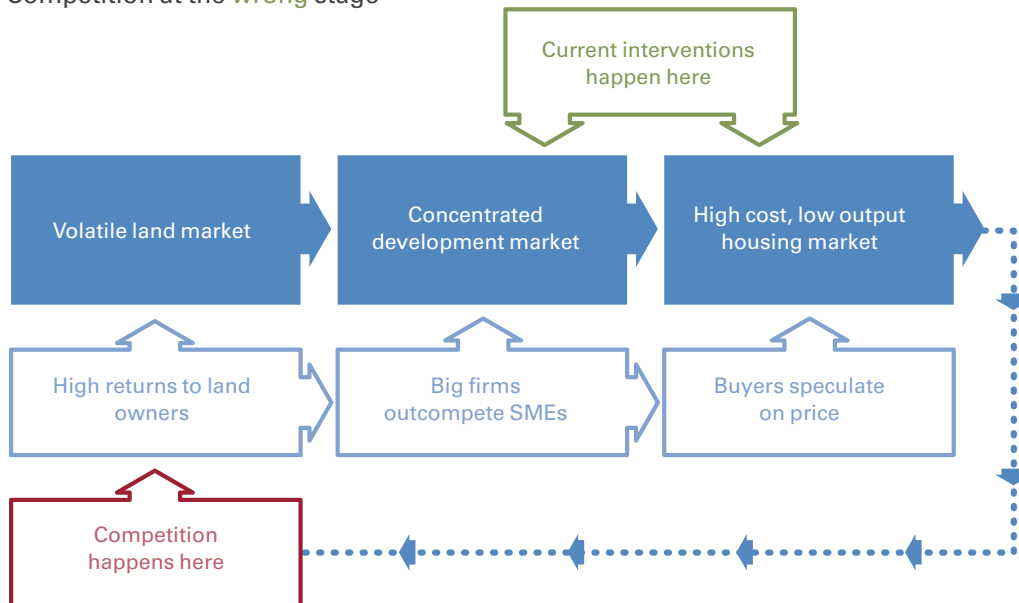
In a healthy market, competition will drive a better deal for consumers. But in house building, competition occurs at the wrong stage.

The rational business strategy to manage land market risks is to minimise build costs and maximise sale prices by releasing homes slowly. This strategy is only possible because there is little competitive pressure at the consumer end of the development process, which might otherwise push prices downward. Competition for expensive land makes it hard for small builders to enter the market or grow. SMEs also struggle to raise sufficient finance from increasingly risk averse banks, leading to ever greater concentration in the industry.

By 2012, 70% of homes in England were built by large house building firms, operating on very similar business models. When house prices soften, these firms tend to reduce output simultaneously, deepening the downturn. These market conditions also effectively exclude custom builders – who typically commission their own homes from local building firms – who in England contribute a far smaller proportion of housing supply than in almost all other countries.

Graphic: Competition is for land, not quality or price for consumers

Competition at the **wrong** stage





Declining investment in affordable homes

Housing supply has always been a mixed economy, and both public and non-profit sectors have critical roles to play. Since local authorities ceased to be significant builders in their own right, we have not built enough homes to satisfy demand in England. Housing associations now supply most of our affordable homes, but have never made up the gap. Despite some small recent steps to allow councils to build again, they remain constrained by caps on their borrowing which are unrelated to standard prudential borrowing rules.

Meanwhile, national government spending has been steadily switched from investing in new homes to subsidising housing costs via housing benefit. Central government now spends more than 20 times as much on housing benefit as on affordable house building grants. With more people now in expensive private rented homes than more affordable tenures, this pressure on the public finances may grow.⁵

Capital Economics' analysis is that "an increased budget for central government capital grant is the most straight forward, practical and efficient method for stimulating building."⁶ Capital Economics recommend increasing investment in affordable housing by £3.4 billion per year as fiscally sustainable and commensurate with the recovery to date.⁷

Not enough power locally

Planning, funding and winning popular support for new homes in these challenging conditions requires strong local leadership. It also requires the ability to co-ordinate plans and provide infrastructure across municipal boundaries. Unfortunately, England's city leaders have far less autonomy than those elsewhere in Europe or America, and England is now the only advanced economy to have no strategic planning for homes above the most local level.⁸

City and town leaders have few incentives or tools to build consensus, and infrastructure provision remains largely independent from housing. This means that support for new house building can all too easily wilt in the face of local opposition – particularly as, all too often, new homes are not matched with integrated social and transport infrastructure and can be densely planned with homogenous design without creating a sense of community. Local people need to know that new developments will work for both them and their children.

⁵ DCLG English Housing Survey, 2012/13 – the number of households in the private rented sector is higher than the number of households in the social rented sector

⁶ Capital Economics, Increasing Investment in affordable housing, 2014

⁷ Ibid. Due to the mixed nature of this package of reforms and investment, the KPMG/Shelter programme can deliver more homes for substantially less spending than this

⁸ JRF, International Review of Land Use and Planning Systems, 2013



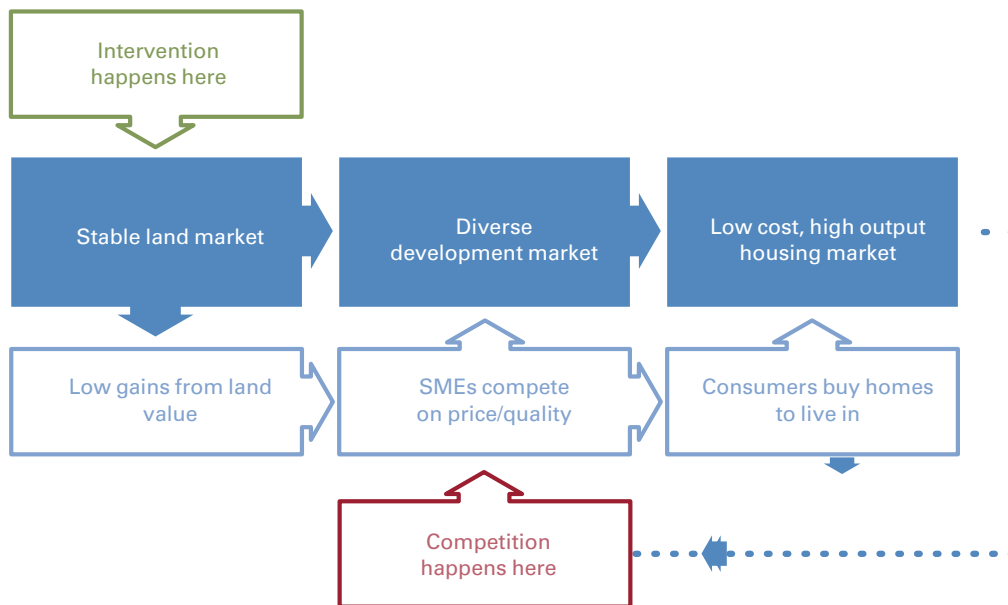
A new vision of housing supply

We need a dramatic step-change in home building. We have to unpick the dysfunctions of the existing house building model, and create a viable and sustainable model for housing supply. One that does not rely on high house price inflation alone to increase

supply; one that can meet affordable housing need; one that creates attractive new places, not comparatively small homes without access to local services. We must reverse the model of a high cost, low output housing sector to a low cost, high output one.

A development process that would benefit consumers

The **right** sort of competition





- **Our vision** is for a land supply system that is transparent, efficient and stable and most importantly provides enough land at lower prices. One in which the gains from development are channelled into supporting infrastructure and affordable housing, rather than into windfall land gains.
- **Our vision** is for a diverse, resilient house building sector, in which multiple builders with varied business models compete for customers on quality and price. We need large developers maintaining their delivery, but we also need to help local builders thrive once more, and to release the latent demand for custom build.
- **Our vision** is for a suitably funded affordable housing sector producing high quality homes for a wide range of income groups, including social rented homes for those on low incomes and shared ownership for middle earners.
- **Finally, our vision** is for cities and towns which can plan strategically for infrastructure, services and homes. Local leadership will be vital to unblocking stalled development, setting out positive local plans, and securing the support of local residents.

People on ordinary incomes should be able to buy or rent a high quality home at a price they can afford today, and have confidence they will be able to afford tomorrow.

If we can solve the dysfunctions at the heart of our housing supply system, we can create a market that builds enough homes,

at reasonable prices, without requiring endless public subsidy. This has already been achieved in comparable countries that have intervened to create more stable housing and land markets, and in doing so have transformed the quality and quantity of their housing stock. We can do so in England too.⁹

⁹ Hall and Falk, Good Cities, Better Lives, Routledge 2013

Recommendations

Achieving this vision will require action across a range of issues. We propose a package of policies to address each major dysfunction:

New powers to get more land in the right places into the hands of those who want to build high quality homes quickly:

- Giving local authorities the power to designate New Homes Zones on strategic sites, which, like Enterprise Zones, would foster low cost development and growth.
- Unlocking stalled sites by providing infrastructure first, then levying Council Tax if the site remains undeveloped.
- Opening up the land market with far more data, creating a level playing field so that small builders can find sites more easily and quickly.
- Building up to five new Garden Cities, using land market models that capture land value to fund infrastructure and high quality development.

Policies to help expand the house building sector, so that it becomes more diverse and resilient to market shocks:

- Helping small builders to access development finance, by switching some of the guarantees allocated for Help to Buy into a 'Help to Build' scheme.
- Taking steps to secure a healthy, stable housing market, following a government review of house prices and property taxes.¹⁰ Medium sized builders are more vulnerable to a volatile market and need stability to thrive.
- Supporting people who want to commission 'custom built' homes from local builders. 20% of land from our interventions outlined above would be set aside for custom build – helping local builders to access land.
- Setting minimum national space standards for new homes so that developers of all sizes have a level playing field and encouraging the highest standards of environmental and design quality.

¹⁰ We do not explore how house prices might be stabilised in detail in this report, but as our analysis argues it is very important to understand the link between the second hand sales market and construction

Recommendations

A package of private and public investment to build many more genuinely affordable homes to rent and buy:

- Increasing public and private investment in housing associations, so that they can build more homes and especially more low rent social homes. Investment by institutional investors should also be supported for private rented homes (e.g. through land market interventions) to relieve supply pressure.
- Introducing a new not-for-profit Housing Investment Bank funded by personal savings ISAs guaranteed by government to provide steady returns. The Investment Bank could provide low cost, long term loans to affordable home providers.
- Developing new models of public private partnerships to provide funding to accelerate regeneration.
- Gradually giving councils more scope to finance affordable housing provision and reform the rules governing their borrowing so that they meet international standards.

Devolving more powers and budgets to successful and growing cities, empowering them to lead smart development locally:

- Putting housing at the centre of City Deals, devolving house building budgets to cities which want to grow, and incentivising councils to work together cross-boundary on long term housing plans.
- Cross boundary assessments of housing need and increased support for planning departments to make them faster and more effective.
- Integrating infrastructure and housing development much more closely, so that new transport links and homes are planned and developed together.
- Giving local authorities more flexibilities to swap small amounts of green belt land and incentivising them to trade sites across boundaries.

Each of these policies is explored and set out in detail in Part III of this report.



Areas for further investigation

Although not explored in detail in this report, it will also be necessary to:

- Create the conditions to encourage institutional new private rented sector entrants to demonstrate a product that can give a genuine long term comparator to ownership.
- Facilitate capacity in the supply chain through: labour market expansion & training; innovation; and giving the sustainability of volume that creates the conditions for building materials providers to capacity build.
- Consider house building specifically for particular demographic needs, particularly housing for older people.¹¹

Programme for the next parliament

The complex interdependencies of the house building sector mean that piecemeal measures, or actions that address only one part of the system, are bound to fail. Clear and decisive interventions across the whole development process are required in order to secure the shift to a more effective and efficient model of house building.

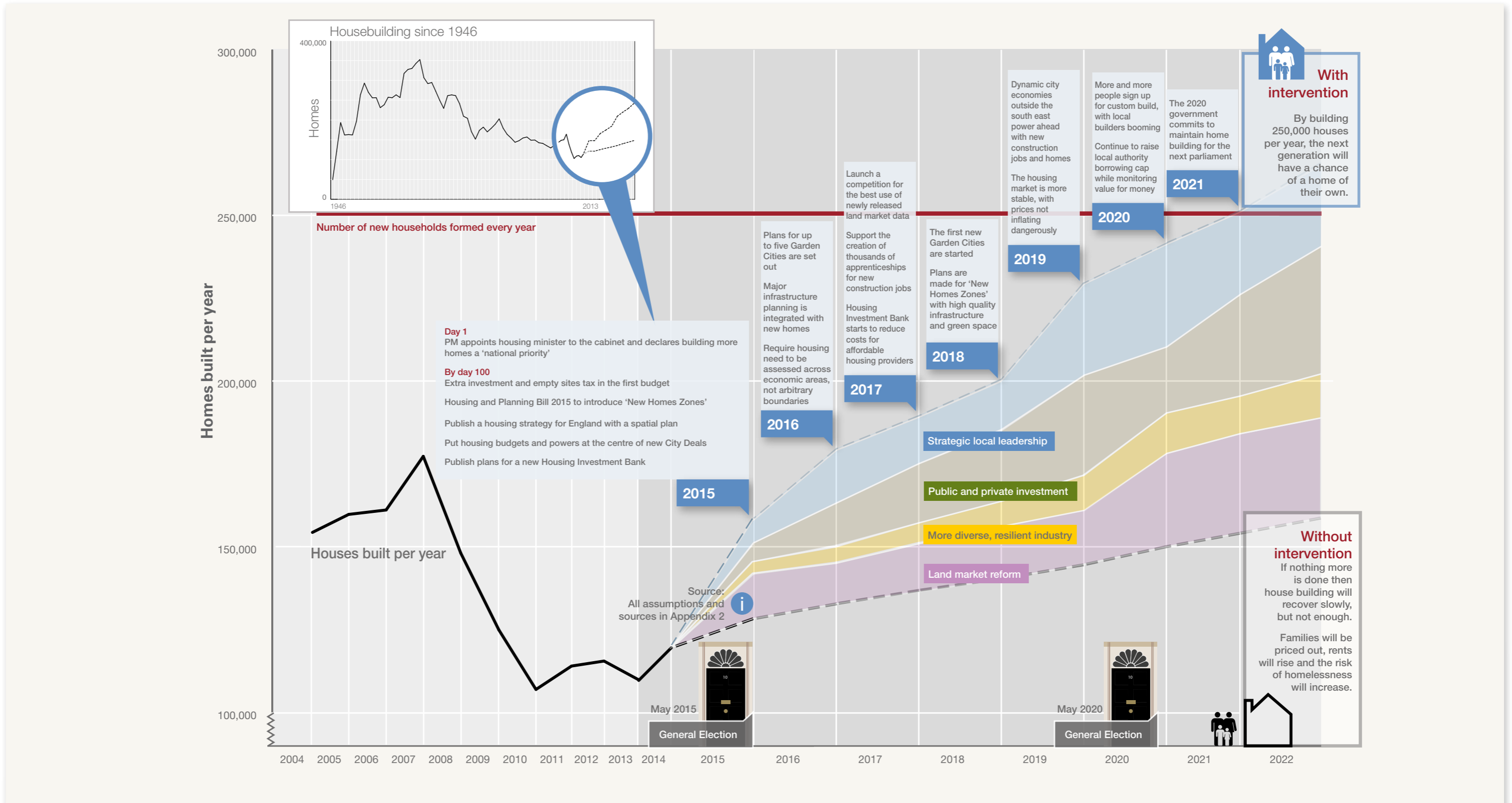
The measures in this ambitious but required package of reform are designed to be mutually supporting. The whole package should therefore be enacted in full and as swiftly as possible.

To achieve the scale of change needed in a politically feasible timeframe we have mapped out a programme for the next parliament, one that will raise output to 250,000 homes a year by 2021 and get the new house building system firmly established.

Whoever wins the next election, we would argue, must make this programme a leading priority for the next parliament.

¹¹ Shelter has looked at housing for older people in detail in Hughes, A Better Fit? Creating housing choices for an ageing population, 2012

KPMG and Shelter programme for the next government



Appendix JS6

IPPR report - Priced Out: Affordable Housing in England
(November 2017)



PRICED OUT?

AFFORDABLE HOUSING IN ENGLAND

Darren Baxter
and **Luke Murphy**

November 2017

ABOUT IPPR

IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank. We are an independent charitable organisation with our main offices in London. IPPR North, IPPR's dedicated think tank for the North of England, operates out of offices in Manchester and Newcastle, and IPPR Scotland, our dedicated think tank for Scotland, is based in Edinburgh.

Our purpose is to conduct and promote research into, and the education of the public in, the economic, social and political sciences, science and technology, the voluntary sector and social enterprise, public services, and industry and commerce.

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The progressive policy think tank

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SUMMARY

CONTEXT

England is in the midst of a housing crisis. In 67 per cent of local authorities, insufficient houses were built to meet demand in 2015/16 (DCLG 2016; DCLG 2017). Across England, of the 265,936 houses that are needed, just 189,650 new dwellings (71 per cent) were provided. While other factors, such as money supply, play their part, this is impacting on the affordability of housing. House prices have risen by 76 per cent since 1995, far outstripping inflation (ONS 2017).

Against this backdrop, the nature of affordable housing has changed in recent years. The range of products available has increased – including models for rent, ownership and intermediate housing – and these have become increasingly divorced from earnings, and linked to market prices or rents instead.

The recent election of mayors in several regions of the UK could have a key impact in delivering the housing that's needed, at the right price and in a manner that works for local areas. This briefing paper examines four of these areas – the west of England, the West Midlands, Greater Manchester, and Tees Valley – and finds that affordable housing delivery is falling well behind that which is needed in three of the four. In many, the affordable housing products designed to provide support for housing costs are failing to meet the needs of those on the lowest incomes.

In this context, a number of recommendations are put forward set around a stronger approach to affordable housing at a national level, including a clear measure of affordability, and the devolution of greater powers to mayors to deliver the housing their regions need.

KEY FINDINGS

- New additions to dwelling stock are failing to meet housing need. As a result, of the 265,936 homes that are needed, just 189,650 were added to dwelling stock in 2015/16. Focussing on the areas examined in this paper, in only Tees Valley does house-building meet estimates of need. The west of England would need to build an additional 1,060 homes a year, and the West Midlands 2,812. This imbalance between supply and need is greatest in Greater Manchester, which misses its target by 42 per cent or 4,518 homes.
- Affordable housing provision is falling short in 92 per cent of local authorities. In the four combined authorities highlighted in this briefing, no area is providing the number of affordable homes their populations need as suggested by the government's new housing targets.
- House prices are out of the reach of many on average incomes. Median monthly rents do not become affordable, using the 35 per cent of net monthly income measure, until the 80th income percentile in the west of England, the 40th in the West Midlands and Greater Manchester, and the 25th in Tees valley.
- Analysis of the affordability of different housing products shows that across combined authorities many models are out of the reach of single people. This is most acute in the west of England where house prices and median rents are highest, but is a problem across all four areas – even the Tees Valley which has house prices notably lower than the English average. Dual-earning couples, even those with lower quartile earnings, can afford most models

in most areas. However, when this income is diminished by the removal of a full-time earning as in the case of couples with one child (1x FTE and 1x PTE), a much larger range of models become out of reach, particularly for those on lower incomes.

RECOMMENDATIONS

- Government should take a stronger approach to affordable housing at a national level, ensuring that a threshold of 35 per cent for affordable housing is applied to all private developments, with a higher threshold of 50 per cent on all public land, in line with the approach adopted by the Mayor of London.
- The Government should support a large-scale council house building programme by removing the arbitrary cap placed on borrowing through the Housing Revenue Account (HRA). Removing the cap will allow local authorities to borrow to invest in the building of a new generation of council homes.
- Greater powers should be devolved to mayors to deliver the housing their regions need. In the first instance, this should create a clear and consistent framework for the devolution of housing and planning powers and apply these equally across the country. In the longer term, mayors should gain a range of new powers, including greater flexibility in the pooling and coordination of housing funding streams, allowing combined authorities to gather resources and coordinate activity in a way that ensures appropriate tenure mix while still meeting volume requirements; the retention of stamp duty receipts on all new-build properties, to top-up housing investment funding; and council tax flexibility on empty sites and empty homes to accelerate the process of bringing unused homes back into use and putting unused planning permissions into action. In addition, the government should also:
 - devolve a proportion of the budget for the Help to Buy Equity Loan Programme to combined authorities for the Mayors to use as they see fit.
 - re-allocate the funding for the Starter Homes programme to a programme for investing in genuinely affordable homes for rent and devolve the appropriate proportion to the combined authorities.
- A universally understood and clear measure of affordability should be developed, linked to earnings, and applied transparently for every affordable housing product – with the development of an affordability matrix that sets out when each housing product becomes affordable.
- Subsidy should be targeted at those products that are clearly affordable, and it should be withdrawn from products that do not meet the need of those they are designed to assist.
- Mayors should establish combined authority-wide Mayoral Housing Companies, using them to bring land to market for social and affordable rent and using mechanisms to capture public value from the land.
- Local authorities and local authority pension funds should work together to combine their land and investment to build affordable housing.
- The government and mayors should consider how new and innovative products and delivery models might contribute to meeting affordable housing need. This should include the reform of compulsory purchase orders to enable the purchase of land at a lower value and the funding of affordable housing at lower costs.

1. INTRODUCTION

England is in the midst of a housing crisis. In the majority of areas, new building – while increasing – is falling woefully short of delivering the houses the country needs. In 67 per cent of local authorities, insufficient houses were built to meet demand in 2015/16 (DCLG 2016; DCLG 2017). Across England, of the 265,936 houses that are needed, just 189,650 (71 per cent) were constructed.

While other factors such as money supply play their part it is unsurprising then that prices have increased substantially over recent decades. Across England, house prices have risen by 76 per cent since 1995, far outstripping inflation (ONS 2017). Analysis conducted by housing charity Shelter has shown that if inflation had increased as fast as house prices a pint of milk would now cost over £10 (Carlyon 2013).

The impacts of this unaffordability are substantial, not least on those in their 30s who are half as likely as their parents' generation to be homeowners (Corlett and Judge 2017). This has led to claims of a "generation rent", who are locked out of accessing ownership by high house prices, and therefore are forced to rent in the insecure, and often poor quality, private rented sector.

Alongside this, the selling off of social housing through the Right to Buy Scheme and years of low investment have meant that the social housing stock has decreased by more than half (52 per cent) in the last 35 years (Pearce et al 2014). Increasingly, it is targeted at those who are most vulnerable and in the greatest housing need. Accordingly, many people who would have previously found themselves in the social sector are also now finding their home in the private rented sector, along with those who are unable to buy.

The broader negative impacts of high housing costs are significant. The provision of sub-market housing has the greatest impact on reducing poverty after housing costs (Tunstall et al 2013), and high rents lead to overcrowding, higher reliance on borrowing and constraints when purchasing essentials, such as food and clothing (Pennington et al 2012).

In addition, the nature of affordable housing has changed in recent years. The range of products available has increased, including models for rent, ownership and intermediate housing, and these have become increasingly divorced from earnings and linked to market prices or rents instead. In this context, this briefing paper seeks to understand how the affordability crisis is playing out in a mix of areas in England, and whether the range of affordable models are effective in meeting the needs of households. It finds that many in these regions face issues with affordability and the models available to address this are often insufficient. This is particularly the case for those on the lowest incomes, for whom these products are intended.

There is value in examining affordability across England for two reasons. Firstly, many narratives of the housing crisis are dominated by the circumstances of the housing market in London and the South East where the affordability crisis is most acute – ratios of house prices to earnings in those regions are significantly higher than in many other parts of the country. Recent research by IPPR found that for those on single, low or middle incomes at or below £32,885 per annum

(gross income), no ‘affordable’ housing products are actually affordable in the capital (Murphy and Baxter 2017). However, it is also important to understand the nature of affordability where house prices, household incomes and levels of housing demand are lower, as this may impact differently on and the effectiveness of different affordable housing products.

Secondly, the recent devolution of powers – including those of housing – to combined authorities, and the election in May 2017 of several mayors, could be key in addressing some of the challenges around supply and affordability; not least in recognising that local housing markets, within and between combined authorities, are different and require bespoke approaches. This paper will review these powers and consider their sufficiency in meeting the challenges in the housing markets in each of these areas.

Four combined authorities have been selected: the west of England, Greater Manchester, West Midlands and Tees Valley. Each has a mayor with some housing powers elected in 2017, and together they reflect a range of housing market characteristics. The west of England was selected to reflect a combined authority with high housing costs across its member local authorities compared to the Tees Valley with low housing costs across all of its member authorities. Greater Manchester and the West Midlands, demonstrate closer to English average housing costs at the combined authority level, while containing a mix or higher and lower housing costs across their member authorities. The average income levels in each of these areas follow a similar pattern. This diversity allows for each of the affordable housing models to be tested in a range of housing markets. The constituent members of each authority are set out in the table below.

TABLE 1.1

The constituent member authorities of the four combined authorities examined in this paper

West of England CA	Greater Manchester CA	Tees Valley CA	West Midlands CA
Bath and North East Somerset UA Bristol, City of UA South Gloucestershire UA	Bolton Bury Manchester Oldham Rochdale Salford Stockport Tameside Trafford Wigan	Darlington UA Hartlepool UA Middlesbrough UA Northumberland UA Redcar and Cleveland UA Stockton-On-Tees UA	Birmingham Coventry Dudley Sandwell Solihull Walsall Wolverhampton

This paper shows that that affordable housing delivery is falling well behind the level needed in each of the combined authority areas examined. This is particularly concerning given that the analysis in this report also shows that many of the models are out of the reach of many of those they are intended for, particularly those on low or single incomes.

In this context, a number of recommendations are put forward around a stronger approach to affordable housing at a national level, including a clear measure of affordability, and the devolution of greater powers to mayors to deliver the housing their regions need. In respect to the latter, this should include the establishment of combined authority-wide Mayoral Housing Companies, which ought to bring land to market to build homes for social and affordable rent; local authorities and local authority pension funds should work together to combine their land and investment to finance and develop affordable housing; and, mayors should provide greater support for innovation in the affordable housing market, encouraging the development of alternative affordable housing models.

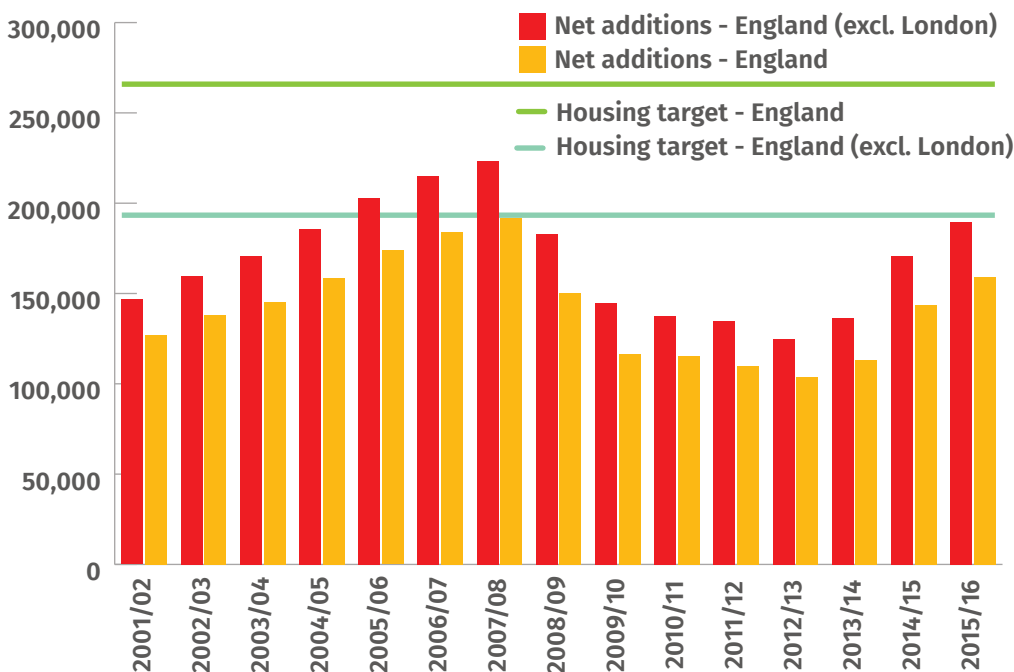
2. A CRISIS OF SUPPLY?

While it has been known for some time that England has been failing to build enough homes, estimates of the need for new housing supply vary. Local authorities have tended to take individualised approaches to calculating need, often commissioning out the task of computing an estimate. In response, the Department for Communities and Local Government (DCLG) are currently consulting on a standardised methodology to be used to calculate housing need.

DCLG’s proposed approach is structured over three stages. The first sets a baseline on estimates of household growth in the local authority area; this projection is then adjusted to reflect market signals, using median affordability ratios; and finally, this figure is capped so as to avoid large spikes in areas with high desirability (DCLG 2017b).

FIGURE 2.1

The net additions to housing stock (2001/02 – 2015/16) compared to the annual housing target, 2016–2026

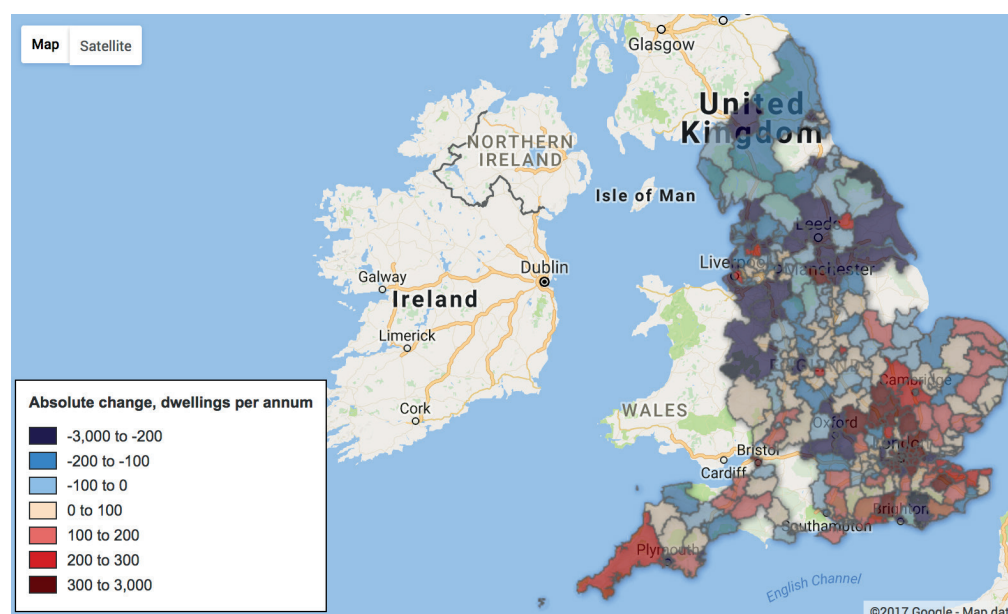


Author’s own analysis of: DCLG (2017d) ‘Live tables on dwelling stock (including vacants)’; DCLG (2017a) ‘Application of proposed formula for assessing housing need, with contextual data’

This new approach puts England’s estimated housing need at 265,936 – a 28 per cent increase on the previous estimate of 192,248, which was based on local plans.

FIGURE 2.2

The absolute change between old and new housing need estimates across local authority areas in England



Source: Analysis conducted by planning magazine of housing need consultation data: <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

Figure 2.2 shows that this new data has led to large increases in estimates in certain areas, from existing figures calculated in local plans. These increases are particularly located around London and the South East, but also in Bristol in the South West, and Sheffield, Liverpool and York in the north of England. Many areas, principally those in the midlands and north of England, see a decrease in their housing need estimates.

This approach to estimating need, which bases itself on past trends, has the potential to direct much attention – and potentially resource – towards London and the South. The unaffordability of housing in this part of the country is the result of need being unmet by supply, and efforts to redress this are much needed. However, this should not come at the expense of other parts of the country. In fact, this may undermine other points of government policy, such as those set out in the recent industrial strategy green paper. In this paper, the government set out a desire to rebalance the economy away from London and the South East, developing regional cities and towns (HM Government 2017). Ensuring there is sufficient building to house growing workforces will be key in attracting talent and in avoiding the problems seen in the capital.

In addition, an approach to housing delivery focussed solely on addressing need where an existing market is growing ignores the role of the state or public sector as a ‘market maker’. Historically, renewal or redevelopment programmes have focussed on areas of low housing demand, seeking to enhance these areas through new building and encouraging a range of households to move to into them (Wilson 2013). Such approaches may be obscured by centralised calculation focussed largely on household growth.

The case study areas selected for this briefing paper demonstrate that housing need is estimated to be greatest in the West Midlands and Greater Manchester, with over 10,000 homes needed per year in each combined authority area, 4,520

homes per year required in the west of England, and 2,039 in the Tees Valley. Three of these areas – Greater Manchester, West Midlands and the Tees Valley – have each seen a decline in their estimated housing need in the latest calculations. While this is relatively slight in Greater Manchester and the West Midlands (around 5 per cent in each) in Tees Valley this represents a reduction of a third (33 per cent). Incomplete data prevents an assessment of the change in need in the west of England; however, one of its member authorities, Bristol, has seen a 40 per cent increase in demand in their new estimate.

TABLE 2.1
The housing target for the combined authorities studied in this paper

Combined authority	Housing target, homes per year
West of England	4,520
West Midlands	10,282
Greater Manchester	10,708
Tees Valley	2,039

Source: DCLG (2017) 'Application of proposed formula for assessing housing need, with contextual data'

What is clear is that, even in the context of lower estimates of housing need, insufficient housing is being built to address this across England. While house-building is on the rise, it has not yet reached pre-2008 levels. As a result, of the 265,936 homes that need to be built, just 189,650 were constructed in 2015/16. This is a 29 per cent in year shortfall. In 67 per cent of local authorities, insufficient houses were built in 2015/16 to meet local authorities newly calculated housing need figures.¹

FIGURE 2.2
Net additions to dwelling stock in 2015-16 against the housing delivery target for each combined authority



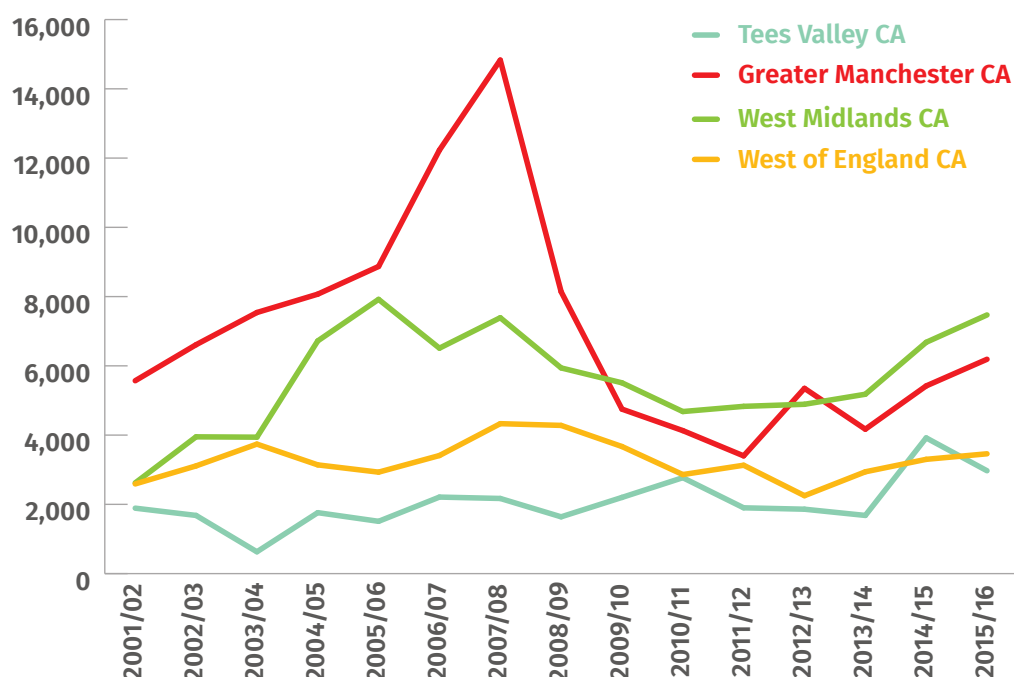
Source: DCLG (2017d) Live tables on dwelling stock (including vacants)

1 For which data is available – (325 out of 353)

The four combined authorities highlighted in this briefing reflect the national pattern in terms of new additions to dwelling stock. Only in the Tees Valley has output returned to pre-2008 levels. Consequently, while the Tees Valley exceeds its target by almost half (46 per cent) due to a recent uptick in delivery, the west of England, the West Midlands and Greater Manchester are delivering significantly lower levels of new housing than needed to meet estimated demand. To meet its housing target, the west of England would need to build an additional 1,060 homes, and the West Midlands 2,812. This imbalance between supply and need is greatest in Greater Manchester, which misses its target by 42 per cent or 4,518 homes.

FIGURE 2.3

Net additions to dwelling stock by combined authority, 2001/02–2015/16



Author's own analysis of: DCLG (2017d) Live tables on dwelling stock (including vacants); DCLG (2017a) 'Application of proposed formula for assessing housing need, with contextual data'

This failure to construct enough homes should be a key concern in local housing markets. Particularly as, while it is not the only driver of house price growth, a lack of supply is a key driver of unaffordability. This is underpinned by the analysis of new demand figures, which shows a positive correlation between higher prices in a local authority and a higher shortfall between what was built in 2015/16 and the housing need identified in the new assessment by DCLG.²

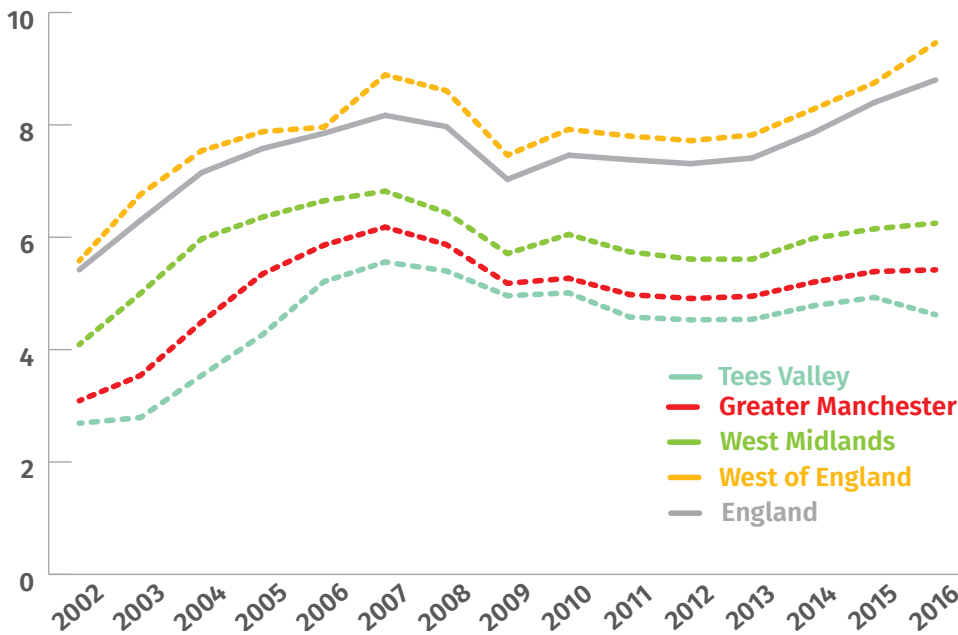
In England, the ratio of house prices to earnings has risen from 5.42 in 2002 to 8.8 in 2016, with only a slight dip during the global financial crisis. This trajectory is followed by each of the four combined authority areas examined in this paper. In the West Midlands, Greater Manchester and Tees Valley, the ratio of house prices to lower quartile earnings is consistently below the English average. It should be noted, however, that in each of these three areas the overall upward trajectory appears to be getting less steep into 2015 and 2016, and in the Tees Valley looks to be beginning to decline. In the west of England, the ratio of house prices to

² Author's own analysis.

earnings has risen above national levels, despite being equal to them in 2002, and appears to be continuing an upward trajectory.

FIGURE 2.4

The ratio of lower quartile house price to lower quartile gross annual (where available) residence-based earnings by combined authority area, 2002 to 2016



Source: Office for National Statistics (2017b) 'Ratio of house price to residence-based earnings (lower quartile and median)'

DELIVERY OF AFFORDABLE HOUSING

Recent IPPR research into the delivery of affordable housing in London found a significant shortfall against the London Plan target (54 per cent under target over three years) which is itself likely to be an under-estimate (Murphy and Baxter 2017). Estimates of affordable housing need across England vary, but research by the Town and Country Planning Association in 2011 found that there was demand for 78,500 affordable homes a year, or approximately 33 per cent of total housing demand of 243,000. For England, excluding London, demand was estimated to be 53,400 affordable homes a year out of total of 187,000 homes (TCPA 2011).

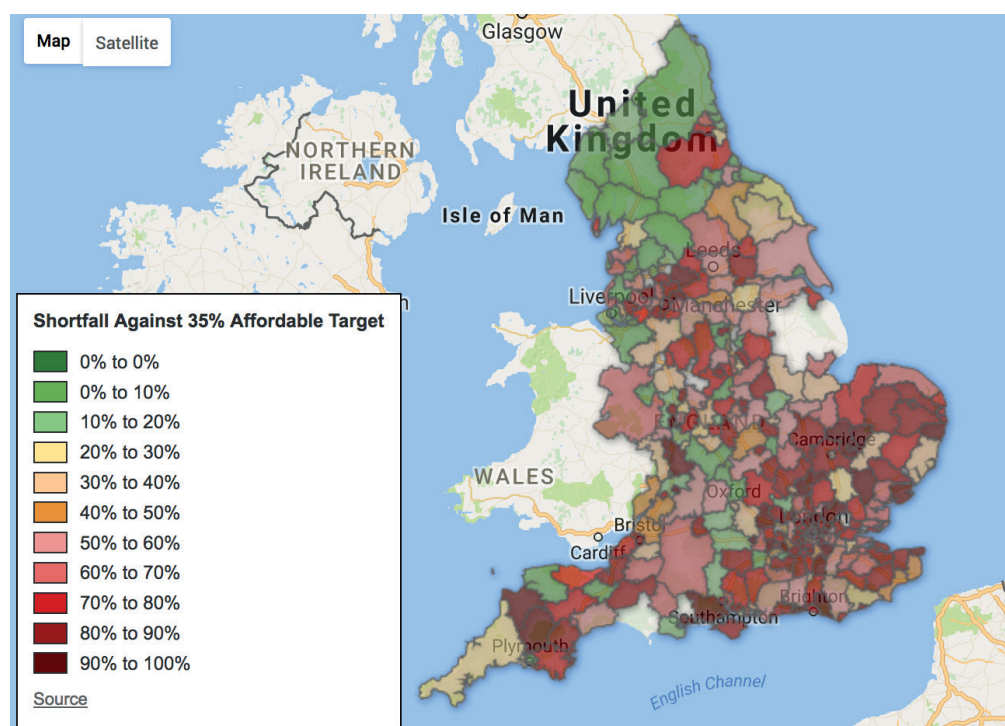
However, of the 266,000 estimated housing need under the government's new measure, no estimate has been made of the affordable housing need within that. The TCPA approach suggests a proportion of around 33 per cent of the total, although other estimates suggest a higher percentage requirement of around 40 per cent (Shelter 2008). Taking a conservative estimate of 35 per cent of the total suggests that there is a need for at least 93,000 affordable homes across England every year.

On this measure, delivery is falling woefully short with just over a third of the affordable homes needed built in the last year (32,630) across England (DCLG 2017c). Moreover, applying the 35 per cent reference point against the government's new measure for estimated housing need in each local authority area shows that 92 per cent of local authorities are falling short of providing the necessary level of affordable housing.³

³ Notwithstanding the fact that the need for affordable housing will vary in each area with some areas requiring a higher proportion of affordable housing than others.

FIGURE 2.5

Proportion of affordable housing need met based on a 35 per cent target of the Government’s new housing need estimates across local authority areas in England



Source: Author’s own analysis of DCLG (2017a) ‘Application of proposed formula for assessing housing need, with contextual data’. <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

In the four combined authorities highlighted in this briefing, no area is providing the number of affordable homes their areas need suggested by the government’s new housing targets, though Tees Valley comes close to providing the number needed.

TABLE 2.2

The affordable housing targets and delivery for the combined authorities studied in this paper

Combined authority	Housing target, homes per year	Affordable homes 35 per cent target	Actual in 2015/16	% of target delivered
West of England	4,520	1,582	540	34%
West Midlands	10,282	3,599	1,340	37%
Greater Manchester	10,708	3,748	820	22%
Tees Valley	2,039	714	680	95%

Source: Author’s own analysis of: DCLG (2017c) ‘Live tables on affordable housing supply’, DCLG (2017a) ‘Application of proposed formula for assessing housing need, with contextual data’

These findings should not be surprising in light of the reduction in capital investment in social housing recent years. Research by the National Housing Federation has shown that in 2009, government invested £11.4 billion in building new homes in England, equivalent to 0.7 per cent of GDP, yet by 2015, this had fallen to £5.3 billion, or 0.2 per cent of GDP (NHF 2017a).

Moreover, recent analysis from the Chartered Institute for Housing (Table 2.3) revealed that the majority of financial support by government has shifted away from affordable housing (now only 21 per cent) and towards supporting private home ownership. However, these comparisons are slightly misleading given that support for affordable housing is in the form of capital spending, whereas that which supports Help-to-Buy and some other products is an equity loan, and therefore ultimately repayable.

TABLE 2.3
Housing financial support by policy area

Area	Programme	£ bn	per cent
Support for private markets	Help to buy equity loans	12.5	30
	Help to buy life time ISA	4.2	10
	PRS guarantee	3.5	9
	Help to Buy Mortgage guarantee	2.3	6
	Housing infrastructure fund	2.3	6
	Other programmes	7.7	19
	Total	32.5	79
Support for affordable housing	Shared ownership and affordable housing programme	4.3	10
	Other programmes	4.3	10
	Total	8.6	21
Total		41.1	100

Source: See <http://www.cih.org/resources/PDF/1UKHRper cent20briefingper cent202017.pdf>

In the context of low levels of housing delivery and increasing unaffordability many of the newly elected mayors have pledged to examine the housing offer in their regions. There are several good reasons for mayors to do so. First and foremost, the negative consequences of poor housing are plain to see. Affordable housing is key in reducing the experience of poverty (Tunstall et al 2013), and high rents lead to overcrowding, higher reliance on borrowing and constraining household budgets (Pennington 2012).

Secondly, high housing costs impact negatively on public finances. Homelessness costs the taxpayer up to £20,123 per person per year (Pleace 2015), and housing people in temporary accommodation, just one element of the homelessness system, costs London councils an estimated £663 million in 2014/15 (Rugg 2016).

Thirdly, a key motivation behind the devolution of powers to mayors has been to drive economic growth. Ensuring that housing is affordable will be a key part in ensuring that the growth these city regions see is more inclusive, challenging rather than repeating the problems faced in London and the South East. In fact, this may be a key part of the 'offer' presented by the city regions in attracting people to remain in and relocate to their areas. The following section will consider what powers mayors have available to them and how they are proposing to use them.

3.

WHAT ROLE CAN MAYORS PLAY IN DRIVING FORWARD DECENT AFFORDABLE HOUSING?

Devolution can play a key role in helping local areas to deliver the right quantity of homes to meet local need and to allow them to ensure these are affordable. In addition, a localised approach allows mayors and housing leads to develop approaches and models which respond to local dynamics, reflecting the specific housing market or markets in their areas. Already certain housing powers have been devolved to each of the four combined authority areas examined in this report. However, the nature of the housing levers over which mayors have control are varied and differ across each area, with the extent of powers far greater in some areas.

WHAT POWERS DO MAYORS HAVE?

All combined authorities with devolution deals have powers over establishing Public Land Commissions or Joint Asset Boards and Mayoral Development Corporations. Joint Asset Boards have the power to review all public land within the combined authority area, including that held by public bodies outside of the local authorities, such as the NHS and Ministry of Defence. They are then able to scope out the potential of this land for residential development. Snelling and Davies (2016) argue that asset boards could have the potential to bring forward alternate models of housing, such as build to rent, shared ownership or alternate models of home ownership (Snelling and Davies 2016).

Mayoral Development Corporations target specific geographic areas and bring these forward for regeneration. Commercial and residential developments are considered together, with a key focus on place and community development. Tees Valley is the first combined authority outside of London to have had a Mayoral Development Corporation designated (TVCA 2017). Focussed on commercial rather than residential property, the South Tees Corporation will redevelop the former SSI steel site in Redcar, hoping to bring in new industry and employment opportunities to the region.

In addition, all the combined authorities considered in this report except Tees Valley have compulsory purchase (CPO) powers.⁴ The conferring of CPO powers onto the mayor replicates the CPO powers of local authorities, allowing the mayor to acquire land or property, but at the spatial scale of the combined authority. These powers can support the work of combined authorities in bringing land to use for residential development, for example that identified through asset boards.

Alongside these powers, Greater Manchester also has a Housing Loan Fund and the power to pursue a Spatial Strategy. The Housing Loan Fund is worth £300 million and designed to support projects where commercial developers may be unsure about investment (GMCA 2017). So far, £97 million has been spent, bringing 1184 units to market over nine sites (GMA 2017).

⁴ Although all MDCs have some level of CPO power, and this is the case in Tees valley.

The ability to devise a spatial strategy replicates the powers already held by local authorities, allowing mayors to devise a strategy at combined authority level. Revising the Greater Manchester spatial strategy was a key manifesto pledge of the current mayor, Andy Burnham (Burnham 2017).

The west of England has the greatest total number of devolved powers, although they differ in nature of those in Greater Manchester. In addition to being able to establish an asset board, a mayoral development corporation, the ability to devise a spatial strategy and the ability to make compulsory purchase orders, the mayor also has the power to call in planning decisions and must be consulted on strategic planning applications.

‘Calling in’ a planning application allows the mayor to overrule the planning decisions made by the constituent local authorities on a case by case basis. Currently, there is no guidance on what constitutes a ‘strategic planning application’. In London, where the mayor also has this power, this refers to developments which are of 150 or more units, over 30 metres in height (outside of the City of London) or on the green belt.

TABLE 3.1

Housing powers available to combined authority mayors as part of the devolution deals

	West of England	Greater Manchester	Tees Valley	West Midlands
Public land commission / joint assets board				
Housing Loan Fund				
Compulsory purchase orders				
Mayoral Development Corporations				
Planning call-in powers				
Consultation on strategic planning applications				
Housing grant fund				
Spatial strategy				

Source: Jones (2016)

These devolution deals will allow the newly elected mayors some capacity to increase the supply of affordable housing in their areas. However, the level of devolution over housing powers could be much greater. Successive parliamentary acts have granted additional powers to the Mayor of London related to housing (HM Government 2011). In addition to having the devolved responsibility over each of the areas above, the Mayor of London has responsibility over the Community Infrastructure Levy and holds the investment powers of the Homes and Communities Agency (HCA).

The result of this is that the Mayor of London has much greater control over housing policy in the city. Key elements of this include the ability to issue grant funding for building new homes, explicitly supporting homes for social rent in the process and the development of London specific rent products, London Affordable Rent and

London Living Rent. These two rental products, aimed separately at low and middle income households, aim to reflect and meet need in the context of the London housing market (GLA 2017). Accordingly, London's affordable housing programme is markedly different from elsewhere in the country.

THE APPROACHES THAT MAYORS ARE ADOPTING

Mayors have pledged to use these powers in a range of ways. In their manifestos, the mayors across the four combined authority areas examined for this paper set out different visions for housing delivery. These are set out below.

West of England

Tim Bowles, the Conservative Mayor for the West of England, made few pledges on housing in his manifesto, opting to focus on the nature of development. The mayoral pledge to prioritise Brown Field development, which it claims has not been exhausted, was "to ease pressure for green field development" (Magrini 2017).

West Midlands

Andy Street, the Conservative Mayor for the West Midlands' manifesto pledged explicit support for affordable housing. It stated that the mayor would "ensure that there is the right balance of social and private housing, owned and rented, and that there is enough affordable housing for those on lower incomes" (WMCA, 2017). Policies to support ownership were also outlined, including supporting starter homes, the voluntary right to buy and supporting the governments Help to Buy scheme.

In the delivery of new housing the mayor pledged to ensure that all local authorities have comprehensive Local Plans to ensure the sufficient delivery of housing and employment land and hoped to drive up the quality of housing through working with housing associations on their own stock and developing tougher energy efficiency standards.

The mayor also pledged support to focus development on brownfield land. This includes a £200 million fund to treat and bring to market brownfield sites, developing a register of such land and making it easier to convert buildings to residential use.

Greater Manchester

Andy Burnham, the Labour Mayor of Manchester's manifesto contained a pledge to renegotiate the terms of the Greater Manchester fund to be able to use it more explicitly to invest in building council and social rent homes. In addition, the mayor aims to work with housing providers to develop a Greater Manchester-wide Rent to Own scheme, targeting it on city centres as part of a wider approach to regeneration.

Alongside this focus on affordable housing, the mayor has pledged to end street homelessness in the region by 2020, apply more stringent regulation to private landlords and re-write the Greater Manchester Spatial framework. He has also halted plans to build on the green belt.

Tees Valley

Ben Houchan, the Conservative Mayor of Tees Valley did not publish a manifesto nor has he as yet set out a policy programme on housing.

While there is much divergence across these manifesto pledges, it is also the case that three areas of consensus emerge.

1. A need for affordable housing is recognised in all four areas.
2. Support for accessing home ownership through a number of means is proposed and is set to be a key part of the Mayors affordable housing plans.
3. Three of the four mayors have challenged building on the green belt, focussing on using brown field sites to deliver sufficient housing completions.

What models of affordable housing exist?

The national funding landscape for affordable housing is confused and has been subject to uncertainty in recent years. In 2010, support for building homes at social rent was removed, being replaced by the new 'Affordable Rent' model. Since then, affordable ownership products have gained greater focus in the government's affordable housing programme. This focus on ownership models has since been reversed in the most recent Autumn Statement in which the government pledged support for sub-market rent and through Theresa May's announcement of an additional £2 billion for affordable housing, including homes for social rent at the Conservative Party conference (Theresa May 2017). The government's white paper on housing set out seven different types of affordable housing product, covering rental, ownership and intermediate. These range from the deep discount of social rent to 80 per cent of market price (DCLG 2017d). Figure 3.2 sets out and explains each of these alongside some new, innovative models.

HOUSING MODELS DEVELOPED BY LOCAL AUTHORITIES

While mayors have been in place only a short time, they may well already have a number of areas of good practice in their regions to draw upon. Several of such examples, led by both public and third sector organisations, are set out below.

Manchester Matrix Model

Matrix Homes is a housing investment model owned jointly by Manchester City Council, Greater Manchester Pension fund and the Homes and Communities Agency. It has been formed to deliver over 240 homes for ownership and rent across three sites in Manchester (Matrix Homes 2017). The scheme was developed in response to increased demand for housing due to household and population growth and the need to develop new models to finance homes against a backdrop of a market that was not developing (Manchester City Council 2016).

The scheme is a partnership where the city council provides land that it owns (with one site invested by the HCA), while the Pension Fund acts as investor, funding the development (HCA 2014). Both parties then gain capital and revenue income from the scheme. A development contractor is brought in to design and build the properties, and a head tenant sought to lease and manage the private rented properties (Manchester City Council 2016). This model allows the council to retain their land asset as a long-term investment, providing a longer-term source of income for the city and giving the council a greater stake in the neighbourhoods they construct.

The homes that are built for ownership will be sold outright at market rate and through the Help to Buy scheme (ibid). Private rentals will be let at market rents. To be eligible, housing costs must be no greater than one third of the tenant's household income. The council are currently planning to engage in a second stage of development on new sites.

Bristol Housing Company

The Bristol Housing Company is owned by Bristol City Council. In the context of a housing crisis, it aims to develop new-build housing in order to maximise supply to the area through circumventing the borrowing restrictions placed on councils (Bristol City Council 2017).

The council has established a Wholly Owned Company (WOC), to which it can transfer council owned land. So far, one site has been transferred that will deliver 130 homes, of which 40 per cent will be let at social rents. The council then enters into a partnership with a developer who brings capital and expertise to build the homes, with proceeds being returned to the WOC, and ultimately the council, in dividends (ibid). The longer-term aim is for the revenue generated through the sale of homes on the private market to be used to fund further investment in social housing.

Thirteen Group Empty Homes Scheme

The Empty Homes Scheme is a partnership between the Thirteen Group and local councils, funded by the Homes and Communities Agency (Thirteen Group 2017). The aim of the scheme is to increase the supply of affordable housing by bringing long-term empty properties back into use, while also combatting the negative impact that neglected properties can have on communities (ibid).

The Thirteen Group leases these properties for a fixed period time, providing guaranteed rental income to the owners. Prior to letting them, the group repairs the properties, ensuring that they are brought to the market at a high standard (Hartlepool Borough Council 2017). They then seek out a tenant and manage the property throughout the lease period. The cost of this is deducted from the rent paid to the landlord, interest free (Thirteen Group 2017). The scheme is open to the landlords of properties that have been empty for six or more months.

The scheme is currently operating in Hartlepool, Stockton, Middlesbrough and Darlington. Since 2010, it has developed approximately 100 properties (ibid).

TABLE 3.2**A summary of subsidised and sub-market housing options available to mayors**

Model	Description	Allocation	Cost of rent / purchase
Social rent	Social rented housing tends to be owned by local authorities or other non-profit private registered providers (PRPs). Commercial organisations are now able to build and manage social housing. Normally funded through grant subsidy, they will remain affordable in perpetuity, except where properties are sold through the Right to Buy (RTB).	Local authorities set out their own allocations policies but legislation requires that they prioritise certain groups who are given 'reasonable preference'. These groups include those who have been made homeless, are in severely overcrowded conditions or are vulnerable on welfare grounds.	Rents are set locally and determined by several characteristics. These are principally related to local wages and costs of rented accommodation on the open market in the area. Rents are also adjusted by the number of bedrooms in a property.
Affordable Private Rent (APR)	APR housing is a new product designed to suit Build to Rent Schemes. APR is funded through developer subsidy (Section 106) and it is intended that housing remains affordable in perpetuity or for alternative affordable housing provision to be made if the discount is withdrawn. It is intended that developers will provide APR directly in place of other affordable housing products.	Allocation policies and the income threshold for eligibility are determined by local authorities with regard to local incomes and local house prices.	Affordable private rented homes are let at 80per cent of the median market rent for private accommodation in an area or below.
Intermediate Rent / Rent to Buy / Rent to Save	Rent to Buy is an intermediate housing model which aims to offer households discounted rent to allow them to save for a deposit towards the purchase of a home.	Allocation policies and the income threshold for eligibility are determined by local authorities with regard to local incomes and local house prices. To be eligible households must be able to realistically save for a home and not be able to purchase a home on the open market. Tenants may purchase the home they reside within and must be offered first refusal on its sale.	Homes are rented at 80per cent of market value for up to 10 years at the end of which it is intended that the tenant will be able to purchase a home.

Model	Description	Allocation	Cost of rent / purchase
Cheyne rent to buy	The Cheyne model is a private rent-to-buy product. New homes will be provided through developer subsidy (Section 106) but the subsidy will not remain in perpetuity or be recycled.	Will be locally determined but to be eligible households must be able to reasonably move into home ownership in five years.	Occupants rent a home at market rent for five years. The cost of purchasing the home is frozen at 90per cent of the property price at the beginning of the five years. At the end of the five-year period tenants are able to purchase the house at that fixed price, using the difference between that and the open market price as their deposit. If they cannot afford to buy at that point they will be reoffered the home every year and prices will increase by CPI.

Shared ownership	Shared ownership is a model in which a household purchases a share of a property and rent the remaining amount from a housing provider. New homes for shared ownership are normally funded through grant subsidy and will remain affordable in perpetuity or the subsidy will be recycled.	Allocation policies and the income threshold for eligibility are determined by local authorities with regard to local incomes and local house prices.	Shared owners may take out an initial stake of varying amounts, commonly 25per cent, 50per cent or 75per cent. They can also 'staircase' up or down, buying or selling stakes back to the housing provider. Shared owners tend to buy their equity with a 90per cent LTV mortgage. The rent for the remaining portion is set at a maximum of 3per cent of the unsold equity, although it is encouraged to be set at 2.75per cent.
Starter homes	A home ownership scheme funded through a mix of government and developer subsidy (Section 106). This subsidy will not be in perpetuity – although there will 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.	To be eligible to purchase a starter home, a household's income must be below £80,000 (£90,000 in London).	Starter homes are priced at 80per cent of the local house price or less and are subject to an overall price cap of £450,000 in Greater London and £250,000 elsewhere in England.
Discounted market sale	Discounted market sale homes are those which are made available to households who would otherwise be unable to afford to purchase a home on the open market.	Allocation policies and the income threshold for eligibility are determined by local authorities with regard to local incomes and local house prices.	Homes are discounted so as to be 80per cent or less than the market price in an area.

As set out in this paper so far, the newly elected mayors have a range of powers at their disposal to intervene in and shape housing, and a series of areas of good practice to draw on in delivering affordable housing. However, if mayors are to deliver sub-market housing it is important to assess what is genuinely affordable in these different areas. While affordable housing has for many years largely referred to homes for social rent, in recent years a range of new models have become available. These include products designed for rent (where the rents are linked to the market), outright ownership, and intermediate products which are aimed at supporting households who want to save for a deposit. The following section will set out these different models and consider their affordability for a range of households.

4. HOW EFFECTIVE IS SUB-MARKET HOUSING?

In this section, we test the affordability of a range of housing models across the four combined authority areas examined in this paper. Two measures are used to determine the affordability of each of these housing models. The first assesses monthly housing costs against net household income. The monthly costs are assumed to be affordable if they are equal to or less than 35 per cent of a household's net income. The second approach applies only to ownership models and determines whether a household would be able to access mortgage finance, categorising the overall house price as affordable if its equal to or less than 3.5 times the household's gross annual income. This is because, while a model may be affordable to a household on a monthly basis, the outright costs may make the product unattainable.

Housing costs are computed from publicly available data on median private and social rents and median house prices. These are adjusted to reflect the rent-setting methods of each model or to assess average monthly mortgage repayment costs.

Rent to Buy models, including the Cheyne model, are calculated on their monthly costs and not the costs associated with the costs of ownership. However, analysis is undertaken to determine the likelihood that these models could 'progress' a household into successful ownership through allowing them to raise a sufficient deposit.

In understanding how affordability differs by household type, we employ three household scenarios as set out in table 4.1. These are then applied to different points across the income scale.

TABLE 4.1

Household examples

Household type	Earnings
Single person working full time	One person on full-time earnings
Couple with one child with one person working full time and one person working part time	One person on full-time earnings + one person on part-time earnings + child benefit
Couple both working full time	Two people on full-time earnings

In modelling the costs of each of these housing products we make several assumptions and, of course, there are alternative methods that could be applied. Nonetheless, we feel this approach provides a balanced, robust and standardised approach to understanding the cost and affordability of each of the products on offer.

WHAT IS AFFORDABLE?

Housing costs vary widely across the four areas examined in this study. The west of England is the combined authority with the highest monthly rent. At £943 per month, this is 45 per cent higher than the English average. This means that, for a single person, accommodation does not become affordable until the 90th income decile. Tees Valley is the study area with the lowest cost housing, 11 per cent below the English average. However, it is still the case that median price rented accommodation would be unaffordable for a single person until the 30th income decile. In both the West Midlands and Greater Manchester, rents – while lower than the English average – would not become affordable until a single person was earning over the local median income.

TABLE 4.2

The median monthly rent for a two-bedroom property in each of the combined areas (CA)

Area	Median rent
West of England CA	£943
Greater Manchester CA	£578
Tees Valley CA	£465
West Midlands CA	£577
England	£650

Source: Valuation Office Agency (2017) Private Rental Market Statistics

TABLE 4.3

The proportion of income median monthly rent accounts for by household type and combined authority area

	10	20	25	30	40	60	70	75	80	90
West of England	84	74	70	66	60	48	43	40	37	33
West Midlands	54	48	46	43	39	32	29	27	25	..
Greater Manchester	54	48	46	44	40	32	29	27	25	22
Tees Valley	44	39	37	35	32	27	24	22	21	..

Source: Author's own analysis

A similar situation is found with regards to median house prices. They are highest in the west of England (18 per cent above the English average) and lowest in Tees Valley (41 per cent below the English average) and outright ownership is unattainable for many on single incomes. In all four areas, outright ownership is unaffordable on a monthly basis for households on incomes in the lower quartile. In the west of England, ownership for single, first time buyers would account for 43 per cent of the median income and does not become affordable until the 90th income decile.

TABLE 4.4

The median house price for a first time buyer property in each of the combined areas

Area	Median first time buyer price
West of England CA	£215,933
West Midlands CA	£129,619
Greater Manchester Ca	£123,603
Tees valley CA	£109,258
England	£183,680

Source: Author's own analysis of ONS (2017c)

KEY

The different housing models are similarly variably in their affordability.

Tables 4.5 to 4.9 demonstrate whether or not a product is affordable based on the two measures set out in the introduction to this section. Colour coding for each is set out below:

Affordable at 35% of net income and purchase price (where applicable) is below 3.5 times the household's gross annual income	
Affordable at 35% of net income but the purchase price minus the deposit (where applicable) is above 3.5 times the household's gross annual income	
Unaffordable at 35% of net income	

TABLE 4.5

The proportion of income First time Buyer (FTB) housing costs take up household type and combined authority area

	10	20	25	30	40	60	70	75	80	90
West of England	84	74	70	66	60	48	43	40	37	33
West Midlands	65	58	55	52	47	38	34	32	30	..
Greater Manchester	62	55	52	50	45	37	33	31	29	25
Tees Valley	55	49	47	45	40	34	30	28	26	..

TABLE 4.6

Affordability against a 35 per cent income target for a range of households in the West of England

		West of England								
		Single Person			Couple with one child			Couple		
		LQ	Median	UQ	LQ	Median	UQ	LQ	Median	UQ
Rental	£	16,202	26,291	28,117	22,851	34,854	39,895	32,404	42,314	56,233
	Median rent	70	43	40	50	32	28	35	27	20
	Social rent	20	13	12	14	9	8	10	8	6
	Affordable private rent	56	34	32	40	26	23	28	21	16
Rent to Buy / Shared ownership	Rent to Buy	56	34	32	40	26	23	28	21	16
	Cheyne model	70	43	40	50	32	28	35	27	20
	Shared ownership	52	32	30	37	24	21	26	20	15
Ownership	Median house price	85	53	49	61	40	35	43	33	25
	FTB	70	43	40	50	33	28	35	27	20
	Discounted market sale	56	35	32	40	26	23	28	21	16
	Starter homes	56	35	32	40	26	23	28	21	16
	Help to Buy	58	36	34	41	27	24	29	22	17

In the west of England, many affordable housing models are unaffordable to a range of households and incomes. For single people, only social rent is affordable to all income strata, while Rent to Buy, affordable private rent and shared ownership become affordable at or above median income. Discounted market sale, starter homes and Help to Buy are affordable as assessed against the 35 per cent net income measure, however are unaffordable on the 3.5:1 measure.

The affordability of the models increases for those in couples. For those with one child, all products are affordable at and above the local median income. However, many ownership models become unattainable using the 3.5:1 ratio. Discounted market sale and starter homes are unaffordable for those on median incomes and Help to Buy is not affordable for any income group.

Except for median priced owned accommodation, which is out of the reach of single households on lower quartile earnings, all models affordable at 35 per cent of net income for dual earning couples at all income points. However, discounted sale and starter homes are unaffordable using the 3.5:1 measure for lower quartile earnings and Help to Buy for median earners.

TABLE 4.7**Affordability against a 35 per cent income target for a range of households in West Midlands**

		West Midlands								
		Single person			Couple with one child			Couple		
		LQ	Median	UQ	LQ	Median	UQ	LQ	Median	UQ
Rental	£	15,134	19,721	25,888	21,771	28,147	37,038	30,268	39,442	51,777
	Median rent	46	35	27	32	25	19	23	18	13
	Social rent	22	17	13	15	12	9	15	8	6
	Affordable private rent	37	28	21	25	20	15	25	14	11
Rent to Buy / Shared ownership	Rent to Buy	37	28	21	25	20	15	25	14	11
	Cheyne model	46	35	27	32	25	19	32	18	13
	Shared ownership	36	28	21	25	19	15	25	14	11
Ownership	Median house price	55	42	32	38	30	22	38	21	16
	FTB	44	34	26	31	24	18	31	17	13
	Discounted market sale	36	27	21	25	19	15	25	14	10
	Starter homes	36	27	21	25	19	15	25	14	10
	Help to Buy	37	28	22	26	20	15	26	14	11

In the West Midlands, the greatest problem with unaffordability is related to single people with lower quartile earnings. Except for social rent, all models are unaffordable for those in this category.

All affordable housing models are affordable at 35 per cent of net income for single people at median income or above and for couples with and without children at all income levels. However, discounted market sale, starter homes and Help to Buy are unaffordable using the 3.5:1 measure for single households on median incomes and lower quartile earning couples with children.

TABLE 4.8**Affordability against a 35 per cent income target for a range of households in Greater Manchester**

		Greater Manchester								
		Single Person			Couple with one child			Couple		
		LQ	Median	UQ	LQ	Median	UQ	LQ	Median	UQ
	£	15,204	23,900	28,117	21,758	32,447	37,362	32,404	39,063	51,168
Rental	Median rent	46	29	25	32	21	19	21	18	14
	Social rent	20	13	11	14	9	8	9	8	6
	Affordable private rent	36	23	20	25	17	15	17	14	11
Rent to Buy / Shared ownership	Rent to Buy	36	23	20	25	17	15	17	14	11
	Cheyne model	46	29	25	32	21	19	21	18	14
	Shared ownership	33	21	18	23	16	13	16	13	10
Ownership	Median house price	84	53	45	59	39	34	39	33	25
	FTB	69	44	37	48	32	28	32	27	20
	Discounted market sale	55	35	30	39	26	22	26	21	16
	Starter homes	55	35	30	39	26	22	26	21	16
	Help to Buy	57	37	31	40	27	23	27	22	17

Rental models in Greater Manchester are affordable for most household types and income levels. Affordable private rent, the Cheyne rent to buy model and Rent to Buy are only unaffordable for single households on lower quartile incomes. For all other households, these come in at under the 35 per cent of net income threshold.

Except for shared ownership, which is affordable to all groups, ownership models are not affordable to lower quartile and median income single households or lower quartile earning couples with one child. Discounted market sale and starter homes fall below the 35 per cent of net income threshold but are not below the 3.5:1 ratio. All models are affordable across the income spectrum for dual earner households.

TABLE 4.9

Affordability against a 35 per cent income target for a range of households in the Tees valley

		Tees Valley								
		Single person			Couple with one child			Couple		
		LQ	Median	UQ	LQ	Median	UQ	LQ	Median	UQ
	£	14,992	23,368	25,288	21,503	31,983	36,483	29,984	46,736	50,577
Rental	Median rent	37	24	22	26	17	15	19	12	11
	Social rent	19	12	11	13	9	8	10	6	6
	Affordable private rent	30	19	18	21	14	12	15	10	9
Rent to Buy / Shared ownership	Rent to Buy	30	19	18	21	14	12	15	10	9
	Cheyne model	37	24	22	26	17	15	19	12	11
	Shared ownership	32	20	19	22	15	13	16	10	9
Ownership	Median house price	47	30	28	33	22	19	23	15	14
	FTB	38	24	22	26	18	16	19	12	11
	Discounted market sale	30	19	18	21	14	12	15	10	9
	Starter homes	30	19	18	21	14	12	15	10	9
	Help to Buy	32	20	19	22	15	13	16	10	9

Tees Valley has the greatest levels affordability of all the four areas. At the 35 per cent of net income threshold, the only alternate product that is unaffordable is the Cheyne rent to buy model, although this is confined only to single households on lower quartile incomes.

Nonetheless, several home ownership models are unaffordable under the 3.5:1 ratio. No home ownership models are affordable to single households on lower quartile and median earnings or to couples with lower quartile earnings.

These tables reveal that across combined authorities there are few options for single people. This is most acute in the west of England, where house prices and median rents are highest, but is a problem across all four areas, even the Tees Valley, which has house prices notably lower than the English average.

Dual-earning couples, even those with lower quartile earnings, can afford most models in most areas. However, when this income is diminished by the removal of a full-time earning as in the case of couples with one child (1x FTE and 1x PTE) a much larger range of models become out of reach, particularly for those on lower incomes.

Many households are priced out of affordable home ownership models. While in many cases households can afford the monthly costs (using the 35 per cent of net income measure), the overall purchase price is too high for them to access a mortgage. In all areas, although most severely the west of England, this effects a much greater number of households and raises the unaffordability to higher income deciles.

The ability of intermediate housing models has been assessed separately. Analysis has been undertaken, presented in Table 4.10 to determine whether households will be able to ‘progress’ to ownership by raising a deposit.

TABLE 4.10

Proportion of a combined authority in which a model scales up to a deposit, by model

	Rent to Buy				Cheyne			
	FTB		Shared Ownership		FTB		Shared Ownership	
	5 Years	10 years	5 Years	10 years	5 Years	10 years	5 Years	10 years
West of England	0%	100%	100%	100%	100%	100%	N/A	N/A
Greater Manchester	0%	100%	100%	100%	100%	100%	N/A	N/A
Tees Valley	0%	100%	100%	100%	100%	100%	N/A	N/A
West Midlands	0%	100%	100%	100%	100%	100%	N/A	N/A

The Rent to Buy model, in which a tenant receives rent subsidised to 80 per cent of market value and is expected to save to the remaining 20 per cent towards a deposit, is found to be effective. Over both 5 and 10 years, the model is effective in raising a sufficient deposit towards a shared ownership home, and over 10 years for outright ownership in all areas.

The Cheyne model, in which a tenant can buy their property after living in it for 5 years for 90 per cent of the market value at the time the tenancy was taken out, using the difference to secure a mortgage, is effective in all areas at both 5 and 10 years for both shared and outright ownership.

Given their affordability at 35 per cent of net income for a number of household and income combinations and their capacity in raising a deposit, these schemes appear to be effective in these areas in progressing households to ownership. However, this is of course confined largely to couples and those on average or above average incomes.

Drawing this information together shows that those on single, low or middle incomes have fewer affordable housing options available to them. This is a problem across all combined authority areas, where single people, or households on single incomes, are much less likely to be able to afford the monthly costs associated with different housing models. For those on the lower quartile, single adults can afford few models across the four areas. Ownership models particularly are failing to support those on low incomes. In the west of England, ownership models are not affordable to any household type while in the other study areas, these models do not become affordable to households until they have 1.5 or 2 incomes.

Nonetheless, given that affordable ownership housing models are failing to support those on the lowest incomes, those receiving this support are likely to be relatively affluent households. This should be a key area of reflection for mayors in determining the nature of the affordable housing they build.

5.

CONCLUSION: TOWARDS A MAYORAL AFFORDABLE HOUSING POLICY

The data analysed in this paper adds further evidence to the fact that England faces a severe housing crisis, marked by a failure to build sufficient new homes and ever decreasing affordability. The areas picked as case studies represent a range of housing markets. In each, affordable housing delivery is falling well behind estimated need and for a range of households maintaining housing costs is likely to be a challenge.

Beneath top line figures which show above average affordability in the three of the four areas we have examined, many face issues with affordability, and the models available to address this are insufficient. This then raises significant questions about the appropriate use of public subsidy and whether it is in fact going to the right people and addressing the correct problems. Drawing on this analysis and examples of good practice across the four areas, it is possible to present recommendations for mayors in these areas and in the rest of the country.

1. A stronger approach to affordable housing at a national level

In London, the mayor has introduced the '35 per cent threshold approach' to affordable housing in new housing guidance which, broadly, waives the need for a viability assessment if a development provides for at least 35 per cent affordable homes (measured by habitable rooms). The intention of this proposal is to set a new benchmark for the proportion of affordable homes delivered in each development to drive up affordable supply.

We argue, as others have (NHF 2017b), that the government should follow this approach outside of London and set a national minimum threshold of 35 per cent for affordable housing on all private developments, with a higher threshold of 50 per cent on all public land.

In line with the London approach, this would help eliminate costly delays and the need for viability assessments above these levels. It would ensure that the need for the provision of affordable housing was reflected in land values and help drive up affordable housing output.

2. Lift the Housing Revenue Account borrowing cap

The government should support a large-scale council house building programme by removing the arbitrary cap placed on borrowing through the Housing Revenue Account. Removing the cap will allow local authorities to borrow to invest in the building of a new generation of council homes.

3. Devolve greater powers to Mayors to deliver the housing their regions need

Examining the combined authorities' devolution deals set out in this paper reveals a lack of uniformity in the nature of powers transferred to mayors. This is borne from the deal-based approach to devolution, from which an overarching

framework has been lacking (Hunter 2017). In committing to address the housing crisis, government should work with combined authorities to offer a new, comprehensive devolution offer for housing.

A number of additional powers are needed to allow mayors to get on with building more homes. Previous work by Snelling and Davies (2017) has set out what these powers should be. They are:

- greater flexibility in the pooling and coordination of housing funding streams, allowing combined authorities to gather resources and coordinate activity in a way that ensures appropriate tenure mix while still meeting volume requirements
- retention of stamp duty receipts on all new-build properties, to top up housing investment funding
- a lifting of National Planning Policy Framework (NPPF) land use restrictions where brownfield opportunities alone are insufficient to deliver the housing supply that is estimated
- powers to set planning fees to improve capacity in planning departments
- council tax flexibility on empty sites and empty homes to accelerate the process of bringing unused homes back into use and putting unused planning permissions into action
- powers to set design code standards and viability frameworks at a combined authority level, and to de-risk planning and improve the quality of the built environment.

In addition, the government should also:

- devolve a proportion of the budget for the Help to Buy Equity Loan Programme to combined authorities, for the mayors to use as they see fit
- re-allocate the funding for the Starter Homes programme to a programme for investing in genuinely affordable homes for rent, and devolve the appropriate proportion to the combined authorities.

4. A clear measure of affordability, and mapping the affordability of sub-market housing products

Recent changes by central government to affordable housing have driven a rapid change in what is understood as 'affordable'. Increasingly, affordable housing products have become divorced from earnings and linked to market prices or rents instead. The generally understood definition of affordable housing, 35 per cent of net earnings, is rarely applied to new affordable housing products. The analysis contained in this report shows that the extent to which these models meet the needs of households differs across a range of housing markets. Accordingly, there is a need for a universally understood affordability measure, linked to earnings, which should be developed and agreed by mayors and applied transparently for every affordable housing product – with the development of an affordability matrix that sets out when each product becomes affordable.

5. Clear targeting of subsidy to meet stated aims

This research has demonstrated that many home ownership products designed to help people on lower to middle incomes in to home ownership are actually only affordable in a large number of cases to those on higher incomes. Moreover, the evidence suggests that many products are assisting those who would have been able to buy anyway. Subsidy should be targeted at those products which are clearly affordable, and it should be withdrawn from products that do not meet the need of those for whom they are designed to assist.

6. Mayors should establish combined authority-wide Mayoral Housing Companies, using them to bring land to market for social and affordable rent and using mechanisms to capture public value from the land

Mayors should build on the successes of the local authorities who have, in varying ways, established publicly-owned vehicles for bringing land to use, capturing value for residents. Scaling up these organisations to a combined authority level will allow them to be bolstered by the mayor's powers, principally the ability to establish asset boards and their compulsory purchase order powers.

One method by which this could be achieved is set out below.

1. The mayor establishes a Mayoral Housing Company (MHC) and works with combined authority asset boards to examine the land across all public-sector organisations in the region and identify a potential site or sites.
2. The MHC partners with a development partner to construct the homes on the site.
3. The MHC retains the value of the land, securing a long-term income stream which can be reinvested into other projects or paid out in dividend to the combined authority.
4. The MHC develops and constructs a mix of properties for rent on different models, including social rent and other affordable rent products (where they are affordable locally). This creates a mixed community and meets the range of housing needs.

While different models may work more effectively in different areas and contexts – for example, areas with significant regenerations may find a Mayoral Development Corporation to be the most effective model – a MHC should abide by two principles. Firstly, the homes it builds should be genuinely affordable, responding to local need. Secondly, the public should hold some or all the value of the land in the long term.

7. Local authorities and local authority pension should work together to combine their land and investment to build affordable housing

Building on the success of existing schemes such as the Manchester Matrix model, local pension schemes and local authorities should work together to bring forward land and funding for affordable housing schemes, generating a stable return on investment for both parties and bringing on to market much needed affordable housing.

8. Support of innovation and encouragement of the development of alternative affordable housing models

There are clear examples of innovation outside the traditional products within affordable housing, some of which are highlighted in this report. The government and mayors should consider how new and innovative products might contribute to meeting affordable housing need. It will also be essential to consider other alternative delivery models. The Conservative Party manifesto at the general election set out bold plans for new council housing deals, which included the reform of compulsory purchase orders to make them easier and less expensive for councils to use, and to enable them to buy land at a lower value.

The newly elected mayors should pursue the devolution and implementation of such powers from central government. This would allow affordable housing to be funded at lower costs, ensuring more affordable housing to rent or buy and greater potential benefits for local communities. This model of delivery would also allow greater innovation in the type of affordable products delivered.

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ANNEX

To understand how genuinely affordable each affordable housing product is, we compared the affordability of each product to rent and to buy against a 35 per cent of net income target. For each product to buy, we also applied a loan-to-income ratio of 3.5:1 to ensure it was realistic that each household could access a mortgage.

OWNERSHIP MODELS

House prices

Median house price: The median house price used in the affordability modelling was based on Land Registry data (ONS 2017b) using third quarter of 2016 data.

First-time buyer price and house price used in the modelling for each home ownership product: The first-time buyer price and the house prices used for each home ownership product have been based on a modelled first-time buyer price for across London and in each local authority. Median first-time buyer prices are not available at the borough level. The average ratio of the all-property price available from Nationwide House Price Index compared with the first-time buyer price was calculated over four quarters (third and fourth quarter of 2016 and first and second quarter of 2017) (Nationwide 2017a, 2017b) and then applied to the median house price figure available from ONS data (ONS 2017b) using third quarter of 2016 data. There is likely to be some variation of first-time buyer prices across the areas studied which the ratio will not sufficiently account for – however the ratio has been applied to the starting price for each home ownership product and therefore impacts each one in the same way.

MORTGAGE, DEPOSIT AND RENT CALCULATIONS

Outright ownership (median house price and first-time buyer price): The mortgage costs are calculated assuming a 90 per cent loan-to-value (LTV) mortgage over 25 years with an annual interest rate of 3.34 per cent APR.⁵ It is assumed that each buyer can provide a 10 per cent deposit of the value of the property.

Help to Buy: The mortgage costs are calculated assuming a 75 per cent LTV mortgage over 25 years with an annual interest rate of 3.34 per cent APR. It is assumed that each buyer provides the minimum five per cent deposit of the value of the property and takes out a Help to Buy equity loan of 20 per cent. Equity loans through Help to Buy are fee free for the first five years, and these calculations have not included the fee which is levied from the sixth year. The fee is 1.75 per cent of the loan's value in the sixth year and then increases every year according to the Retail Prices Index plus one per cent. The value of the property against which these calculations are made is the modelled first-time buyer price, set out above, at the London level and the borough level.

Starter homes and discounted market sale: The mortgage costs are calculated assuming a 90 per cent LTV mortgage over 25 years with an annual interest rate of 3.34 per cent APR. It is assumed that each buyer can provide a 10 per cent deposit of the value of the property. The value of the property against which these calculations are made is the modelled first-time buyer price, set out above, with the 20 per cent discount applied on top.

⁵ Based on the current UK average mortgage rate. See: <http://www.totallymoney.com/mortgages/rate-predictions/>

Shared ownership: Shared ownership costs are calculated based on a household taking out a 25 per cent stake in their property with a 90 per cent LTV mortgage over 25 years with an annual interest rate of 3.34 per cent APR. It is assumed that each buyer can provide a 10 per cent deposit of the value of the stake of the property being purchased (25 per cent). Average national service charge costs (£93.58) are added to the monthly cost.⁶ The value of the property against which these calculations are made is the modelled first-time buyer price, set out above.

Cheyne model: As with all of the rent-to-buy models, the monthly costs are calculated based on the rental costs (i.e. those needed to first access the property) rather than the potential mortgage costs if the household were to purchase the property. For the Cheyne model, the rental costs used are the monthly median private rent of a two-bedroom property (VOA 2017).

For the purposes of the loan-to-income calculation, it is assumed that each buyer will access a 75 per cent LTV mortgage providing a 25 per cent deposit of the value of the property based on the average deposit that can be saved through the Cheyne model.⁷

Rent to Buy: As with all of the rent-to-buy models, the monthly costs are calculated based on the rental costs (i.e. those needed to first access the property) rather than the potential mortgage costs if the household were to purchase the property. For the Rent to Buy model, the rental costs used are 80 per cent of the monthly median private rent (VOA 2017).

For the purposes of the loan-to-income calculation, it is assumed that each buyer will access a 90 per cent LTV mortgage providing a 10 per cent deposit of the value of the property – however, as outlined in the analysis, it would not be possible in most cases for the deposit to be raised through saving the difference between the discounted rent and the market rent alone.

LOAN-TO-INCOME RATIO

To calculate whether a household would actually be able to attain a mortgage, we have used a standard loan-to-income ratio of 3.5:1. For each product, the loan value used in this calculation depends on the assumptions set out for each model above.

RENTAL MODELS

Social rent: The rental costs used are an average of the local authority average weekly rents (DCLG 2017d) and private registered provider weekly rents (DCLG 2017e).

Affordable Private Rent: The rental costs used are 80 per cent of the monthly median private rent of a two-bedroom property in local authority area (VOA 2017).

Lower quartile rent: The rental costs used are the monthly lower quartile private rent of a two-bedroom property in each local authority area (VOA 2017).

Median rent: The rental costs used are the monthly median private rent of a two-bedroom property in each local authority area (VOA 2017).

⁶ Based on a market study by the Competition & Markets Authority. https://assets.publishing.service.gov.uk/media/547d99b8e5274a42900001e1/Property_management_market_study.pdf

⁷ PPR analysis of information provided by Cheyne.

DEPOSIT MODELLING

For the purpose of modelling how much could be saved for a deposit, a calculation was made for each model based on what could be saved for each year over a five-year and then a 10-year period.

Rent to Buy: Rent levels are assumed to be 80 per cent of median rent for a two-bedroom property, with households saving the difference between that and the market rate over a five-year and then a 10-year period.

Cheyne rent to buy: It is assumed that at the end of the fifth year, households are able to purchase the property at 90 per cent of its original value (providing an automatic deposit of 10 per cent), with the value of the house price inflation (HPI) over that period added to the discount. At the end of the 10th year, it is assumed that households are able to purchase a property at its original value plus five years of consumer price inflation (CPI), again with the value of the house price inflation over that period added to the discount.

INCOME

TABLE A.1

For the affordability analysis, three household types were used

Household type	Earnings
A single person working full time	Full-time earnings for all employees (ONS 2016b)
A couple with one child, with one person working full time and one person working part time	Full-time earnings for all employees + part-time earning for all employees + child benefit for one child (ONS 2016b)
A couple both working full time	Full-time earnings for all employees x 2 (ONS 2016b)

To calculate net income, a standard tax calculator was used to produce income figures after income tax and National Insurance.

The following figures are used to test affordability by decile in each of the combined authority areas.

TABLE A.2

Area	Income percentiles									
	10	20	25	30	40	60	70	75	80	90
West of England CA	14,617	16,534	17,552	18,690	20,438	25,415	28,513	30,460	33,167	37,183
Greater Manchester CA	13,934	15,614	16,471	17,173	18,989	23,286	25,996	27,716	29,690	34,777
Tees Valley CA	13,720	15,449	16,241	17,051	18,918	22,646	25,502	27,396	29,216	–
West Midlands CA	13,915	15,618	16,395	17,260	19,131	23,507	26,118	28,046	30,044	–

LIMITATIONS

A number of assumptions have been made in order to produce an affordability assessment of a varied number of housing models. Different assumptions could be made to produce the analysis but the authors believe this is a reasonable and balanced analysis which provides a macro picture of the affordability of a different range of affordable and subsidised housing products.

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Appendix JS7

House of Commons Briefing Paper: Tackling the undersupply of Housing (9 June 2017)





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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Louise Smith	Section 3.4

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

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

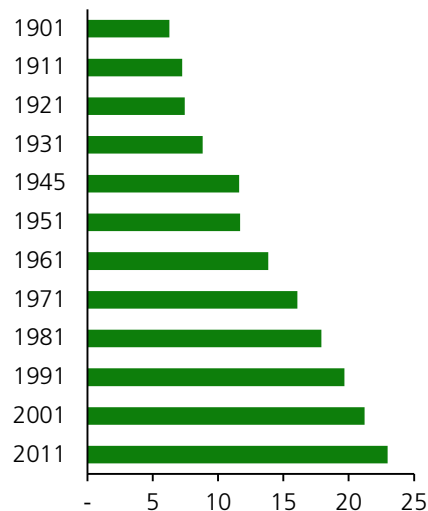
2.1 Growth in housing supply

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%).

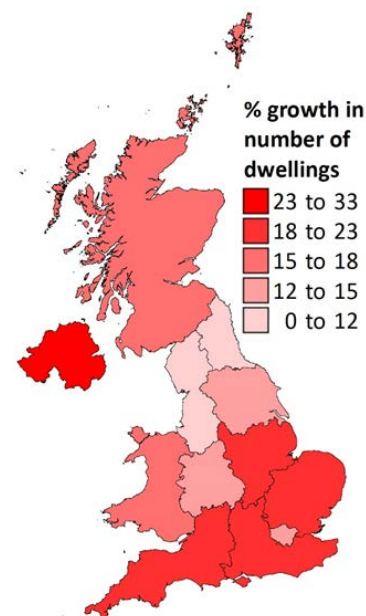
Total dwelling stock (millions), England 1901-2011



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).

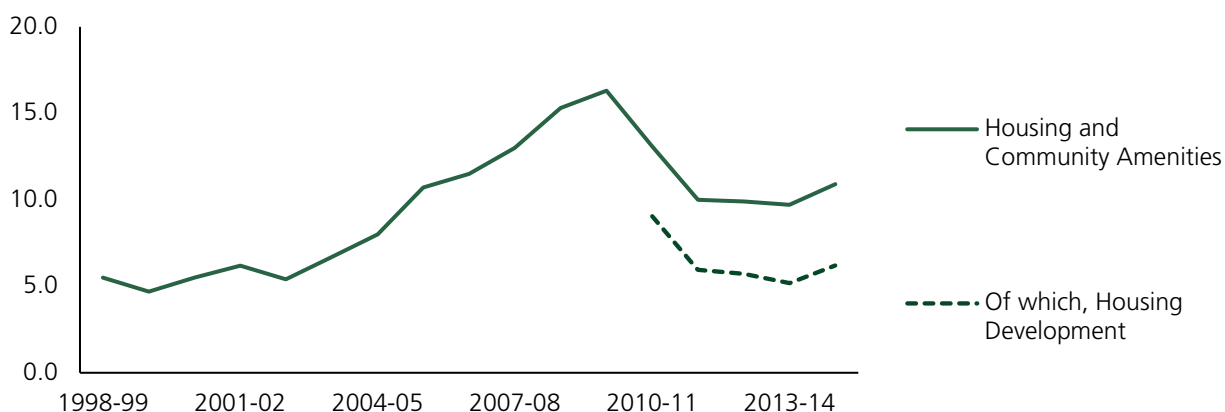
PESA records spending by the UK government on 'housing and community amenities' – a category that includes spending on items such as water supply, street lighting and planning. However, the bulk of spending in this category is on 'housing development', including building, improvements, land acquisition 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.

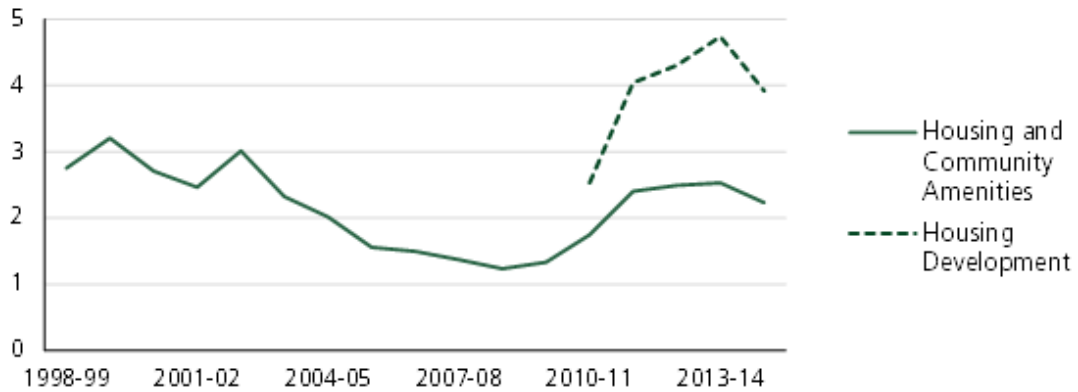
¹⁶ HM Treasury, [PESA 2015](#), Table 9.10 and Annex F, Population numbers by country and region

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

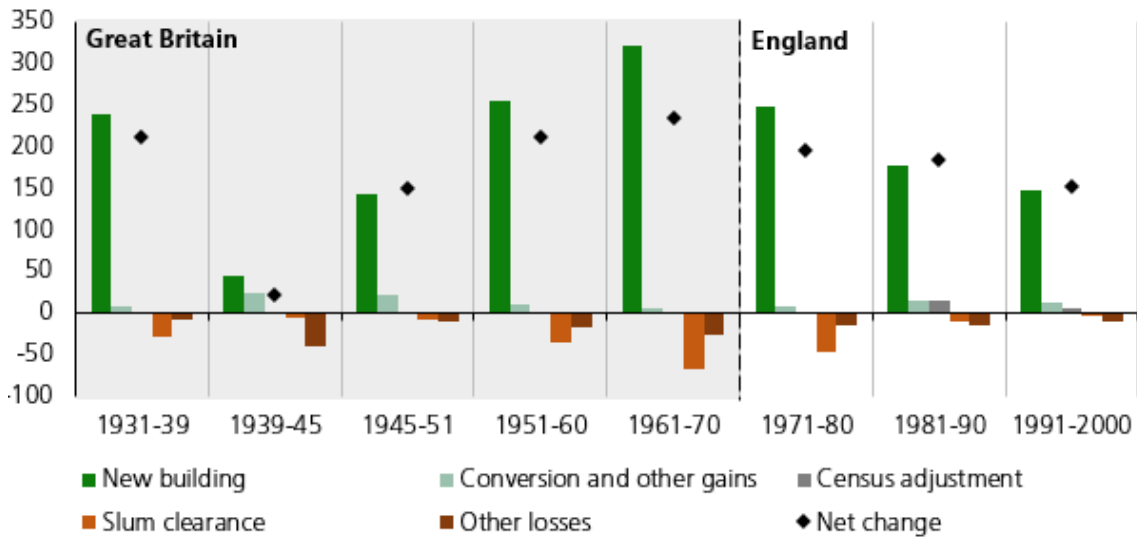
The housing completions figures used in the charts overleaf don't match those used elsewhere in the briefing paper. This is because DCLG publishes two separate series: one on net housing supply and a broader house building series.

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.

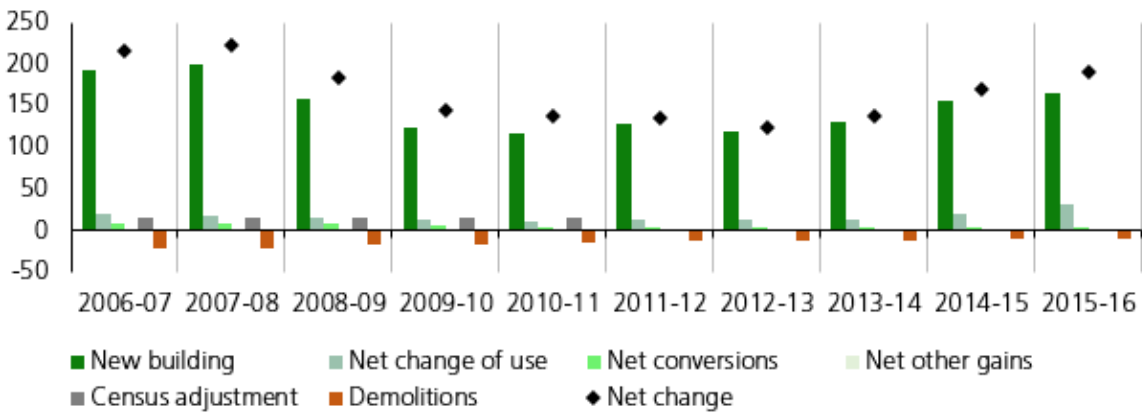
For these reasons, the main house building series is used in this briefing paper where a comparison by time, tenure or geography is likely to be useful.

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.

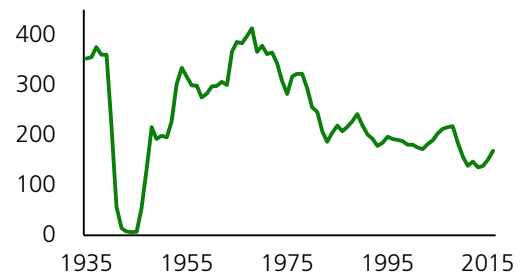
The second chart shows the difference between the number of dwellings started in each year since 1970 and the number of dwellings completed. Trends in dwelling starts tend to be starker: the speed of completions is limited by a range of factors, whereas starts are more directly impacted by planning and 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.

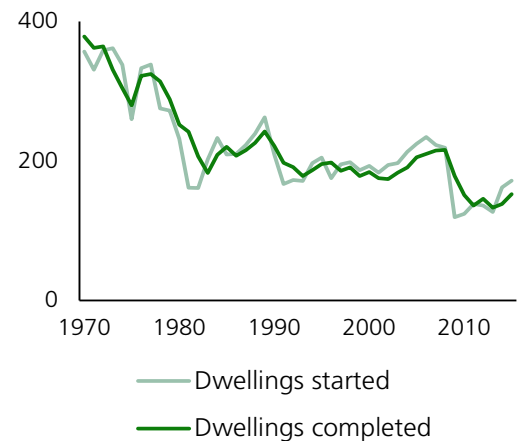
The type of developer building a property doesn't always correspond to the property's final use. For example, homes built by private enterprise may end up being let in the social rented sector.

Housebuilding, UK 1935-2016



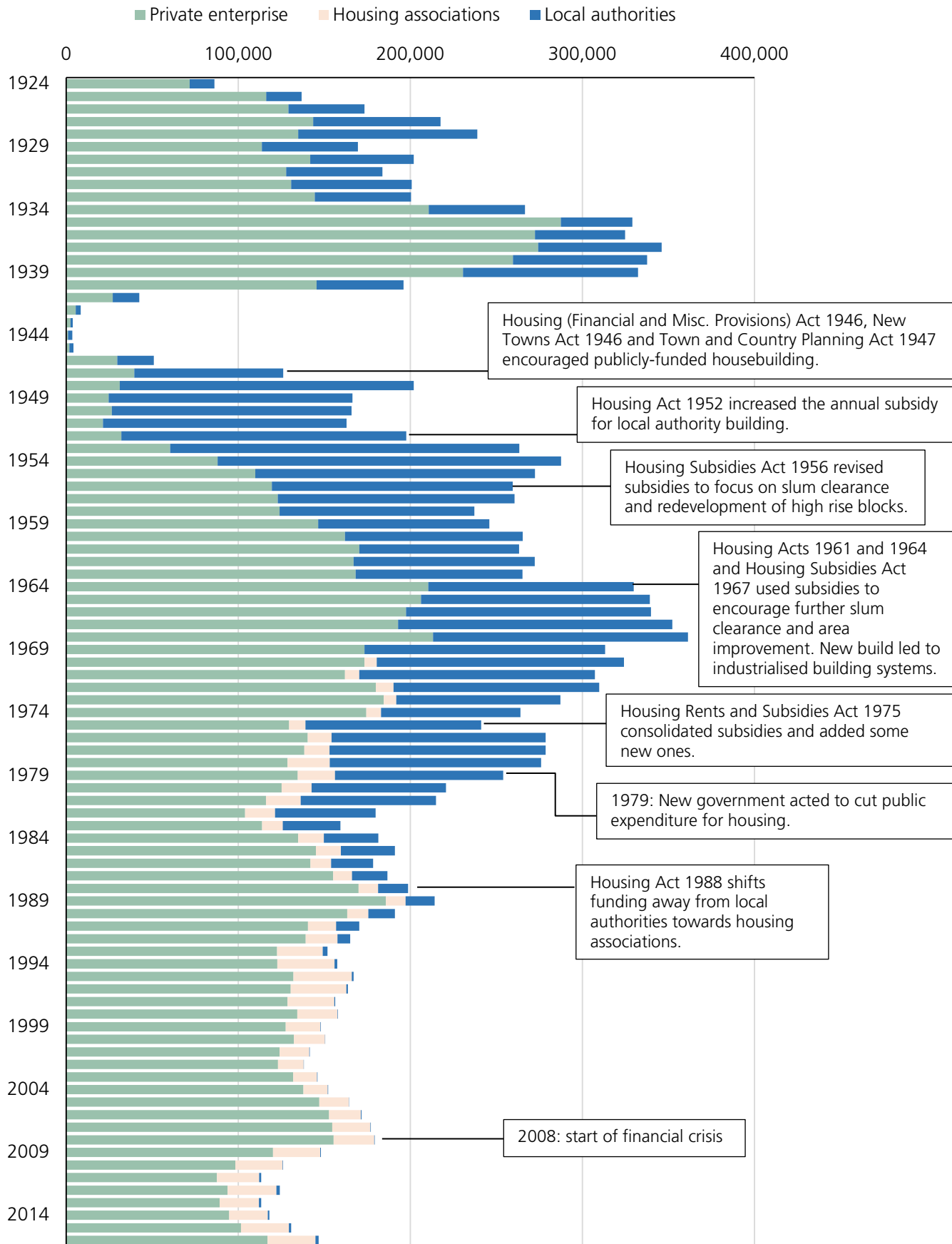
Source: B.R. Mitchell, *British Historical Statistics* (1935 to 1969, financial/calendar years); DCLG, Live Table 209 (1970 to 2016, financial years)

Dwellings started and completed, UK 1970-2015



Source: DCLG, Live Tables 208 and 209 (financial years)

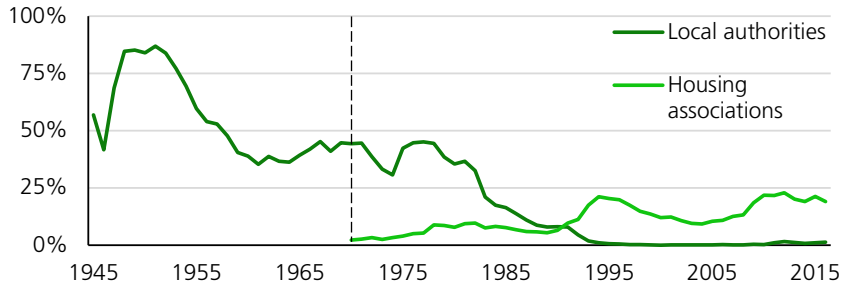
Housing completions by type of developer England and Wales, 1924 to 2016



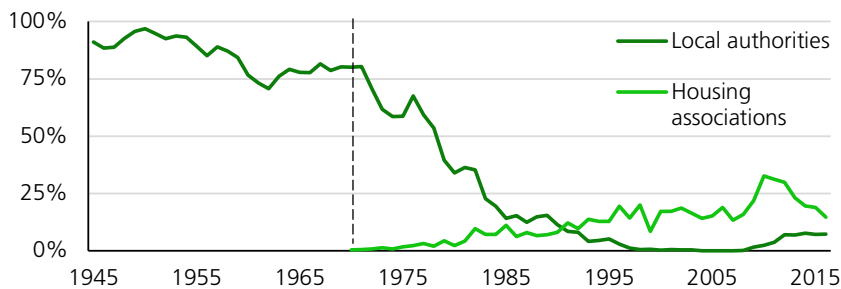
The proportion of homes built by the social housing sector has changed considerably since 1945. The charts below show trends in the proportion of dwellings built by local authorities and housing associations in this period.

Proportion of new houses built by local authorities and housing associations, 1945 to 2016²²

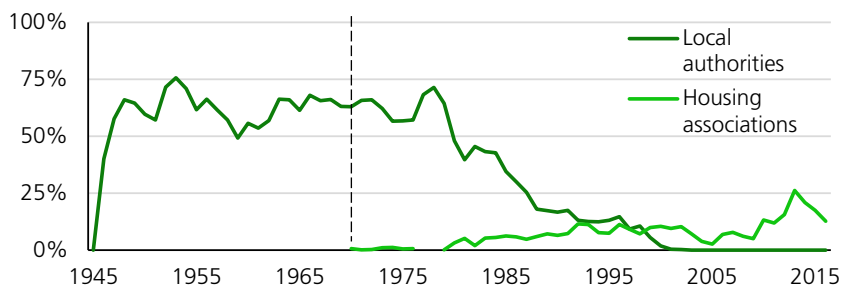
England and Wales



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

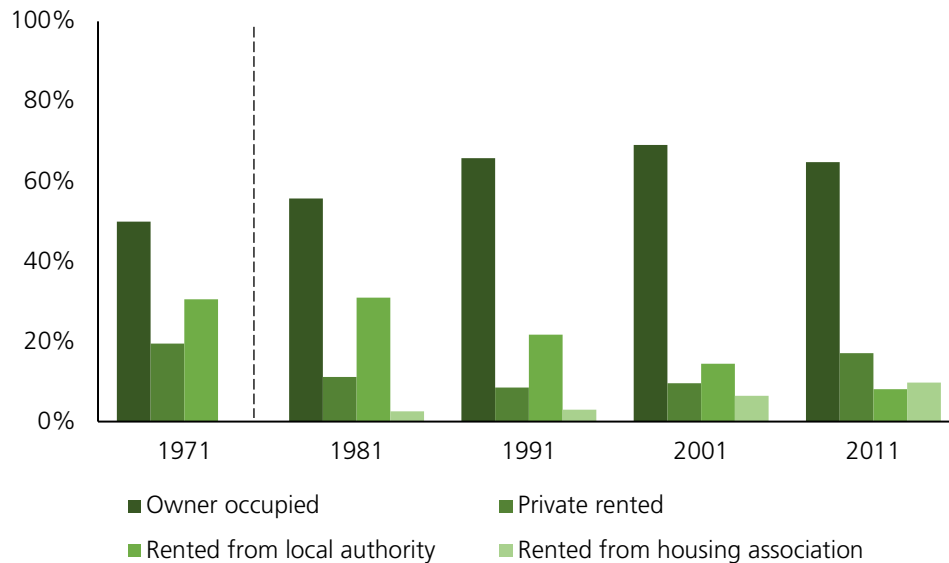
National tenure trends

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.

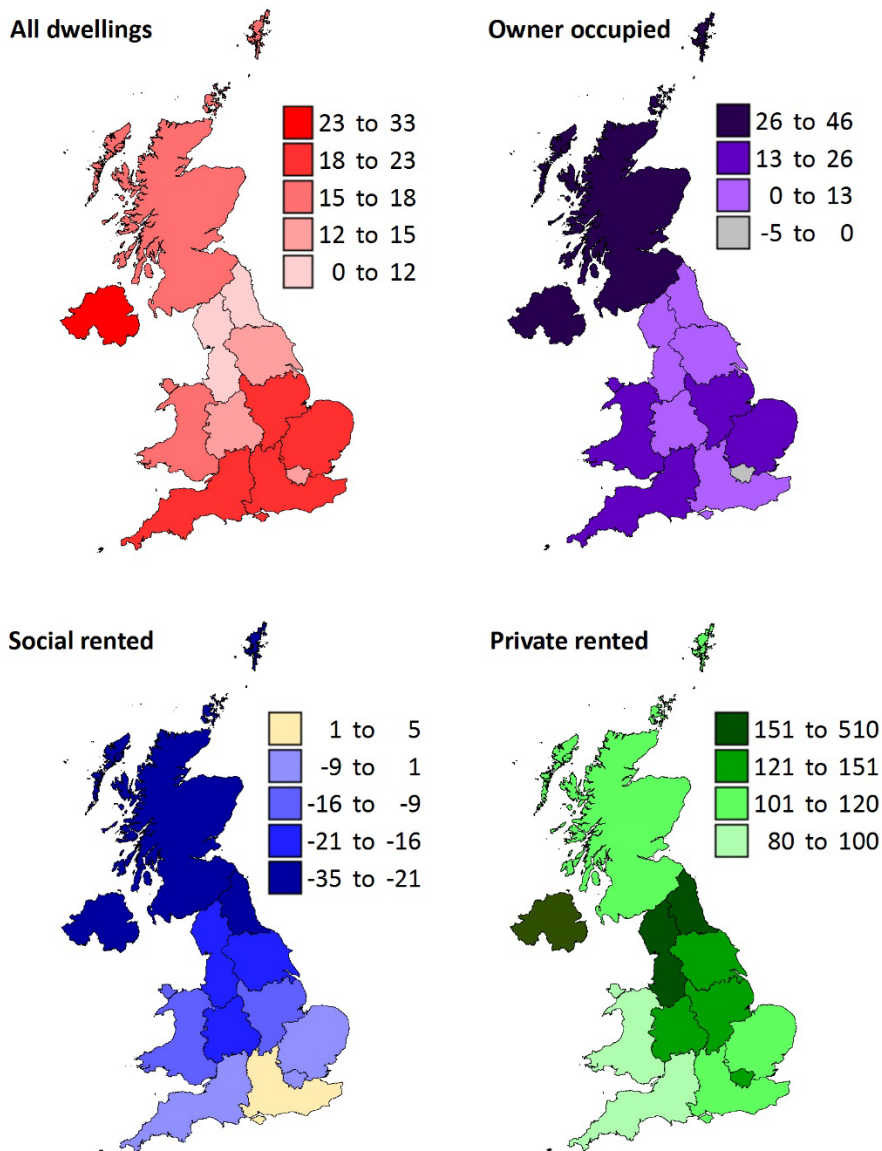
All figures are from the census for each year (i.e. for April), with the exception of 1991 (which uses December 1990 data for Scotland and Northern Ireland) and 2001 (which uses December 2000 data for Northern Ireland).

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%

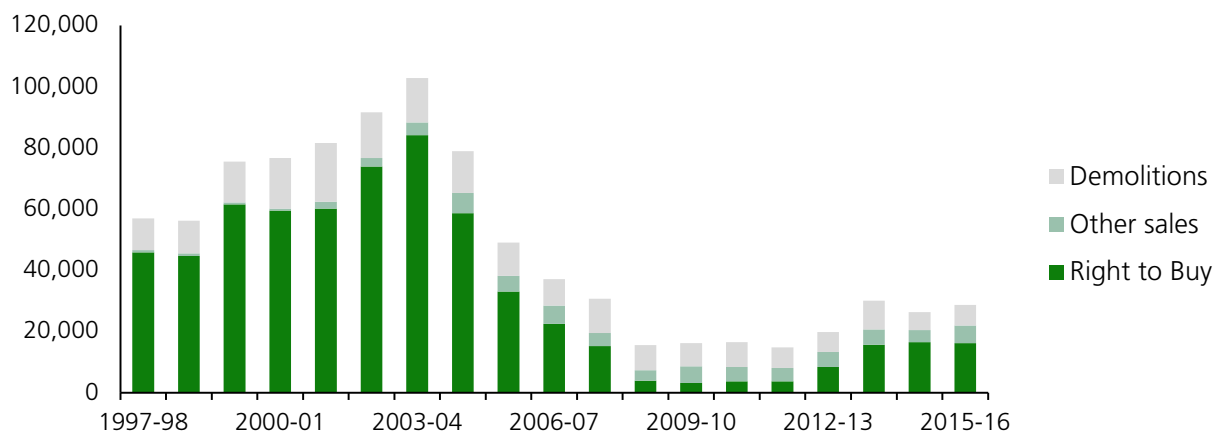
Why has the social rented stock declined in England?

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

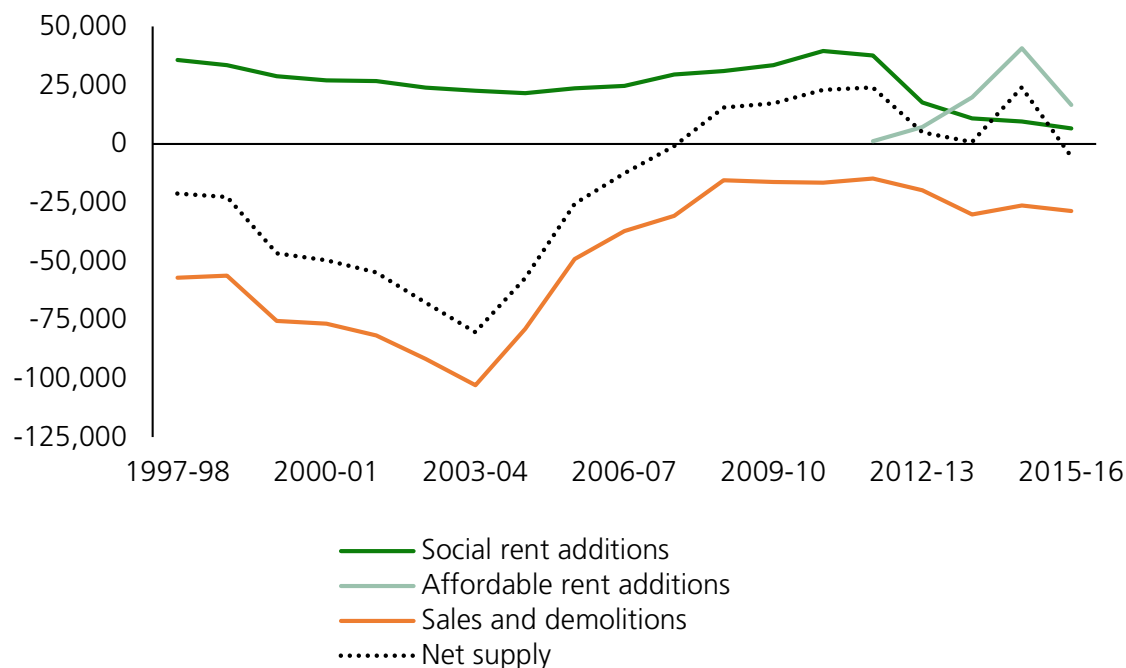
The new supply of social housing has not kept pace with growth in other sectors; in the long term, it has generally been lower than the amount lost through sales and demolitions (see chart below).

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

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 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

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)

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

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



Appendix JS8

Former Secretary of State for Housing, Communities and Local
Government Speech to Local Government Association
Conference (July 2017)

1. Home (<https://www.gov.uk/>)

Speech

Sajid Javid's speech to the LGA conference 2017

From: Department for Communities and Local Government
(<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) and
The Rt Hon Sajid Javid MP (<https://www.gov.uk/government/people/sajid-javid>)

Published: 4 July 2017

Delivered on: 4 July 2017

The Secretary of State's speech to the Local Government Association conference 2017.



Good afternoon everyone.

This week we're marking the LGA's 20th birthday, a great achievement.

[Political content removed]

The LGA's 20th anniversary should be a time for celebration.

For focussing on the very best of local government, highlighting successes and raising a glass to future achievements.

But this year, I don't think any of us are in the mood for revelry.

In the past 4 months we have seen terrorist attacks in Westminster, in Manchester, at London Bridge, and in Finsbury Park.

And of course, last month saw the tragic catastrophe at Grenfell Tower.

So much of the response has been exemplary.

Selfless men and women from our emergency services, in local government and across the public sector working all hours to keep their communities safe.

These local heroes have shown what public service really means.

They have my thanks, and those of a grateful nation.

I would also like to pay tribute to the role that you in this room have played.

The past months have not been easy.

But, again and again, I've seen you coming together to support each other through these testing times.

Nine London councils have been involved in the recovery at Grenfell – and I am grateful to the LGA for the work they have been doing with my department to ensure that other towers around the country are safe for the families that live in them.

But none of this changes the fact that, in Britain in 2017, the fire at Grenfell simply should not have been possible.

Nor does it change the fact that there were serious failings in the immediate aftermath; failings that created unnecessary suffering for residents who had already suffered too much.

So while I don't want to ignore or disregard the amazing work the LGA has done over the past 20 years, you'll forgive me if, today, I reflect on what has gone wrong in local government – and what we need to do to, together, to fix it.

Grenfell and the crisis of trust

I've been in politics and government for 7 years now.

And nothing I've seen in that time hit me harder than what happened to the people of Grenfell Tower.

It was a disaster on a scale we hadn't seen for many years.

The television pictures were harrowing.

But what the survivors saw and experienced...

Well, I cannot even begin to imagine how hard it must be for them.

When I visited the community support centre I spoke to one family that lived about halfway up the tower.

Mum, dad and children.

When the fire broke out they followed official advice: they stayed put and waited for help.

But as the flames and smoke closed in, the father decided it was time to get his family out.

And as they headed for the exits he stayed at the back, making sure nobody was left behind.

The mother led her children to safety.

But in the smoke and confusion, she lost touch with her husband.

When I met her she was hopeful they were about to be reunited, that she would see her husband again soon.

When I met her son, he was trying to find the words to tell his mother that his father's body had been found in the stairwell.

It's not a conversation I'll ever forget.

I'm not afraid to say that it shook me to my core.

Like my parents, that family had come to this country in search of opportunity, in search of a better life.

And we, as a country, failed them.

Just as we failed all the victims of that terrible tragedy.

There are many questions that need answering about the Grenfell Fire.

There may have been failures by individuals, failures by organisations and failures of public policy at all levels stretching back several decades.

The public inquiry will get to the bottom of what happened.

We must allow that inquiry, and the criminal investigation, to run their course, and be careful not to prejudge or prejudice either of them.

But, speaking to survivors, people in the local community, and people in tower blocks around the country, one thing is abundantly clear.

Local government is facing a looming crisis of trust.

A decade ago, up in Blackpool, David Cameron said that you can't drop a fully-formed democracy out of an aeroplane at 40,000 feet.

He was talking about foreign wars and military interventions, but it's a lesson that all of us here today would do well to remember.

Because all politics is local.

Whether you're councillor or an MP, we are elected by our local communities to serve the people of our local communities – to ensure their interests are put first.

We see and feel the effect of our decisions on our streets, and in the services we use every day.

And when something isn't working, when something isn't right, it is our duty to speak up and do something about it.

I know how hard many of us work to do just that.

But if the events of the past few weeks have taught us anything, it's that we have to raise our game.

The ties that bind local government to local communities have not snapped.

But if we don't act now, such a time may one day be upon us.

Rebuilding trust

We must rebuild, refresh and reinforce the trust that local people have in local democracy.

But that won't happen by hiding away.

Just as we can't drop a democracy out of an aeroplane, so we can't rebuild one from behind castle walls.

If people are going to trust their elected representatives, they have to see them working in the harsh light of the public eye, not in comforting shadows behind closed doors.

Not only must democracy exist; it must be seen to exist.

It can't be about decisions made in private meeting rooms.

Nor can it be about experts telling people what's best for them without ever taking the time to listen to their worries and concerns.

After all, government is about serving people – not simply telling them what to do.

And local government must show that it is FOR the people – not just OF the people.

Supporting communities

So our mission has to be local government that is truly engaged with and supportive of communities.

These aren't communities as government-designated groups.

People carefully categorised into boxes that can be ticked on official forms.

I'm talking about the genuine communities made up of people connected by common bonds and shared values – whether built around neighbourhood, background, or beliefs.

It's what I've seen at Grenfell Tower.

The council may have built the tower, but the people built the community.

A network of mutual support that government can never replicate and should never attempt to replicate.

A community where support is given not because of any entitlement, but simply out of love and compassion and basic human decency.

And while it's been inspiring to see the community around Grenfell Tower swinging into action, it can't help but make the loss all the more heartbreaking.

It is these kind of communities we need to be much, much better at supporting.

Above all else they must be listened to. They must be heard.

It must be an honest and open discussion across all communities.

Where consultation isn't just treated as a legal necessity, but a genuine engagement in which all views – even ones we don't like – are treated as if they could actually be right.

Where we value voices, dissenting or otherwise.

It will require us to tackle some deep-rooted issues which for too long we have collectively failed to deal with.

Honesty about the housing we need

Just look at housing.

It's hard to believe now, but just a few years ago it was fashionable for people to question the need for more house building.

They'd point to obvious flaws in the housing market, or too many empty homes, or immigration.

Today, most people recognise that even if those issues were solved overnight, it would still not be enough.

There's a serious shortage of decent, affordable housing in this country.

It's not the fault of any one government or party – we all carry some of the blame.

Since the 1970s – under Wilson, Callaghan, Thatcher, Major, Blair, Brown, Cameron and now May – we've supplied an average of 160,000 new homes each year.

That's far below what's needed

And that failure of supply to keep up with demand has led to predictable results.

Across the country the average house now costs almost 8 times average earnings – an all-time record.

Unless they can get a leg up from their parents, for many young people the dream of home ownership is just that – a dream.

And it's in housing that that we see most starkly the problems of inequality in this country.

Between those with wealth, and those without.

Between old and young.

And between those with security, and those who live with uncertainty day-in day-out.

The simple fact is that to put this right we need to build more homes that people want to live in, in places people want to live.

Between 225,000 and 275,000 of them every year, according to independent estimates.

That may sound simple enough, but as I said it's a goal that has proved elusive for every government since the 1970s.

So we need to rethink the entire process of development and, as ever, that starts with planning.

Years after local plans were introduced, some councils still haven't produced one.

Others produced a plan when the policy was first introduced, but haven't touched it since and are left with a dusty document that's hopelessly out-of-date and irrelevant to the real needs of their communities.

And then there are those councils that have an up-to-date plan, but have failed to be honest about the level of housing they need in their area.

It's not good enough.

The era of tolerating such poor, patchy performance is over.

Today I can confirm that this month we will launch a consultation on a new way for councils to assess their local housing requirements, as we promised in the housing white paper (<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>).

Our aim is simple: to ensure these plans begin life as they should, with an honest, objective assessment of how much housing is required.

That means a much more frank, open discussion with local residents and communities.

It also requires a new approach.

One that is straightforward, so everyone can understand the process.

One that is transparent, so decisions are not hidden behind complexity or bureaucracy.

And one that is consistent, so every community, from the biggest city to the smallest hamlet, can be confident their council is assessing housing need properly and fairly.

After all, nothing is more corrosive to trust than the idea that some areas are being treated better than others.

Where housing is particularly unaffordable, local leaders need to take a long, hard, honest look to see if they are planning for the right number of homes.

And it's not enough that plans start honest; they need to stay that way.

So we'll also insist they are reviewed at least every 5 years.

I'm under no illusion that these plans will require courage to both conceive and execute.

There will be tough decisions, difficult conversations.

But that is what political leadership is about.

Showing real ambition for the communities you serve and doing the right thing, not the easy thing.

Now I know you're sitting there thinking "That's great Saj, but I don't need more bureaucracy

“I want to build houses, not piles of paperwork.”

Well, let me assure you that the last thing I want to do is to add unnecessary burdens to local government.

Yes I want these plans to be more honest, and yes I want the local debates and challenges to be taken head on.

But I also want these plans to be simpler, faster, and cheaper to produce.

That's exactly what the consultation will propose.

Providing the right infrastructure

The new system will make a big difference but I'm not naïve.

I know that plans and ambitions are not enough on their own.

If there was one thing that made our housing white paper different from its predecessors, it was the recognition that there is no single magic bullet that will solve all the problems of our housing market.

It's simply too big and too complex for one policy to fix, and that's why action is needed on many fronts.

Look at infrastructure.

Across the country there are housing sites that never get going because the final piece of funding for infrastructure is missing.

The larger the site the bigger the problems.

Many crucial strategic housing schemes struggle to get off the drawing board because it proves impossible to coordinate and pay for the upfront infrastructure that's required.

And as far as local communities are concerned, it comes back to trust.

Most people are willing to accept new housing in their areas, they know that their children and grandchildren need places to live.

But they also don't want to see massive development being imposed on an area where schools, GP surgeries, roads, buses and trains are already under pressure.

They'll accept the new homes, but they also want the right infrastructure put in at the right time in a joined up way.

It's not exactly an unreasonable request.

So where there are ambitions to do that, we will help through our Housing Infrastructure Fund (<https://www.gov.uk/government/publications/housing-infrastructure-fund>).

We announced plans for the fund earlier this year and I'm delighted that we're publishing the prospectus today.

It's an invitation to bid for a share of £2.3 billion that has been set aside to pay for the infrastructure we need alongside new homes.

Housing deals

I know infrastructure isn't the only barrier to delivering new housing.

I know in some places you may need extra support to deliver ambitious proposals to meet your housing demand.

Well if you're prepared to do what it takes to meet that demand and deliver genuinely additional housing, then I will consider all tools at my disposal to support you in that.

But only if you're ambitious enough.

By ambitious I mean greater collaboration with neighbouring areas.

A more strategic approach to decisions on housing and infrastructure.

More innovation and high quality design in new homes.

And an eye for creating the right conditions for new investment.

I want to strike some housing deals with a small number of places, so if you are one of those ambitious councils, you know where to find me.

Strong political leadership

If we can tackle the injustices caused by our broken housing market we will be making a significant step towards rebuilding the trust in local politics.

But it is far from the only injustice that we need to deal with.

And as with housing, fixing any of these problems is far easier said than done.

We are talking about deep-set issues and it would be dishonest to suggest it is anything other than the work of years to address it.

That work will need strong local leadership.

In May we saw 6 new mayors elected by millions of people right across the country, including here in the West Midlands.

All 6 have wide-ranging new powers they can use to improve the lives of the communities they serve.

The driving force behind this devolution was the desire to bring decision-making to a more local level.

So my challenge to all those newly-elected mayors, whatever Party they're from, is to make good on that purpose – by using their powers to work with communities, tackling the problems that matter most to them and the wider community.

Whitehall is listening

I'm sure many of you will have been sitting there thinking that's all well and good but Whitehall could do a bit more listening of its own.

And you're right.

Last month's general election result was not the one that I wanted.

I'm sure it's not the result anyone in this room expected.

I'll let the pollsters and pundits argue and debate over "what it meant".

But I know one thing for sure.

The people of the UK may have delivered a hung Parliament, but they did not deliver a demand for inaction.

32 million people made their voices heard last month and they will not forgive us if we fail to heed their call.

Things have to change, things have to get better.

The work of local government will be central to that, and I'm determined you'll be listened to – just as we have listened in the past.

You asked for extra money for adult social care, and I made sure it was delivered in the settlement.

You asked for greater devolution of powers, and we paved the way for metro mayors across the country.

And you asked for more resources to help you plan for the homes you need, and through the Housing Infrastructure Fund and higher planning fees, we're helping with that too.

I can't promise you'll always get what you want.

But whether you ask for help, identify risks, or suggest opportunities, I can promise that we will listen.

Conclusion

In the midst of all the uncertainty, I know that your cool-headed commitment to deliver for your communities will carry on.

I don't care whether you're on the blue team, the red team, the yellow team or any other team for that matter.

I know that you are in local government for the right reasons.

Because you want to house the homeless.

You want to maintain the roads.

You want to keep the streets clean or make our parks beautiful.

You want to see that our young people are taught properly and our elderly are cared for with the dignity they deserve.

Doing all this requires practical action, yes, but not everything can be converted into pounds and pence.

Good leadership matters too.

And ultimately, for all of us, whether we're in local or national government, our first role is to lead.

What happened in Kensington 3 weeks ago showed just how important leadership is.

So my challenge for local government this year is not only to provide the services your communities deserve, or plan for new homes and growth they need, but also to be the leaders they can trust.

To listen to your communities.

To treat them with care and respect.

And, above all, to keep them safe.

Grenfell will forever serve as a reminder of what went wrong.

Let us rise from those ashes and promise to be better.

Published: 4 July 2017

From: Department for Communities and Local Government (<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) The Rt Hon Sajid Javid MP (<https://www.gov.uk/government/people/sajid-javid>)

Appendix JS9

Former Prime Minister's Speech (15 November 2017)



1. Home (<https://www.gov.uk/>)

Press release

PM: We must get back to building the homes this country needs

From: Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>), Department for Communities and Local Government (<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>), The Rt Hon Sajid Javid MP (<https://www.gov.uk/government/people/sajid-javid>), and The Rt Hon Theresa May MP (<https://www.gov.uk/government/people/theresa-may>)

Part of: House building (<https://www.gov.uk/government/policies/house-building>)

Published: 15 November 2017

Prime Minister Theresa May will pledge that it is her personal mission to 'build more homes, more quickly'.



PM on housing visit in North London

The number of new homes delivered each year has been increasing since 2010, but the Prime Minister will say there is more we can do to build the homes the country needs.

Speaking ahead of a visit to a housing development in Barnet, North London today (Thursday 16 November), which coincides with the publication of new statistics on housebuilding, Theresa May said:

“For decades we simply have not been building enough homes, nor have we been building them quickly enough, and we have seen prices rise.

“The number of new homes being delivered each year has been increasing since 2010, but there is more we can do.

“We must get back into the business of building the good quality new homes for people who need them most.

“That is why I have made it my mission to build the homes the country needs and take personal charge of the Government’s response.

“Today I am seeing the work now underway to put this right and, in coming weeks and months, my Government will be going further to ensure that we build more homes, more quickly.

“This will be a long journey and it will take time for us to fix the broken housing market - but I am determined to build a Britain fit for the future.”

Later today Communities Secretary Sajid Javid will deliver a speech on housing at the Temple Meads Quarter in Bristol to reinforce the government's approach to back housing of all tenures, including more social housing.

The Communities Secretary is expected to say:

"The generation crying out for help with housing is not over-entitled. They don't want the world handed to them on a plate. They want simple fairness, moral justice, the opportunity to play by the same rules enjoyed by those who came before them.

"Without affordable, secure, safe housing we risk creating a rootless generation, drifting from one short-term tenancy to the next, never staying long enough to play a role in their community.

"Our Housing White Paper in February set out our broad vision. It described the scale of the challenge and the need for action on many fronts. Since then we've been putting it into action, laying the foundations for hundreds of thousands more homes.

"But there are many, many faults in our housing market, dating back many, many years. If you only fix one you'll make some progress, but not enough. This is a big problem and we have to think big."

He will announce that the Government is taking housing associations' debt off the balance sheet, ensuring housing associations have a stable investment environment to build more homes.

This builds on the Government's ongoing work to tackle the challenges in the housing sector including:

- Increasing the affordable housing budget by an additional £2 billion to over £9 billion, to deliver more homes at social rent and potentially leverage investment from housing associations and councils of up to £5 billion;
- Setting a long term rent deal for councils and housing associations in England from 2020 - helping support them build more homes;
- Creating the £3 billion Home Building Fund last year to build more houses across England. Over £1.7 billion has now been committed, and will mean over 100,000 new homes built across England;
- Publishing the Housing White Paper which set out the Government's plans, including ensuring councils release more land for housing, and giving them new powers to ensure that developers actually build homes once they're given planning permission to do so;
- Introducing schemes like Help to Buy to support people who are struggling right now – this has already helped over 130,000 more families with the deposit they need to buy their own home. We have now invested a further £10 billion in Help to Buy to help a further 135,000 households by 2021; and
- Meeting big and small developers, local authorities and housing associations to ask them to all play their part in increasing the number of homes being built. The Prime Minister and the Communities Secretary recently held a meeting with developers and housing associations in Downing Street to discuss actions needed to remove the barriers they are facing in building new homes.

Since April 2010, around 346,000 affordable homes have been delivered, including 240,000 for rent. More than twice as much council housing has been built since 2010 than in the previous 13 years.

Published: 15 November 2017

From: Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>) Department for Communities and Local Government (<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) The Rt Hon Sajid Javid MP (<https://www.gov.uk/government/people/sajid-javid>) The Rt Hon Theresa May MP (<https://www.gov.uk/government/people/theresa-may>)

Part of: House building (<https://www.gov.uk/government/policies/house-building>)

Appendix JS10

Former Secretary of State for Housing, Communities and Local
Government Speech on the Housing Market
(16 November 2017)

1. Home (<https://www.gov.uk/>)
2. Housing, local and community (<https://www.gov.uk/housing-local-and-community>)
3. Housing (<https://www.gov.uk/housing-local-and-community/housing>)

Speech

Sajid Javid's speech on the housing market

Secretary of State's speech on the housing market.

Published 16 November 2017

From:
Ministry of Housing, Communities & Local Government
(<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government>) and The Rt Hon Sajid Javid MP (<https://www.gov.uk/government/people/sajid-javid>)

Delivered on:
16 November 2017 (Transcript of the speech, exactly as it was delivered)



Thank you, and good morning everyone.

Half an hour ago, the official figures were published (<https://www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2016-to-2017>) showing that the number of new homes in England increased by more than 217,000 last year.

That represents the highest level of net additions since the depths of the recession, and it's the first time in almost a decade that the 200,000 milestone has been reached.

Yesterday, the Housing Minister Alok Sharma, he signed the papers that will allow housing associations to be reclassified as private sector organisations.

Freed from the shackles of public sector bureaucracy, associations will be able to concentrate on their core, crucial mission – building homes.

Later this morning, the Prime Minister will be in north London meeting with families living in new, high-quality social housing.

They're just some of the families to benefit from last year's 27% rise in the number of new affordable homes.

And they'll soon be joined by many more thanks to the £9 billion that we're investing in affordable housing.

Now, all that is just the tip of the iceberg.

Because this is a government that is getting things done.

A government of deeds, not words.

We've doubled the housing budget to deliver a million more homes, including hundreds of thousands of affordable ones.

We have reformed planning rules, leading to record levels of planning permissions being granted.

We have fought bureaucratic inertia and vested interests and we have freed up unprecedented levels of public sector land.

We're providing hundreds of millions of pounds of finance for small and innovative builders to accelerate construction speeds.

And tens of thousands of derelict homes are being brought back into use...

The list goes on and on.

So yes, we've done a lot.

Yet it is painfully obvious that there remains much, much more to be done.

217,000 net additions means 217,000 more people or families with a roof over their heads.

217,000 places where people can put down roots and build their life.

But fixing the broken housing market will require a much larger effort.

The figures that have been released today show that we have started turning things around.

But they are only a small step in the right direction.

What we need now is a giant leap.

You wouldn't know it if you listened to some people.

Even today, I still hear from those who say that there isn't a problem with housing in this country.

That we don't need to build more.

That affordability is only a problem for Millennials that spend too much on nights out and smashed avocados.

It's nonsense.

The people who tell me this – usually baby boomers who have long-since paid off their own mortgage – they are living in a different world.

They're not facing up to the reality of modern daily life and have no understanding of the modern market.

The statistics are well-worn but they do bear repeating.

Nationwide, the average house price is now 8 times the average income.

The average age of a first-time buyer is now 32.

People in their early 30s are half as likely as their parents were to own their home.

A third of all men in their 30s are still living with their parents – a stat that will send a shiver down the spine of all mums and dads everywhere!

Where once it would have taken an average couple 3 years to save for a deposit – 3 years – it will now take a quarter of a century. Assuming, of course, they can afford to save at all.

And last year, the average first-time buyer in London needed a deposit – a deposit – of more than £90,000.

£90,000!

That's a lot of avocados.

Now, like some kind of noxious oil slick, the effects of our broken housing market are spreading slowly but steadily through all our communities and all demographics.

And if we fail to take decisive action, the impact will be not just be felt by those who are directly touched by it.

And that's because your home is so much more than just the roof over your head.

It's not the backdrop to your life, it's a fundamental part of it – and of society too.

Our home is supposed to be our anchor, our little patch of certainty in an uncertain world.

And once you have that certainty, that stability, then you can start to put down roots.

Start making friends.

Become part of your community.

You can begin to play your role in those Burkean "little platoons" that have long been at the heart of much political thinking, for 2 centuries or more.

So our homes are engines of society, and they're also engines of social progress.

In purely fiscal terms, yes, but in so many other ways.

A safe place where children can do their homework, spend time with their parents.

It's much, much harder to get on life if you're constantly forced to move from school to school, from place to place because your parents can not afford the rent.

And homes are the rocks on which families and communities are built.

If, like me, you believe in the importance of a strong, stable family unit, if you got into politics to help protect it, then you must also accept that homes should be made available.

You simply must.

[Political content removed] At the heart of British life – is the idea that if you work hard you are free to enjoy the rewards.

It's an idea that has been articulated by countless politicians over many generations.

But it's an idea that is fundamentally undermined by our broken housing market.

Because working hard no longer guarantees rewards.

There is no guarantee that you will be able to afford a place of your own, to buy your own home, build your own life, pass something on to your children.

With wages swallowed up by spiralling rents, there's not even a guarantee that you'll be free to spend your money on what you choose.

Opportunity is increasingly limited not by your own talents but by your ability to make a withdrawal from the Bank of Mum and Dad.

The generation crying out for help with housing is not over-entitled.

They don't want the world handed to them on a plate.

They want simple fairness, moral justice, the opportunity to play by the same rules enjoyed by those who came before them.

Without affordable, secure, safe housing we risk creating a rootless generation, drifting from one short-term tenancy to the next, never staying long enough to play a real role in their community.

We risk creating a generation who, in maybe 40 or 50 years, reaches retirement with no property to call their own, and pension pots that have not been filled because so much of their income has gone on rent.

A generation that, without any capital of its own, becomes resentful of capitalism and capitalists.

And we risk creating a generation that turns its back on the politicians who failed them.

A generation that believes we don't care.

[Political content removed]

We must fix the broken housing market, and we must fix it now.

Tomorrow will be too late.

February's white paper (<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>), that set out our broad vision for doing so.

It described the scale of the challenge and the need for action on many fronts.

Since then we've been putting it into action, laying the foundations for hundreds of thousands of new homes.

But I'm about as far from complacent as it's possible to get.

So I'm not about to let myself – or anyone – think that the battle is already won.

I'm going to keep on pushing for much more change, keep on seeking answers to the questions that need to be asked.

Can and should central government take a bigger, more active role in building homes?

Our vision for Garden Villages and Garden Towns have been well received by planners and residents alike.

But should we now be more bold, taking the concept to the next level and creating larger Garden Cities?

How can we get more land into the system, freeing up more sites on which to build?

Despite what some claim, our green and pleasant land not about to turn concrete grey.

Twice a day, more of Britain gets covered by the incoming tide than is currently covered by buildings.

England is the most developed part of the UK, yet less than 10% of its land is urban.

Building the homes that we need does not mean ruining vast tracts of beautiful countryside. It doesn't mean that at all.

It just means working with local communities to make sensible, informed decisions about what needs to be built and where – and finding the right sites on which to do so.

Many of those sites are already part of the urban landscape.

Bristol was quick to sign up to the pilot scheme that we set up for a Brownfield Register.

As a result, another 248 sites have been identified right across this city.

And none of them require the loss of a single piece of greenfield land.

But whether in cities or the countryside, the key to unlocking new sites is infrastructure.

The right infrastructure can make private development viable.

It can make new communities places where people actually want to live.

And it can make development acceptable and attractive to existing communities.

Tomorrow, the National Infrastructure Commission will publish its report on the opportunities on offer if we open up the Cambridge-Milton Keynes-Oxford corridor.

I'm very much looking forward to what Lord Adonis has to say.

That's because infrastructure has to be at the heart of any major development. And as Secretary of State I will make sure make sure that it is.

Too many commentators seem to think we have to choose one solution and stick with it, whether that's planning reform, it's infrastructure, it's training or it's investment.

That couldn't be further from the truth.

There are many, many faults in our housing market, dating back many, many years.

If you only fix one, yes you'll make some progress, sure enough.

But this is a big problem and we have to think big.

We can't allow ourselves to be pulled into one silo or another, and I don't intend to let that happen.

So there is much that central government can do.

But, acting alone, we won't be able to do anything.

Fixing the broken market requires action on many fronts, and from many actors.

That's why we're here today.

I never need an excuse to come back to Bristol, the city where I grew up, my home town.

Being here this morning means I can visit my mum's in time for lunch!

She makes the best lamb samosas this side of Lahore!

But this city – and the site we're on today, Temple Meads Quarter – is also a great example of how different agencies and different groups of people can work together to deliver the homes we need.

When I was a kid, the Temple Meads area was a picture of decline – neglected, run-down, under-used.

The sorting office building had stood empty and increasingly derelict since 1997.

Today, the whole area is being reborn as a new urban hub, a modern and sustainable place to work, to learn, to play and to live.

Appropriately enough, the list of business tenants includes HAB, the innovative housing start-up co-founded by Kevin McCloud.

They're just down the road at Temple Studios.

We're building homes for businesses, so that businesses can build homes for us!

The transformation of Temple Meads has many parents, but at its core is a local authority that's pro-development and a government agency – the Homes and Communities Agency – that's willing to use all of the powers at its disposal.

Now you couple that with a Local Enterprise Partnership that's serious about building, a combined authority that's committed to delivering the right infrastructure, can-do attitude from the superb West of England Mayor Tim Bowles, and a private sector that's ready to meet the challenge... The results, they speak for themselves.

This kind of collaboration brings results, and I want to see these kind of results replicated right across the country.

And that means a huge range of different groups working together to tackle the many faces of the housing challenge.

For starters, I want the Homes and Communities Agency to be less cautious, to be more aggressive, and to be more muscular.

To take its foot off the brake and use all the tools we've created for it.

The agency is taking that approach here at Temple Meads, and the results are clear for us to see.

Now it's time to repeat that success right across the country.

The private sector developers must also play their part, building more homes more quickly.

They're great at securing planning permissions – but people can't live in planning permissions.

The government is actively removing barriers to build-out.

As the white paper said, we're tackling unnecessary delays caused by planning conditions.

We're making the process of dealing with protected species less painful.

And we're committed to tackling the skills shortage and boosting the construction workforce.

We're giving the industry the support that it needs, and I expect the industry to respond by getting shovels in the ground.

That's why the white paper also set out plans to increase transparency and accountability, so everyone can see if a developer is dragging its feet.

Now, I've been very clear about the need for an end to unjustifiable land banking.

But the sector should remember that it's not just government that wants to see this happen.

It's a time of national shortage, and in this kind of time British people will not look kindly on anyone who hoards land and speculates on its value, rather than freeing it up for the homes our children and grandchildren need.

Then there are the housing associations.

I've talked before about my admiration for the work they do.

They kept on building throughout the recession.

They're on course to deliver 65,000 new homes a year by next year.

And many of those homes will go to be people who would otherwise be simply unable to afford them.

Housing associations are run like big businesses – after all, they have assets worth about £140 billion.

But they deliver an incredible social good, providing good quality homes for millions of people right across the country.

They have such an important role to play in getting homes built, which is why this government has not hesitated to give them the resources they need to succeed.

Just in the past month or so we've given them certainty over rental income and increased by £2 billion the fund from which they can bid for cash to build homes for social rent.

And today, as I said at the start of this speech, we're reclassifying housing associations, taking them out of the public sector and off the government's balance sheet.

I know it sounds like a piece of bureaucratic box-ticking.

But the results will be far-reaching.

Freed from the distractions of the public sector, housing associations will be able to concentrate on developing innovative ways of doing their business, which is what matters most: building more homes.

Finally there is the most important cog in the housing and planning machine, local government.

Some councils – most in fact – are doing very well.

Where that's the case, where councils are showing real drive and ambition, the government will back them every step of the way, including with the kind of housing deal we're negotiating here in the West of England.

And in the areas where supply and demand are most badly mismatched, where most homes are unaffordable to most people, I want to give local authorities the tools they need to build more – and that includes financial help.

I want to help local authorities because most of them deserve that help.

They're recognising their responsibilities and they're stepping up to meet them.

But too many still leave much to be desired.

It's more than 13 years since our existing local plan process was first introduced, letting England's 338 planning authorities set out how and where they expect to meet their residents' needs for new homes.

Yet, incredibly, more than 70 still haven't managed to get a plan adopted.

Of these, 15 are showing particular cause for concern.

Deadlines have been missed, promises have been broken, progress has been unacceptably slow.

No plan means no certainty for local people.

It means piecemeal speculative development with no strategic direction, building on sites simply because they are there rather than because homes are needed on them.

It means no coherent effort to invest in infrastructure.

It means developers building the homes they want to sell rather than the homes communities actually need.

And so on.

It's very simple: unplanned development will not fix our broken housing market.

It will most likely make things worse.

I do believe in localism above all else, which is why I've been willing to tolerate those who took their time to get the process moving.

What mattered most was that they got there in the end.

But today is the day that my patience has run out.

Those 15 authorities have left me with no choice but to start the formal process of intervention that we set out in the white paper.

By failing to plan, they have failed the people they are meant to serve.

The people of this country who are crying out for good quality, well-planned housing in the right places, supported by the right infrastructure.

They deserve better, and by stepping in now I'm doing all I can to ensure that they receive it.

To the other authorities who are lagging behind, don't think for one minute that you've got away with it.

That you can ignore agreed deadlines or refuse to co-operate with your neighbours.

Get your plan written.

Get your plan adopted.

I've shown today that I will take action if this doesn't happen.

I will not hesitate to do so again.

I've talked a lot today about housing supply.

After all, building more is the single biggest challenge that we face.

But this government's housing policy goes way beyond that.

Our homes and our lives are completely intertwined, which is why we're determined to make the housing market work better at every stage of your life.

We're building more houses so that you don't have to spend your childhood crammed into the kind of overcrowded accommodation I grew up in.

We're making the rental market fairer, more transparent and more affordable, so that when the time is right and you can leave home you can get a place of your own without being ripped off.

We're introducing longer tenancies, so you can plan ahead, put down roots, and you can start saving for that deposit.

We're creating a supply of affordable, appropriate homes for first-time buyers so that, when you're ready, you can get a foot on the housing ladder in the same way your parents did.

And we're helping you take the step up to buy your own home by putting billions of pounds into schemes like Help to Buy.

We're tackling rogue managing agents who hit leaseholders and tenants with unfair charges.

And we've launched a crackdown on abuse of leasehold so that desperate young buyers don't get stuck with a costly, unsellable asset.

We're reforming the whole process of buying and selling homes, so that as your family grows and your needs change you can move up the property ladder with the minimum of stress and expense.

We're making sure that developers offer a proper supply of suitable smaller homes so that you downsize once you get older.

And we're encouraging the construction of more sheltered and supported housing, so that the right kind of homes are there for you in your old age.

Faced with the crisis of the Second World War, Churchill demanded "action this day" so the country could rise to the challenge.

And, faced with an unprecedented housing crisis, that's what you're going to get from this government.

Real action, day after day, week after week, to give this country a housing market that works for everyone.

In next week's Budget you'll see just how seriously we take this challenge, just how hard we're willing to fight to get Britain building.

But, as I've said, central government can only do so much.

If we're going to fix our broken housing market, if we're going to repair the damage that's being done to our society and communities, if we're going to make good on our promise to the next generation then, just like in Churchill's day, we all have a role to play.

We all have to roll up our sleeves and get to work.

Most important of all, we all have to ask ourselves what kind of country we want this to be.

Do we want this to be a nation where people who work hard can afford a place of their own?

Where strong families are raised in stable, close-knit communities?

Where ordinary working people can save for retirement and pass something on to their children?

I know I do.

That's why I'm totally committed to building more of the right homes in the right places at the right prices.

So is the Prime Minister.

So is the Chancellor.

So is this government.

It's a national crisis and it's one we're ready to meet.

The question is, are you ready to join us?

Published 16 November 2017

Explore the topic

- [Housing \(https://www.gov.uk/housing-local-and-community/housing\)](https://www.gov.uk/housing-local-and-community/housing)
- [Planning and building \(https://www.gov.uk/housing-local-and-community/planning-and-building\)](https://www.gov.uk/housing-local-and-community/planning-and-building)

Appendix JS11

Former Prime Minister's Speech to the National Housing
Federation Summit (September 2018)



1. Home (<https://www.gov.uk/>)
2. Housing, local and community (<https://www.gov.uk/housing-local-and-community>)
3. Housing (<https://www.gov.uk/housing-local-and-community/housing>)
4. Council housing and housing association (<https://www.gov.uk/housing-local-and-community/council-housing-association>)

Speech

PM speech to the National Housing Federation summit: 19 September 2018

PM Theresa May spoke to housing leaders at the National Housing Summit.

Published 19 September 2018

From:

Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>) and The Rt Hon Theresa May MP (<https://www.gov.uk/government/people/theresa-may>)

Delivered on:

19 September 2018 (Transcript of the speech, exactly as it was delivered)



Thank you, Diane, and good morning everyone.

It is a pleasure to be here with you all today at what is an event of firsts and lasts.

I will start with the lasts...

Reference has already been made to the fact this is David Orr's final annual conference as Chief Executive of the National Housing Federation.

In his 12 years at the helm David has done much to refocus and reinvigorate the housing association sector, and has been a worthy champion for your cause.

David, it has been a pleasure working with you since I became Prime Minister, and I am very sorry to see you go.

But I know that, in Kate Henderson, the NHF has found a worthy successor and the right person to take the Federation on the next stage of its journey.

And, Kate, I am very much looking forward to getting to know you and working with you to tackle what remains one of the great challenges of our time.

While this may be David's last NHF conference, I have to admit it is my first.

In fact I was shocked to discover that this is the first time in history any Prime Minister has spoken at what is the biggest event on the housing association calendar.

To me, that speaks volumes about the way in which social housing has, for too long and under successive governments, been pushed to the edge of the political debate.

At best taken for granted, at worst actively undermined.

Well, I'm very pleased to say that is no longer the case.

Because, since my very first day in Downing Street, I have made it my personal mission to fix our broken housing system.

Doing so underpins so much of what this government is working to achieve, from tackling loneliness to supporting the industries of the future.

And housing associations have a huge role to play in making sure that vision becomes a reality.

We are already making good progress.

Doing all we can to get more of the right homes built in the right places, so we can help more people onto the housing ladder – and ensure that those who cannot afford to own their own home also have a decent place to live.

We have committed tens of billions of pounds to getting homes built, including creating the infrastructure that unlocks sites where they are needed most.

Our new National Planning Policy Framework has removed unnecessary barriers to homebuilding and made it harder for commercial developers to dodge their affordable home obligations.

We are gearing up Homes England to be more proactive and interventionist, so that it can drive more and better development.

The Affordable Homes Programme is supporting the delivery of a quarter of a million affordable homes right across the country, with thousands of them available for social rent.

And the Land Assembly and Small Sites funds, together worth more than £1.9 billion, are now available.

They allow us to make positive interventions in the land market, bring more sites to market, and capture more of the land value for the benefit of local communities.

Just this morning we have heard the NHF calling for more of the value generated by public investment and the planning system to be captured and invested in affordable homes, public services and local infrastructure.

It is an important issue, which is why the government consulted on it recently.

We will be responding in full in the near future.

But in the meantime let me assure you that we share your commitment to giving communities a fairer share of the value created by development.

Land is an irreplaceable natural resource, and we must make sure its use benefits us all.

As well as boosting housing supply, we are taking action to protect and support homeowners and tenants.

Banning letting agent fees for people who rent their homes.

Clamping down on rogue landlords and unscrupulous managing agents.

And bringing an end to unjustified use of leasehold.

I am sure many of the people in this room will have responded to our consultation on making longer, more family-friendly tenancies the norm – the results of that will be published shortly.

And our Green Paper on Social Housing, which was of course announced at last year's NHF conference, offers a landmark opportunity for major reforms to improve fairness, quality and safety for all residents living in social housing.

James Brokenshire, Kit Malthouse, and ministers and officials right across government are pulling out all the stops to make sure everyone in this country has a safe, secure and affordable place to call home.

And already we are seeing the results.

In 2016/17, more than 217,000 additional homes were added across England.

That represents a 15 per cent increase on the previous year.

In fact, with the exception of one year, the last time we saw net completions this high Lady Thatcher was in Downing Street.

Yet we should not lose sight of the fact that the housing crisis we face today did not come about overnight.

It is the result of decades of neglect.

Year after year in which housebuilding of all kinds fell even as demand rose.

So, while the steps we are taking are already making a real and lasting difference to millions of lives, we should not pretend that our broken housing system can be fixed at the flick of a switch.

And nor should we see it as a challenge for central government alone.

Rather, it is a challenge we must rise to together.

One that can only be tackled by many different parties working together in partnership.

That is why, when local authorities asked us for a more robust planning framework and greater clarity over local plans and viability assessments, we made sure they got it.

When developers told us they needed greater investment in infrastructure and a reliable pipeline of skilled construction workers, we set about securing both.

And we have also been listening to housing associations.

After Sajid Javid told last year's NHF conference that the government wanted to do more to support your sector, you asked us to do three things.

First, you said that to plan ahead and secure future investment, you needed long-term certainty on rents.

We have given you that long-term certainty.

Second, you said that to keep your properties affordable for all, the Local Housing Allowance cap should not be extended to the social sector.

We have not extended that cap.

And third, you said that if you were going to take a serious role in not just managing but building the homes this country needs, you had to have the stability provided by long-term funding deals.

Well, eight housing associations have already been given such deals, worth almost £600 million and paving the way for almost 15,000 new affordable homes.

And today, I can announce that new longer-term partnerships will be opened up to the most ambitious housing associations through a ground-breaking £2 billion initiative.

Under the scheme, associations will be able to apply for funding stretching as far ahead as 2028/29 – the first time any government has offered housing associations such long-term certainty.

Doing so will give you the stability you need to get tens of thousands of affordable and social homes built where they are needed most, and make it easier for you to leverage the private finance you need to build many more.

The offer is typical of the positive approach this government has taken with the housing sector since I became Prime Minister.

You asked, we delivered.

Now, I have something to ask of you.

Last year I told the big commercial developers that we would give them the support they asked for – but that, in return, we expected them to do their duty by getting homes built.

Today, I'm asking housing associations to use the tools we have given you.

Not just to build more homes, though of course more homes are needed.

But to take the lead in transforming the very way in which we think about and deliver housing in this country.

Rather than simply acquiring a proportion of the properties commercial developers build, I want to see housing associations taking on and leading major developments themselves.

Because creating the kind of large-scale, high-quality developments this country needs requires a special kind of leadership.

Leadership you are uniquely well-placed to provide.

Your close ties with local communities give you an unparalleled insight into what a community needs in a development.

A clear vision for the whole site and how it can complement existing places, not just a narrow focus on fitting in the maximum number of units and the bare minimum of social homes.

Your social mission can ensure developments are rooted in a conception of the public good, rather than in a simple profit motive.

That means creating genuinely mixed communities with the right infrastructure and truly affordable housing.

Your unique status as public interested, non-profit private institutions allows you to attract patient investment and deploy it to secure long-term returns on quality rather than short-term speculative gains.

Your expertise as property managers means you can nurture attractive, thriving places for decades to come.

You are capable of riding out the ups and downs of the business cycle, as we saw in the years after the economic crash when housing associations carried on building even as private developers hunkered down.

And you do all this with the discipline, rigour and management qualities of the serious multi-million pound businesses that many of you are.

This combination of qualities allows housing associations to achieve things neither private developers nor local authorities are capable of doing.

And to see what that means on the ground, you need simply look at two major developments either side of the River Thames.

For years, the private sector struggled to make a success of Barking Riverside.

Lacking a guiding vision for the site and constrained by short-term business cycles, its huge potential went untapped.

Today, under the leadership of L&Q, the build-out rate has quadrupled.

The project is finally beginning to deliver on its potential, and is on course to become a thriving, growing community.

On the opposite bank, two local authorities had similar problems dealing with the unique challenges and opportunities of the Thamesmead estate.

Now, thanks to the commitment and insight of Peabody, there are ambitious plans for up to 20,000 new homes in one of the UK's most over-subscribed cities.

Making complex projects like this work requires vision, determination and the courage to do development differently.

Housing associations possess that.

Given the right tools and the right support, you can act as the strategic, long-term investors in the kind of high-quality places this country needs.

To put it simply, you get homes built.

And I want to work with you to transform the way we do so.

But the unique status, rich history and social mission of housing associations mean you also have a much broader role to play.

A role that includes changing the way tenants and society as a whole think about social housing.

Midway through oral historian Tony Parker's *The People of Providence*, the author recounts a conversation with a woman who lived on Southwark's Brandon Estate, not far from where we are this morning.

"I wouldn't want to be thought of as an estate person, not in any way at all," she tells him. "I live here, but I'd never say to anyone my home is here."

That conversation took place almost 40 years ago, but it could just as easily have happened today.

Because, for many people, a certain stigma still clings to social housing.

Some residents feel marginalised and overlooked, and are ashamed to share the fact that their home belongs to a housing association or local authority.

And on the outside, many people in society – including too many politicians – continue to look down on social housing and, by extension, the people who call it their home.

Part of the problem is physical, in the buildings themselves.

Whether unintentionally or by design, the decisions we make about the homes we build for social rent – their location, quality and appearance – can all too easily make them distinct from the community in which they stand.

This, in turn, can cement prejudice and stigma among those who live in them and wider society, leading to lowered expectations and restricted opportunities.

It shouldn't be this way.

On a new mixed-tenure development, the social housing should not be tucked away behind the private homes, out of sight and out of mind.

As you look from building to building, house to house, you should not be able to tell simply by looking which homes are affordable and which were sold at the market rate.

The quality of aesthetic, design and build should not be any lower just because a property is to be managed by a housing association.

Some say that quantity, quality and affordability must always be traded off against one another.

Well to them, I say look at the Nansledan development outside Newquay.

A whole new community being built to meet local needs and with the support of local people.

Thousands of homes of all types and tenures.

All of the highest quality, in keeping with traditional local styles, and with no way of telling from the outside which properties are being built for housing associations and which are destined for the private market.

As builders yourselves and as large-scale buyers of homes, you have the power to deliver or demand the quality of social homes the people of this country deserve.

We should never see social housing as something that need simply be "good enough", nor think that the people who live in it should be grateful for their safety net and expect no better.

Whether it is owned and managed by local authorities, TMOs or housing associations, I want to see social housing that is so good people are proud to call it their home.

Proud to tell people where they live.

Proud to be thought of, in the words of Parker's interviewee, as "an estate person".

Our friends and neighbours who live in social housing are not second-rate citizens.

They should not have to put up with second-rate homes.

And that applies to management every bit as much as design and construction.

In 2018, most housing associations are not in the business of building houses.

Rather, you manage them, maintain them and take care not only of the buildings themselves but of the people who call them home.

It is work that is every bit as important as building and development and, when done badly, the impact can range from upsetting to catastrophic.

While it would not be right for me to pre-empt the findings of the public inquiry into the Grenfell tragedy, it is clear that many of the tower's tenants felt ignored, patronised and overlooked by the TMO responsible for their homes and their safety.

Over the past year the issues they raised have been echoed by social housing tenants across the country.

Repairs botched or neglected.

Problems not dealt with.

Complaints ignored.

Again, it does not have to be this way.

Housing associations, with their historic social mission and focus on the civic good, can be at the forefront of showing what good property management looks like.

Across England, housing associations manage almost three million properties.

That gives you tremendous influence, the power to raise the standards of millions of homes and, in doing so, do much to shift perceptions of social housing.

And you can go further still, making a real and lasting difference to the lives of your tenants.

In my Maidenhead constituency I recently met a single mother whose housing association – Housing Solutions – hadn't just provided her with a new home but opened up a whole new life for her.

Rather than simply managing her property, Housing Solutions connected her with the training and support she needed to start her own business.

That business is so successful she has been able to move from a social rented home into shared ownership, getting that vital first foot on the property ladder for her family.

Elsewhere, housing associations are helping some of society's most vulnerable people: those without a home at all.

Here in London, more than 50 associations are working with St Mungo's and other organisations to deliver the Clearing House project, helping to get rough sleepers off the streets, out of danger, and on the road to a safe and secure future.

They are all wonderful examples of the work that housing associations can do above and beyond simply building and managing properties.

And they show how it is possible for the housing associations of 2018 to carry forward the social justice mission of the pioneers who created the sector in Victorian times – and their descendants who stepped up half a century ago in the wake of Cathy Come Home.

The rise of social housing in this country provided what has been called the “biggest collective leap in living standards in British history”.

It brought about the end of the slums and tenements, a recognition that all of us, whoever we are and whatever our circumstances, deserve a decent place to call our own.

Today, housing associations are the keepers of that legacy.

The bearers and protectors of a precious idea that has already made an immeasurable difference to tens of millions of lives and has the potential to transform countless more.

For too long, your work has gone unrecognised and under-appreciated at the highest levels.

But no longer.

This government values housing associations.

Over the past two years we have worked with you, listened to you, and responded to you.

You asked for our support, and you have our support.

Not mere lip service, but real policies, real change, real action.

Now it is your turn to act, building the homes we need and challenging the attitudes that hold us back.

Fixing our broken housing market will not be quick or easy.

But it can be done.

And, with this government's support, housing associations can be at the centre of making it happen.

Building on more than a century of history, and carrying forward the torch of high-quality, affordable housing for generations to come.

Published 19 September 2018

Explore the topic

- Council housing and housing association (<https://www.gov.uk/housing-local-and-community/council-housing-association>)

Appendix JS12

Centre for Policy Studies Press Release (January 2019)



Your location: Home | Press | Press Releases | 2019 | January | Tue 1st Jan

Britain set for worst decade of housebuilding since WW2

New CPS analysis shows 2010s will see fewest new houses built since Second World War

The Prime Minister has described solving the housing crisis as ‘the biggest domestic policy challenge of our generation’. Yet new Centre for Policy Studies research shows the full scale of that challenge.

With one year to go, the 2010s will see housebuilding figures in England come in below any decade since the Second World War – part of a 50-year pattern in which each decade has seen fewer new homes built than the last. Robert Colvile, Director of the CPS, has written about our findings in The Daily Telegraph today.

Despite the Government’s recent efforts to boost construction, new-build housing completions in England between 2010 and 2019 are set to be approximately 130,000 per year – well below the 147,000 of the 2000s or 150,000 of the 1990s, and half of the level in the 1960s and 1970s.

The picture becomes even worse when you factor in population size. In the 1960s, the new-build construction rate in England was roughly the equivalent of one home for every 14 people over the decade. In the 2010s, that ratio was one to 43, more than three times higher.

The figures are improved somewhat when you factor in conversions of existing properties, which push the total up – but even then, the total of net additional dwellings (the yardstick for overall housing supply) is likely to be lower this decade than last.

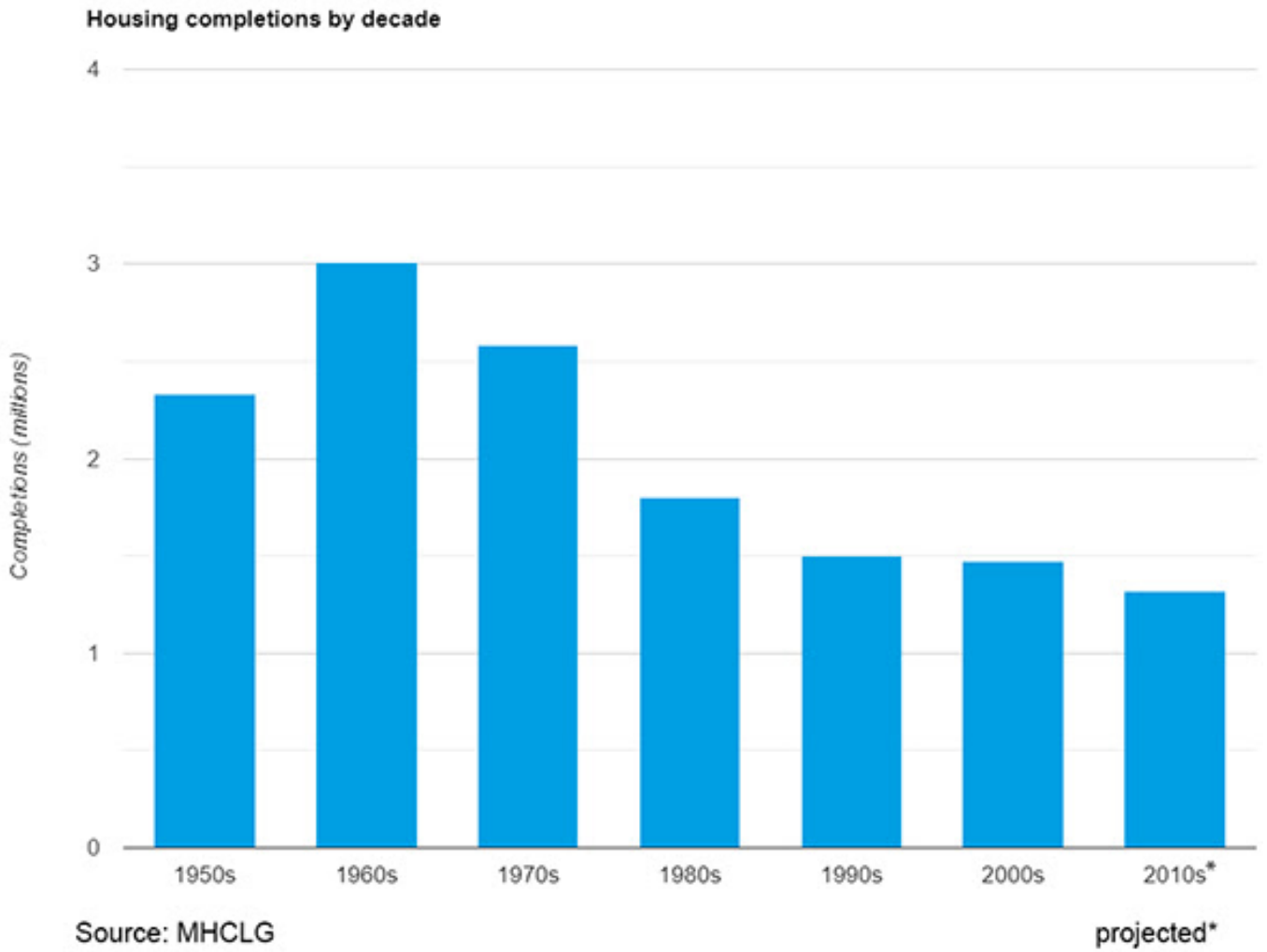
Across the United Kingdom as a whole, the pattern is broadly similar, with housebuilding falling from a peak of 3.6 million new units in the 1960s to 1.9 million in the 1990s and 2000s, with the 2010s set to come in lower still.

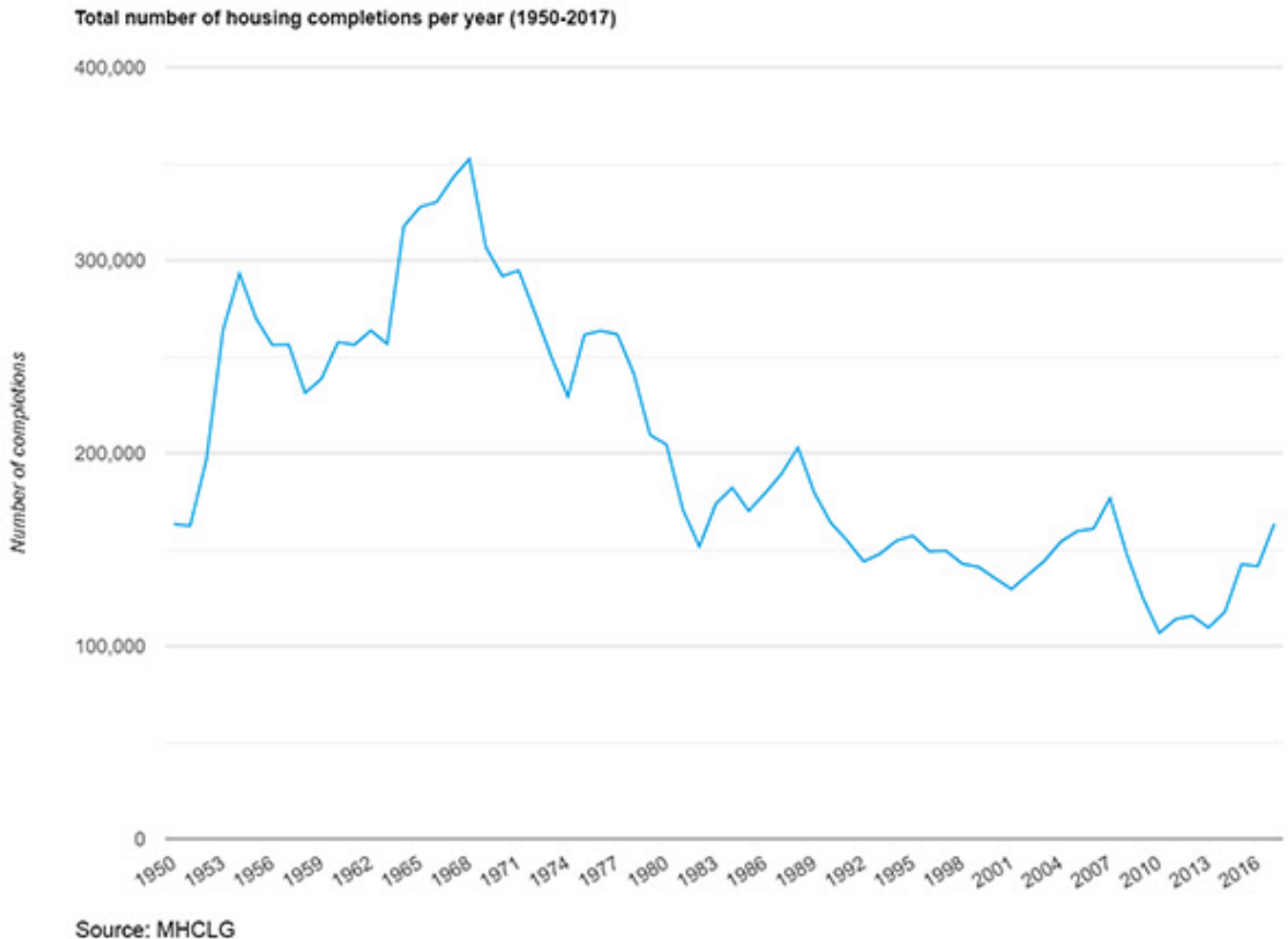
Robert Colvile, Director of the Centre for Policy Studies, said:

“The housing crisis is blighting the lives of a generation, and robbing them of the dream of home ownership.

“But as this analysis shows, this is not just the consequence of the financial crisis – it is part of a pattern stretching back half a century, in which we have steadily built fewer and fewer new homes.

“The Government has rightly promised to focus on this issue, and there are encouraging signs that housebuilding is picking up. But ministers need to take bold action in 2019 to ensure that the 2020s become the decade in which we break this hugely damaging cycle.”





ENDS

NOTES TO EDITORS

- The Centre for Policy Studies is one of Britain's leading think tanks, and the home of a new generation of conservative thinking. Its mission is to widen enterprise, ownership and prosperity
- Between January 2010 and June 2018, housing completions in England stood at 1,089,190. To match the total in the 2000s during the remaining 18 months, we would need to build at 253,700 new houses per year – a rate not achieved since 1977. Assuming higher building rates from Q1 and Q2 2018 are maintained, total housing completions would be 1,324,540 – though this is likely to be an overestimate given reports of a construction slowdown in Q3 and Q4 2018
- The same is true of both Great Britain and the United Kingdom. New-build construction between January 2010 and December 2017 stood at 1.19 million & 1.23 million respectively. To match the previous decade the statistics for 2018 & 2019 would need to be far higher than is feasible.

- All figures for housing completions via MHCLG (Live Tables on Housebuilding).
Figures for net additional supply
via <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>
- Population estimates via ONS
- For more of the CPS's work on housing, see our recent reports including From Rent to Own, Homes for Everyone, New Blue and Housing: The Moment of Maximum Opportunity, as well as our polling with ComRes on NIMBYism

DATE ADDED: TUESDAY 1ST JANUARY 2019

Press

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March

January

Britain set for worst decade of housebuilding since WW2

CPS calls for new focus on NHS efficiency

Raab, Johnson endorse CPS tax plans

2018

2017

Media Coverage

Appendix JS13

Building Our Future: A Vision for Social Housing
(January 2019)



Building for our future

A vision for social housing

The final report of Shelter's commission
on the future of social housing





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Chapter 3 The rise and decline of social housing
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The final report of Shelter's commission on the future of social housing

For more information on the research that informs this report, see: [Shelter.org.uk/socialhousing](https://shelter.org.uk/socialhousing)

Some names have been changed to protect the identity of individuals

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Foreword

Reverend Dr Mike Long, Chair of the commission



Reverend Dr Mike Long

In January 2018, the housing and homelessness charity Shelter brought together sixteen commissioners from across the political spectrum, different backgrounds and different perspectives, as a response to the call for a wider debate on the broader issues of housing policy raised by the Grenfell Tower fire.

We started this journey not as a group of housing experts, but as individuals with a diverse set of experiences and expertise. We came together to show government and wider society the state of social housing across the country, and to set out a vision for its future role in ending the housing crisis, with the conviction that the tragedy had to be a catalyst for positive change.

Over several months, we travelled the country, and listened to thousands of people living in local authority and housing association homes, to people struggling in the private rented sector, and to the public at large. We were overwhelmed by the public response and the tide of support for social housing. I believe this speaks volumes about the role it has played throughout our recent history, and could again play in giving many people the strong foundation of a stable, affordable, and safe home and community.

The steep decline in social housing and a fall in home ownership has led to a heavy reliance on the private rented sector, and the rationing of who gets to live in the social homes we do have. We found that social housing is scarce, with only 6,463 more social homes delivered last year.

We heard that despite the positive attributes of social housing, it is looked down upon, the people who live in it stereotyped and stigmatised. We also saw the bleak prospects for those trapped with the rising costs and insecurity of private renting, for whom a long-term social rented home is no longer an option.

And like those living in and around Grenfell Tower, renters across England told us that people in positions of power are indifferent to their concerns.

For social housing to work as it should, a broad political consensus is needed. For generations it played a vital role in meeting the housing needs of ordinary people, giving millions the quality and dignity of life that insecure and unaffordable private renting could not.

Social housing has driven up standards of housing across the board. It has been vital to the health and prosperity of our nation, equal only to that of our national health service and education systems, and continues to be so. Social housing is a crucial public asset to be proud of, to invest in, to protect and to maintain, and not something to be devalued or neglected.

We need nothing less than a visionary, transformational change to create a bigger and better social housing sector and strong communities we can all be proud of. We have agreed upon a clear and ambitious set of recommendations to ensure this happens. We are united in our conviction that everyone, no matter what their income, deserves a decent place to live. Despite starting in many different places we hope the consensus we have reached can foreshadow the consensus the country can reach on this vital subject.

I want to express my deepest thanks to the more than 31,000 people who took part in our Big Conversation; to the families and individuals who have shared their experiences and welcomed us into their homes. To the organisations and individuals who have supported the commission and responded to our call for evidence; and to all the renters and campaigning groups who took the time to speak to us.

You've all had a hand in shaping this report and its recommendations, uniting us in a common cause, and giving us the drive and urgency to develop a bold vision of a better future for us all. The time for the government to act is now.

Reverend Dr Mike Long

Chair of the commission and Minister
of Notting Hill Methodist Church

Our commissioners

A year ago, Shelter brought together sixteen commissioners from different backgrounds to investigate the housing crisis and the future of social housing.



Reverend Dr Mike Long

Commission chair and Minister of the Notting Hill Methodist Church



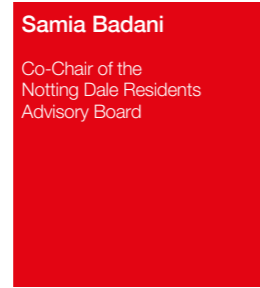
Baroness Doreen Lawrence

Founder, Stephen Lawrence Charitable Trust



Baroness Sayeeda Warsi

Former co-chair of the Conservative Party and author of *The Enemy Within: A Tale of Muslim Britain*



Samia Badani

Co-Chair of the Notting Dale Residents Advisory Board



Edward Daffarn

Grenfell United and co-author Grenfell Action Group blog



Rt. Hon Ed Miliband

Doncaster North MP and former leader, Labour Party



Lord Jim O'Neill

Vice chair, Northern Powerhouse Partnership, and former commercial secretary to HM Treasury.



George Clarke

Architect and Television Presenter



Raji Hunjan

Chief Executive of London anti-poverty charity Zacchaeus 2000 Trust



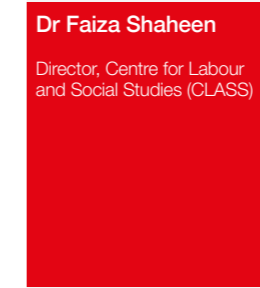
Gavin Kelly

Chief Executive, Resolution Trust, and chair, Living Wage Commission



David Tovey

Artist, educator and activist. Founder, One Festival of Homeless Arts



Dr Faiza Shaheen

Director, Centre for Labour and Social Studies (CLASS)



Jo Miller

Chief Executive Officer, Doncaster Council, and President, Society of Local Authority Chief Executives



Rob Gershon

Social housing tenant, activist, and Housing Quality Network's Residents' Network Lead Associate



Ryan Shorthouse

Director, Bright Blue and former adviser to the Conservative Party



Miatta Fahnbulleh

Chief Executive, New Economics Foundation



Executive summary

This commission came together in the aftermath of the Grenfell Tower fire to answer a question, neglected for too long by successive governments: what is the future of social housing?

Executive summary

What is the future of social housing?

Today, we live in a country that is feeling the effects of 40 years of failure in housing policy. The failure in that time to provide a clear answer to this question of the future of social housing has been at the heart of the problems in our housing system, and has had an impact on almost every other part of the system. The drop in the numbers of young families moving into ownership, the rise of pensioners in insecure unaffordable private rentals, and the homelessness that scars our society.

31,000

More than 31,000 people took part in our consultation.

We are a group of independent commissioners from across the political spectrum and from a diverse range of backgrounds. Over the last year, the process of the investigation we have undertaken has been wide as well as deep. More than 31,000 people took part in our Big Conversation. We spoke to many, surveyed thousands, and a wide variety of individuals and organisations submitted evidence, from the National Housing Federation to Mind, the mental health charity.

That investigation has shown in vivid detail the housing crisis as it exists in England today. As we set out in Chapter 1, it is a crisis principally of those who rent, not through choice, but because of the unaffordability of housing for would-be homeowners has left millions in insecure and expensive rented accommodation. Most private renters on low incomes struggle to afford their rent, so too many cut back on food or clothing, or go into a spiral of debt they have little hope of escaping. With private renters afforded little legal protection from eviction, families are forced to move home and school, with a devastating impact on their children's education. And private renting can be very unsafe: most private renters face problems with their homes that can include electrical hazards, damp, and pest infestation. One in seven private rented homes pose an immediate threat to health and safety. If private renters make a formal complaint, research suggests there's a 50:50 chance they'll be handed an eviction notice within six months.

Stigma and prejudice linked to housing are rife. When social renters have issues, their complaints can go nowhere and too many feel powerless to influence the decisions made about their homes. And in the private market, the practice of refusing to rent homes to those receiving benefits is widespread.

277,000

277,000 people are now homeless in England on a given night.

At the sharpest end of the crisis, more and more people are being left homeless. An alarming 277,000 people are now homeless in England, most commonly because they've lost their private rented home.

How have we got here? In Chapter 2, we examine the trends of rising prices, falling ownership and an expanding – but increasingly unfit – private rented sector, paid for by a rapidly rising housing benefit bill.

In Chapters 3 and 4 we set out how the roots of the current housing crisis are found in the decline of social housing over the last 40 years. From the Second World War and through to 1980, Conservative and Labour governments were building an average of around 126,000 social homes every year. Last year, only 6,463 new social homes were delivered. This decline in social housing has been a major factor in many of the problems we now face:

- the failure to build enough homes overall to meet demand and the additional impact on prices, as the private sector has never been able to plug the gap left by the decline in social housebuilding. Over the past five years, housebuilding has averaged 166,000 a year, yet government wants to deliver 300,000 homes a year
- huge waiting lists for social homes. The residualisation of social housing has turned it into a sector only for people in the most need, yet today, 277,000 people are still homeless
- the explosion in the numbers renting privately, unable to buy or access social housing
- the huge rises in welfare costs to government, driven by more people renting privately at higher costs

Executive summary

None of these are outcomes which any government has ever planned or sought, but all of them are the result of the choices of successive governments. No party has ever argued for the explosion in private renting or the rising cost accompanying it, yet without a radically different approach we face a future in which:

- a generation of young families will be trapped renting privately for their whole lives. More and more will face living in dangerous accommodation or going into debt, and only half of today's young people are likely to ever own their own home
- more and more people will grow old in private rentals. By 2040, as many as one-third of 60-year-olds could be renting privately, facing unaffordable rent increases or eviction at any point
- billions more in welfare costs will be paid to private landlords due to a lack of more affordable social housing
- over the next twenty years, hundreds of thousands more people will be forced into homelessness by insecure tenancies and sky-high housing costs

We cannot go on like this

This commission recommends a decisive and generational shift in housing policy. We need to move towards a programme of investment and reform, based on a new vision for social housing at the heart of a working housing system. In Chapter 5, we set out this modern vision of social housing; one which builds on the original principles espoused by both Harold Macmillan and Aneurin Bevan and also addresses the 21st Century social and economic challenges.

Our vision is of investment in social housing that meets both needs and aspirations. It extends the offer of a secure social home to many more families – and many more people reaching

retirement, who would benefit from a lower-cost, secure tenancy. This is an opportunity to learn not just from our history, but also from the best of international experience (countries such as Singapore, Denmark, and Austria), to create a new generation of housing equipped to meet the new challenges of modern economies and ageing societies.

In Chapter 6 we describe the reforms we believe are needed to achieve this – to ensure the services that renters receive are up to standard, to bring the consumer regulation of housing in line with other sectors and to hold landlords to account. Residents must have a voice, both in key decisions and when things go wrong. We need **a new regulator working across social and private renting to protect residents, and to set and properly enforce common standards. A new national tenants' organisation or union** is needed, **to give social housing residents a voice** at a regional and national level.

In Chapter 7 we describe the **urgent reforms that must take place in private renting** to accompany a reformed social housing sector, with greater protection from eviction and improved standards overall.

And in Chapter 8, we recommend **a historic renewal of social housing**, with a 20-year programme to deliver **3.1 million more social homes**. This will allow the benefits of social housing to be offered much more widely, providing both security for those in need, and also a step up for young families trying to get on and save for their future.

It is a vision which will provide new hope for those in greatest housing difficulty, such as people who are homeless and disabled people. It will also provide opportunities for young families trapped out of ownership, and for those reaching retirement and looking at the prospect of older age in insecure, unaffordable, unsuitable private renting.

Our vision for social housing

To fund this programme, we recommend that all political parties rediscover publicly built housing as a key pillar of our national infrastructure. A home is the foundation of individual success in life, and a programme of home building can be the foundation of similar national success.

Different governments will undoubtedly take different judgements about the balance of tax, spend and borrowing. In this report, Capital Economics set out in detail the costs and benefits of a 20-year social home building programme if it is funded in the early years through borrowing (as all infrastructure programmes tend to be) and then pays back through returns to government, savings in the welfare system and increased tax receipts.

Over twenty years, Capital Economics show the gross additional cost is on average £10.7 billion per year. However, this gross cost will be reduced, firstly by the direct benefits to government of increased infrastructure spending and savings in the welfare system, and secondly by the returns to government arising from the knock-on economic benefits across the economy.

If all these savings to government are considered, Capital Economics estimate the maximum net cost to government in the most expensive year could be much lower – £5.4 billion. And on this basis, Capital Economics assess that if funded in the early years through borrowing, the programme pays back in full over 39 years.

This would represent a substantial investment, but we believe it is essential to meet the needs of people across our country. In comparison, government currently spends £21 billion annually on housing benefit, and budgets £62 billion on capital expenditure annually.

3.1m households need a social home

1.27m

Those in greatest need

631,000 In hazardous conditions

240,000 In overcrowded accommodation

194,000 Living with ill health or disability

128,000 Rough sleeping and hidden

79,900 Homeless and in temporary accommodation

1.17m

Younger trapped renters

691,000

Older renters

Executive Summary

To help deliver the social housing we need, government must also:

- reform the Land Compensation Act 1961 so that landowners are paid a fair price for their land rather than a price it might achieve with planning permission it does not have
- replace any social housing sold in future and continue to invest in repairs and maintenance, ensuring that these homes are a national asset for generations to come
- deliver social housing as part of mixed communities that do not visibly distinguish social homes from others in the same development, avoiding design which excludes or stigmatises, such as through different entrances for social renters

The time for the government to act is now. In the shadow of the Grenfell Tower fire and ten years on from the financial crash, with the nation divided by a worsening housing crisis affecting more and more people, the appetite for change has never been greater. With government about to undertake a five-year spending review, and current spending on housing shockingly inefficient, a new political consensus on social housing is needed.

As commissioners we started with many different perspectives, but we have reached a consensus in our findings which we hope foreshadows a new national consensus. We believe this vision is the only way the government can meet its 300,000 target for new homes each year. It will provide an affordable, stable home for 3.1 million households. It will save £60 billion in benefit costs over thirty years. It will command huge public support. It will, more than any other change, properly address the housing crisis and give people hope for the future. We have a historic opportunity to change the path we are on, and we urge all political parties to adopt these plans.



'I don't know how I'm ever going to be better off. I'd love to live in social housing but I don't stand a chance.'

Kirsty

Kirsty's story

Kirsty, 26, lives with her daughters aged five and two. She split from their dad a year ago, and is now struggling to afford her privately rented flat in Harlow.

'The first property we moved into was in terrible condition. We could never keep the place warm as it was single-glazed and the doors had holes in. Then the heating broke, and we spent a month over Christmas without any heating. My little girl had an operation during that time and she had to come home from hospital to a flat with no heating. The landlord just wasn't willing to fix anything.

In the end we had to move, which cost me so much money I've now only got £6 in my bank account. My rent is £900 a month and this was the cheapest flat on RightMove all summer. I get £640 a month in housing benefit and the rest I have to make up from my other benefits. The kids get the food they need and I eat the leftovers or whatever I can afford. We can't go on holidays or have days out – my rent is just too high for me to be able to do anything.

I'd love to work but I just can't afford the childcare. It feels like whatever avenue I take I lose at something – I chose to have kids but I didn't know I'd be doing it on my own. I'm on the waiting list for social housing but I'm so low down – I just don't know how I'm ever going to be better off.'

‘What we were saying wasn’t just wild propaganda, it was evidenced. This is what was happening to our community.’

Ed Daffarn, commissioner, former resident of Grenfell Tower and member of Grenfell United.



The Grenfell Tower fire: the background to the commission

The Grenfell Tower fire of 14 June 2017, in which fire consumed a 24-storey block of predominately social housing flats, was one of the worst urban disasters in recent history. The horrific scenes and loss of life shocked the nation, raising major questions about how such a disaster could happen in the centre of the capital city of a country with the wealth and regulatory standards of 21st century Britain.

In the days and weeks after the disaster, the focus of government and many in the voluntary sector, who had relevant expertise and skills, was providing support to the immediate relief efforts, and to the survivors and those in the community immediately affected by the disaster. As well as helping those affected begin the process of rebuilding their lives, attention rightly then turned to answering the questions posed by this disaster. The government launched a public inquiry, led by Sir Martin Moore-Bick, to explore the cause of the fire, the state of the building and fire regulations, and the response and aftermath of the fire. This inquiry will seek to ensure that such a fire can never happen again.

The disaster also raised broader questions of social policy, particularly relating to housing policy, and shone a spotlight on profound social issues which have housing at their heart.

‘There needs to be a separate focus on social housing and systemic failures and I don’t know if that is coming out of this.’

Grenfell resident

‘I am determined that the broader questions raised by this fire – including around social housing – are not left unanswered.’

Prime Minister, Theresa May

‘The inclusion of such broad questions within the scope of the inquiry would raise questions of a social, economic and political nature which in my view are not suitable for a judge-led inquiry. They are questions which could more appropriately be examined by a different kind of process or body... It could operate in parallel with the inquiry and would be welcomed by many.’

Sir Martin Moore-Bick

It was in this context that this commission on the future of social housing was established. We have not considered events or circumstances unique to Grenfell and this is not a commission about that disaster. Instead it is a piece of work which was inspired by those in the Grenfell community and more widely who said that this disaster must mark a turning point in how we as a country think about the future. It is a piece of work that has sought to ensure a national debate about these wider issues does take place.

In early May, the commission was invited to meet with residents who lived in the block, and residents, community organisations, and services from the community surrounding Grenfell Tower. The problems faced by residents after the fire are extensive, but amidst the frustrations and anger, this is a community which has come together to face those problems. Local residents believe in their area and in social housing. At a time when there is much public debate about how to build strong, resilient and self-supporting communities, we saw how social housing has played a role in North Kensington in doing just that.

The commission also heard of the difficulties encountered by residents living in Grenfell Tower over many years in trying to get their voices heard, and how the many complaints and concerns raised about poor conditions were met with a lack of urgency. Residents talked about feeling unsafe, frustrated, angry, and disempowered prior to the fire.

**The Grenfell Tower fire:
the background to the commission**

Grenfell Action Group founded a blog in 2012 documenting concerns, complaints and warnings spanning years, about the conditions in the block, and what they saw as the 'managed decline' of the Lancaster West Estate. The group chronicled the challenges met by residents of Grenfell Tower and other residents' groups when raising concerns about the safety and conditions of their homes with the landlord. Hundreds of blog posts document concerns raised, one of the most serious being a power surge in 2013, which resulted in electrical appliances catching fire in residents' homes in the tower.

It also captures the diverse and hardworking community that lived in the tower and makes it clear that these concerns were raised through the proper channels: the landlord, the Kensington and Chelsea Tenant Management Organisation (KCTMO), the local

authority, and the Housing Ombudsman. Tragically, these efforts did not effect with urgency the change required when it came to the health and safety of their homes.

The commission has heard the community talk about concerns that they were seen as second-class. Residents view the problems of conditions and the institutional indifference of authorities as part of a broader society-wide view – that social renters are of a lesser status and less worthy of assistance or help. Rather than, for example, viewing these issues as bureaucratic problems associated with an ineffective public body, most saw them as rooted in negative attitudes towards their community; linked to their lower incomes, and even more so to their housing status as social housing residents.

'We need to change the culture around social housing... our community has been painted as work-shy... it could not be further away from the truth. We were eloquent, hardworking... we deserve to be respected not treated the way we were treated. Every community living in social housing needs to be treated that way.'

Ed Daffarn, commissioner



'North Kensington is not this Kensington. They should be in a place where they are happy, but not here. I don't want them here. In the circumstances, they can't all expect to be rehoused in these parts of London. Someone has to pay that money, if they can't afford to pay the rent there they should pay rent somewhere else.'

Local resident quote in The Independent, 21 June 2017

As will be seen later in the report, this view is by no means unique to the community in Grenfell and represents a deep challenge to the sense that everyone should be treated fairly in society wherever they are from. Even in the immediate aftermath of the fire, in discussions about rehousing, survivors were met with unsympathetic and stigmatising views. These were widely reported in the media – as well as the association of social housing with being a 'scrounger' or 'benefit cheat', and that social renters would lower house prices if they moved into the local area.

And we also heard about the difficulties in rehousing the residents since which have been a rolling source of concern month after month. A year after the fire, only 81 people had a new place to call home, and 129 were still in temporary accommodation or hotels.

There have been examples of people being moved into more insecure or unaffordable homes. One example from North Kensington Law Centre illustrates a household, previously having a secure tenure of 20 years, being rehoused in temporary

accommodation within the private rented sector which does not meet the Decent Homes Standard. Subsequently, the landlord gave notice to the local authority after two months and the family were required to move again.

These problems were the result of a deep shortage of social homes in the area. Due to the scarcity of housing stock, those households who give up their homes are likely to face years of insecure temporary housing and high rent charges, as well as being moved away from their networks and community.

In this report we set out how these sorts of issues and challenges are experienced across the country – and across private and social renting. And taking inspiration from this community, we set out what has gone wrong and what needs to change. In debates about what a future vision should look like, it is worth remembering that despite the evident frustrations and failures of the system in Grenfell, residents remain, even now, believers in social housing.

**The Grenfell Tower fire:
the background to the commission**



'Someone should be held accountable. I want them to understand that it was our lives they were playing with.'

Emma

Emma's story

Emma and her partner were residents of Grenfell Tower for five years, until they lost their home in the fire of June 2017.

'There were always problems with the building. One of the main complaints was about the two lifts – they often didn't work or would be commandeered by builders, so the whole building had to rely on one lift. We would complain, but nothing would get done. The tenant management organisation would pass the buck and say things like "could you write down every incident when it happens", but it was every day!

On the night of the fire, we were lucky to get out. The lift stopped at random floors on the way down, picking people up. After we got out at the ground floor, I don't think that lift ever went back up.

It was only when we got outside that I saw how bad it was. I wish I had known so I could have knocked on my neighbours' doors.

After seven months in temporary accommodation, we're now finally in social housing. Moving in was a struggle as the flat flooded almost as soon as we got here – trying to get the management to fix that was difficult. I know we're not wanted here. I feel like we get dirty looks from the other private residents who live in the luxury parts of the building.

I've been watching all the news coverage and enquiry in to the fire. It's hard to hear about it and it brings back a lot of memories, but I also can't stop myself from watching. I think I want to give evidence at the enquiry too. As social housing tenants, I just feel like we're not listened to. Someone should be held accountable. I want them to understand that it was our lives they were playing with.'



Chapter 1
The housing crisis

1

Chapter 1 The housing crisis

Social housing was originally designed to support people who could not afford or could not access housing of an acceptable quality. To truly consider the future of social housing, we needed to look at how people across England experience the housing market today, and who it is failing.

31,000

31,000 people took part in our Big Conversation.

This report brings together a broad range of research considered as part of this commission, including surveys, government statistics, academic research, the experiences of people who use Shelter's services, and the work of other charities and think tanks. We also heard from 60 people via in-depth face-to-face interviews, dozens more through workshops, and more than 31,000 people took part in our mass consultation online.¹

1.2m

1.2m households currently on the waiting list.

We are hugely grateful to those who gave their time for this project. We heard some very positive and some very negative stories. And we heard from many people who have felt ignored, powerless, and stigmatised. Our aim is to ensure these voices are listened to as a first step towards ensuring things change for the better.

The national picture of housing need

Most of us have been affected by the housing crisis at some point. For decades, not enough housing of any type has been built in England to keep up with the growing population. Along with other factors, more competition for the homes that are available has driven up house prices. It has made buying a home unachievable for more and more people. And it has made life very difficult for many on low incomes. Throughout the second half of the 20th century, many who could not afford to buy a home had access to social housing – renting a home at an affordable rate² from a local authority or housing association. From World War 2 and through to 1980, an average of around 126,000 social homes were built every year.³ Yet since 1980, nearly two million social homes have been sold,⁴ and fewer and fewer have been built. Only 6,463 social homes were delivered last year.⁵

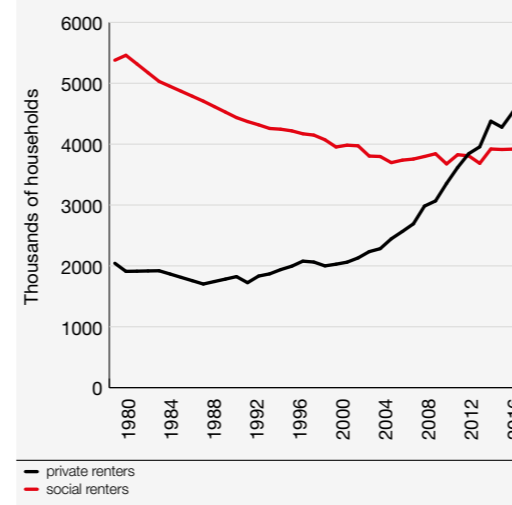
Most social renters are happy in social housing – 85% say they are satisfied with their home,⁶ but as the number of social homes has reduced, new social lettings have become restricted – meaning that only a small proportion of those who need a social home get one. Last year only 177,166 households moved into social housing.⁷ Of whom 30% had been homeless.⁸ The rest were either renting privately, living with family or in another housing set-up.⁹

Because of a lack of social housing, there are 1,157,044 households currently on the waiting list.¹⁰ A significant number of these are in chronic housing need, including 250,639 living in unsanitary or overcrowded conditions and 144,196 who are homeless.¹¹ Over a quarter of households who have been allocated a social home had to wait for more than a year, and 7% for more than five years.¹²

‘I just can't be doing with it any more. You bid and you just see that you're 'number 250' or whatever and you just think what's the point?’
Private renter, Doncaster

With little chance of a social home, and high house prices meaning more cannot buy a home, there has been a dramatic increase in the numbers renting from private landlords, who are free to set rents based on what the property can achieve on the open market. This makes private rents unaffordable for many people.

Figure 1: Number of households living in each type of housing since 1980 (,000s)¹³

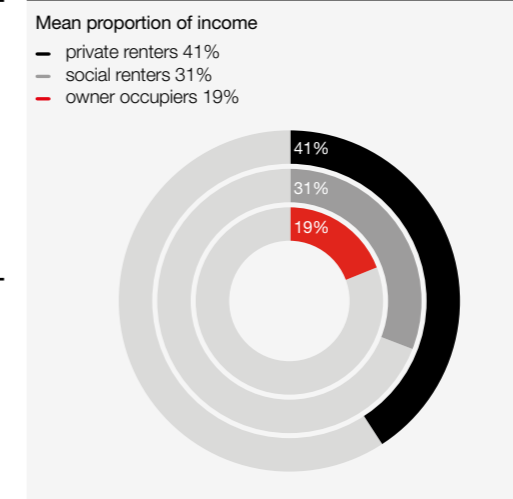


People are spending longer in the private rented sector, and many more people are forming families and getting older while renting privately.

Affordability

The cost of housing, which has risen faster than incomes, has put immense financial pressure on many people. The average share of income that young families spend on housing has trebled over the last 50 years.¹⁴

Figure 2: Private renters pay most: average proportion of joint income spent on housing costs by tenure (including housing benefit)¹⁵



41%

Private renters spend 41% of their household income on rent.

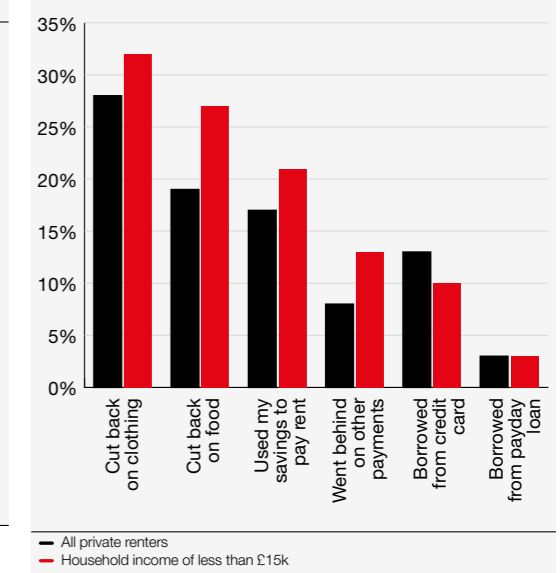
30%

the maximum amount of income seen as affordable is usually 30%.

When we look at different housing types, private renters pay by far the most – 41% of their household income goes on rent.¹⁵ Spending 30% of income on housing costs is usually the maximum amount seen as affordable.¹⁶

No wonder then that the majority (57%) of private renters say they struggle to cover housing costs. This compares to 40% of social renters and 42% of owner-occupiers.¹⁷ Almost two-thirds of private renters have no savings at all, meaning they have no economic security and are unlikely to be able to afford unexpected rent increases.¹⁸ Some cut back elsewhere – one in five private renters cut back on food to pay the rent.¹⁹

Figure 3: Cutting back and borrowing: various sacrifices made by private renters to afford the rent in the year to August 2017²⁰



If they cannot cut back, some private renters end up in a downward spiral of indebtedness – 13% have borrowed on credit cards to pay their rent in the last year, and 3% have borrowed from payday lenders.²¹

And these issues are hitting people on low incomes the hardest. Looking at the fifth of private renters with the lowest incomes, one in every six (17%) are in rent arrears or have been in rent arrears at some point in the last year.²²

'We're living on a cliff edge; the rug could be pulled from under our feet at any time.'

Nadine



Nadine's story

Nadine, 52, and her 16-year-old daughter live in a privately rented home in Wokingham. Despite working two jobs, Nadine struggles to keep up with the rent and is forced to cut back on other living expenses to avoid going into arrears.

'My rent is over half my monthly income, so that's where most of my money goes. It's hard to afford other things we need. I am cutting back and doing the best I can, but there are times we can't live on the money we've got.'

We budget on our food and it's very rare that I buy anything full price. I shop around to take advantage of all the vouchers and deals I can get.

So much of what I spend goes on credit cards. Once a year, I use my credit card to pay for my winter fuel bill, the car MOT and any other major bills. I'd be able to afford these things if my rent wasn't taking up such a huge chunk of my income.

No one should have to spend more than a third of their income on rent. If they are going to set a minimum wage, then there should be places you can afford to rent on that income – how can it be a living wage if you can't find anywhere to live on it?'

Chapter 1

22%

22% of private renters receive housing benefit.

Housing benefit cuts

In much of the country, it's simply impossible for households on low incomes to afford a market rent without the help of housing benefit. 27% of private renters receive housing benefit or the housing element of Universal Credit; approximately 1,279,868 households. Over a third (37%) of private renters receiving housing benefit are in paid work.²³

However, the amount people can claim in housing benefit, called Local Housing Allowance rates, has been significantly cut. Following large absolute cuts in 2011, rates increased slower than rents from 2013 and have been frozen since April 2016. Since this time, rents across the country have risen by a further 4%, and even faster in some parts of the country.²⁴ Delays and other problems have been caused by the move to Universal Credit. The result is that low-income private renters who rely on housing benefit have found it increasingly difficult to find housing where their housing benefit covers the rent. Local Housing Allowance rates are now lower than the cost of a modest home in over 90% of the country.²⁵ This leaves many private renters on housing benefit with a shortfall, causing devastating consequences. Many face not eating to pay the rent, being forced out of their community, or eviction and homelessness.

1 in 5

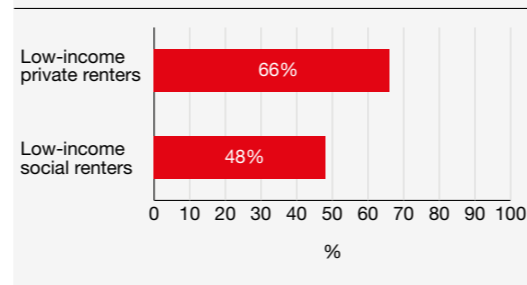
1 in 5 private renters cut back on food to pay the rent.

64%

64% of families say that they feel it is harder to find a decent genuinely affordable rented home now than it was five years ago.

The increasing numbers of families and older people renting privately can be particularly affected by this lack of affordability. 64% of families say that they feel it is harder to find a decent genuinely affordable rented home now than it was five years ago.²⁶ As Age UK pointed out to us, retired private renters have no prospect of increasing their income, so the increasing lack of affordability and certainty over rents can cause major issues.²⁷ This is particularly hard for older private renters relying on housing benefit – in four in ten areas of the country, a retired private renter receiving the maximum housing benefit and living in just a one-bedroom home will now be left with less than £150 a week for all living expenses after paying housing costs.²⁸

Figure 4: Proportion of households who say they struggle to pay or are falling behind with housing costs.²⁹



Rents for social homes are significantly lower than private rents. Social housing is designed to be affordable for those who need it, including people on low incomes and those who rely on benefits – and many people we spoke to were positive about the affordability of social housing. Nonetheless, it is important to note that a substantial minority of social renters still find it hard to pay their rent. The extra costs associated with being in work make it difficult for some, and for others, restrictions in benefits make rents unaffordable.

Social renters we spoke to in Newcastle and Doncaster highlighted the impact that welfare cuts, such as the 'bedroom tax', are having.³⁰ This policy, also known as the 'removal of the spare room subsidy' by the government, is supposed to incentivise social renters who have a spare bedroom to move to a smaller home by reducing their housing benefit payments by 14%. With no smaller social homes available, many have no option but to see their benefit payments cut. An evaluation of the 'bedroom tax' found that more than half of affected renters were in rent arrears one year on from the introduction of the policy. Three out of every four households affected (76%) had to cut back on food.³¹

Submissions to our call for evidence from organisations including the Zacchaeus 2000 Trust, the Local Government Association, Taxpayers Against Poverty, and social landlords raised the 'bedroom tax' and the benefit cap as key issues for affordability of social housing.³²



'Before I lived here, I was moved around a lot while I was waiting for a house. It just meant my life was on hold'

Social renter, London

Stability

One of the things which makes home ownership so attractive is protection from instability – the feeling that since you own the home, you can expect to stay there and not be moved on. Social housing can also have such benefits, as social renters are more protected from eviction – and many social renters spoke to us about the benefits of being able to plan, make their house a home and put down roots, knowing they have a permanent tenancy and wouldn't have to move.

For older social renters, it is a great weight off their mind to know that they don't have to keep moving later in life. Similarly, those with children greatly value a settled home and not having to face disrupting their families – the stress of packing, decorating, moving costs and the risk of unsettling children if they have to move schools. For those who have previously experienced very insecure housing conditions – for example, living in temporary accommodation – the security of social housing is seen as life changing.³³

85%

85% of social renters say they feel their house is their home, compared to just 57% of private renters.



'The best thing is that it's all mine, I have been in and out of B&Bs and hostels and I'm just so happy that I now have a place that is mine that I can stay in.'

Social renter, Middlesbrough

25%

25% of current private renters moved in the last year.

This is contrasted with the instability that often comes with being a private renter. Private renters in the UK generally have very short fixed-term contracts of either six or 12 months. For some, private renting can be a desirable short-term option. 6% of private renters in England state that the main reason they are renting privately is because they like the freedom and flexibility that renting gives them.³⁴ Yet for the many who would like to stay in one place, particularly the increasing numbers of families and older people now renting

privately, the threat of having to move can hang over their heads. A quarter (25%) of current private renters moved in the last year. Private renters are six times more likely than owner-occupiers and three times more likely than social renters to move.³⁵

During the fixed term, landlords can only evict renters if they can prove certain grounds, such as rent arrears. After the fixed-term ends, landlords can issue an eviction notice (a section 21 'no fault' eviction) without having to provide any grounds of wrongdoing on the renter's part. As the private rented sector has grown, so has the number of evictions.³⁶

We heard from private renters across England who feel stuck in insecure and short-term tenancies, where they face the prospect of being evicted for no-fault of their own; for example, for complaining, or simply because the landlord wants to sell. This is particularly difficult because of the current market, where private renters have a lack of bargaining power (as we set out in Chapter 4). The result is a feeling of powerlessness and often distress.

'You know you could take it forward, but it's a bit scary because you have no security, she could just [kick you out]... You feel trapped.'

Private renter, Birmingham

For families, the insecurity of private tenancies can be a particular problem. One in four families with children are now living in a privately rented property.³⁷ Two-thirds of these parents (65%) say that they wish their children didn't have to live in a privately rented home, and 44% worry that they are going to lose their current home.³⁸ These worries are not unfounded. In the last five years, one in five of all families renting privately have moved at least three times.³⁹ and one in ten families say that a private landlord or letting agent has thrown their belongings out and changed the locks.⁴⁰

Parents worry about their children's stability – an estimated 80,000 families say that they were forced to move their child's school the last time they moved their private rented home.⁴¹ Research by the Royal Society of Arts showed that moving school multiple times 'has a devastating impact on pupils' grades'.⁴²

Chapter 1

Tracy's story

Tracy, 49, and her two sons live in London. Since becoming a single parent in 2011, she has struggled with the lack of stability and high costs in the private rental market.

'We lived in Brighton, but when we lost our home and couldn't find a suitable place, as the boys' dad and I were not together, we had to move back to London. I have a support network and I can find work here.

I work part time as a teaching assistant, but I'm still £6,000 in debt and often have to buy groceries on a credit card. My mum gives me money every month – it feels awful to be borrowing from her. She's been helping me since I split with the boys' dad. She's retired, with chronic lung disease so this is coming out of her retirement fund. In my head, the credit card is so we can eat and my mum's money is so we can pay the rent.

Our place is fine for now, but we'll outgrow it. It's tiny, and as my boys get bigger, they won't both fit in their bedroom. I don't know how we'll be able to stay in the area with the rents going up, or how I will keep them in their school with their friends.

My older son is now nine, but he's already had six different addresses. It's so hard to explain to them that we have to keep moving and that our house is not ours – if they even spill something on the floor I go mental at them as I'm thinking about getting my deposit back.

We were given notice by the landlord at the last three addresses. If I could get a five-year tenancy it would make a massive difference because I could make plans, and I could properly make our place a home. I asked my last landlord for a five-year contract, but he refused.'



'My older son is now nine, but he's already had six different addresses.'

Tracy

Chapter 1

682,000

households live in overcrowded housing.

For the increasing numbers of older people in the private rented sector, the prospect of being forced to move is highly worrying. Research by Age UK found that older private renters can face a precarious living situation, with concerns about insecurity and fears around eviction raised to their helpline.⁴³

Over-crowding

According to the government, an estimated 682,000 households live in overcrowded housing – 5% in private rented homes and 7% in social housing.⁴⁴ Under this definition, households are overcrowded if they have fewer bedrooms available than the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationship of the household members).

As the private rented sector has expanded to accommodate more households, increasing numbers are living in houses that are too small for their needs. Over the last 20 years, the number of households living in overcrowded conditions has more than trebled in the private rented sector, rising from 62,000 in 1996/97 to over 230,000 in 2016/17.⁴⁵

x3

Over the last 20 years, the number of households living in overcrowded conditions in the private rented sector has more than trebled.

Overcrowding can cause particular issues for families, whether they rent privately or from a social landlord. Families in social housing can experience cramped conditions for years, with little hope of finding somewhere larger because the social housing is not available.

‘It’s just the lack of space we struggle with. It’s a one bed flat and there are five people in it. We’ve been on the waiting list since my daughter was 10 to get somewhere bigger.’
Social renter, London

In the private rented sector, we heard about multiple children in small ‘box’ rooms and families having nowhere to gather or eat together. Where families live in flats rather than houses, overcrowding can be exacerbated by the lack of private outside space, both for children to play and for storage. Overcrowding can have a negative impact on family relations. It can cause arguments, and at worst it can cause relationship breakdowns and homelessness.

‘You go stir crazy if you spend too much time in our home.’
Private renter, Harlow

Overcrowding also leads to an increased risk of accidents, infectious diseases, condensation and mould. Unsurprisingly, families living in overcrowded homes say their living conditions affect their mental health, stress, privacy, and sleep quality.⁴⁶

Neighbourhoods

Most social renters and private renters are happy with their neighbourhood. But many that we spoke to said they feel their neighbourhoods are unclean, unattractive or at worst, unsafe. Private renters appear to be less embedded in their communities, only 39% say they feel part of their local community, less than half say they and their neighbours look out for each other.⁴⁷

In comparison, two-thirds of social renters feel part of their community – with many reporting that the stability of social renting allows them to put down roots. Three-quarters of social renters (73%) feel that they and their neighbours look out for each other. Living close to green spaces, amenities, friends and family are seen as important.⁴⁸

53%

In the past year alone, a majority (53%) of private renters have experienced at least one problem with the condition of their home.

However, one in four (26%) social renters think they would have a better neighbourhood if they lived in private housing.⁴⁹ In our discussions with social renters, some raised concerns about:

- **physical signs of dereliction**, including poorly designed estates and fly tipping, which can make the neighbourhood feel like a place where they do not want to live
- **crime**, with some renters reporting issues around mugging, and drug and alcohol abuse that never seem to be resolved either by the police or by the local authority or housing association
- **problem neighbours**, and large groups of young people hanging around estates that can create an intimidating environment.⁵⁰

These issues, which some commented are driven by a lack of investment in their communities, make social renters feel uncomfortable in their homes and worry about their own or their family’s safety.

‘I keep to myself. I wouldn’t let my daughter play outside, not with the guys across the road standing outside their house drinking and swearing.’
Social renter, London

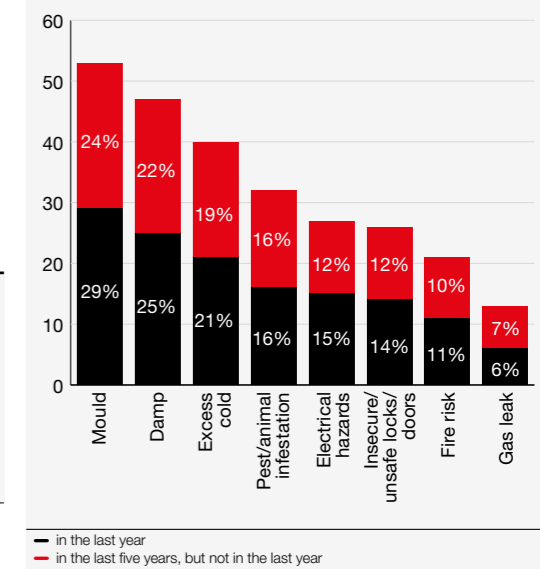
Safety and conditions

Our research suggests the majority of private renters and social renters are satisfied with their homes,⁵¹ and generally, the condition of our housing has improved. For example, the proportion of ‘non-decent’ homes has reduced from 35% in 2006 to 20% in 2016.⁵²

Yet private renters are considerably less satisfied with their homes, and evidence shows housing conditions are worst in the private rented sector. More than one in seven private rented homes (15.4%) contains a category 1 hazard, which means they pose an immediate threat to health or safety.⁵³ That’s a shocking 722,344 homes. This compares with 221,744 social homes.⁵⁴

However, the homes that don’t meet the government’s official standards are just the tip of the iceberg. Poor conditions are part of the everyday experience for today’s private renters. In the past year alone, a majority (53%) have experienced at least one problem with the condition of their home, such as mould, damp, excess cold, electrical hazards, or pest infestations.⁵⁵

Figure 5: Part of the everyday experience of renting: English private renters who have experienced poor housing conditions in the last five years⁵⁶



‘It’s depressing – all you can see is grot. We’ve all got asthma – I’m not sure if it’s down to the damp or not.’
Private renter, Bristol

Poor conditions can be a particular issue for the increasing numbers of older people renting privately, who are more likely to need comfortable, warm accommodation – and face higher risk of injury or ill-health if there are hazards or poor conditions. Yet according to the Resolution Foundation, almost 45% of 65-74-year-olds living in the private rented sector live in non-decent conditions.⁵⁷

Chapter 1

Social homes have significantly fewer issues, and most social renters we spoke to say their housing is of good quality and in good repair. Submissions to our call for evidence supported this, for example the Guinness Partnership pointed out that social homes are more decent, better insulated, more energy efficient, and are more likely to have working smoke alarms than other types of housing, and they have fewer hazards and have fewer issues with damp than private rented homes.⁵⁸ The stability of social housing can make it more feasible for social renters to spend their own time and money making improvements – many value being able to maintain and decorate their own home.⁵⁹

However, works like major repairs or improvements to communal areas are the landlord's responsibility and social renters are unable to make these changes. This means some social renters still experience issues with poor housing conditions – for example 5% of social homes are affected by damp⁶⁰, and as we saw above, though lower than other housing types, over 220,000 social homes pose an immediate threat to health and safety.⁶¹

£1.4bn

One estimate puts the cost of poor housing to the NHS at £1.4bn per year.

‘When we first moved in it was rough – dated, dirty, gross. We had to put a lot of effort in to make it pleasant again.’
Social renter, Harlow

Research shows that living in poor and unsafe conditions can have a serious effect on health and wellbeing.⁶² One in ten private renters said that their health had been affected in the last year because their landlord had not dealt with repairs or poor conditions in their property, and 11% of private-renting parents said that their children's health had been affected.⁶³ The charity Mind told us that housing insecurity or substandard accommodation can worsen people's mental health and increase the likelihood of relapse.⁶⁴ One estimate puts the cost of poor housing to the NHS at £1.4bn per year.⁶⁵

Complaints

Most social renters have a reasonable relationship with their landlord, and they tend to be confident that any issues will be fixed or repaired as they arise. 60% of social renters feel that their landlord listens to their concerns and 65% agree that their landlord resolves issues in their home in a timely way.⁶⁶ Yet people in social housing are more likely than those renting privately to feel they have issues left unresolved.⁶⁷ Many of the challenges faced by residents of Grenfell Tower and the surrounding area were not unique to their homes. Social renters across England told us about difficulties interacting with their landlord.

‘They can be a bit slow at getting things done – it took them a week or two to fix the front door after it had been kicked in.’
Social renter, Middlesbrough

People talked about daily frustrations with communication or long waits for essential work to be completed. Residents we spoke to described being told that repairs were being put off for budget reasons, leaving them feeling disempowered, and frustrated about where their rent payments had been going.⁶⁸

‘Influence only happens when something bad happens. I had a fire in my house. The housing association did not install a fire alarm before I moved in. After 8 months of exhausting complaints contacting the Housing Ombudsman and my local MP and local fire brigade I got changes made for the whole housing stock. That really is disgraceful.’
Social renter

Despite the clear ‘social’ remit held by local authorities and housing associations, a large minority of social renters feel ignored by their landlord. A third (31%) of social renters feel that their landlord doesn't think about their interests when making decisions.⁶⁹ There is significant variation across England on this measure, with numbers ranging from 16% in the North East to 38% of social renters in London who feel their landlord doesn't consider their interests.⁷⁰

‘I just feel so overwhelmed by the lack of care from people who are supposed to have such an important job, finding people homes.’

Venetia



Venetia's story

Venetia, 36, and her two children, aged eight and ten, live in social housing in London. She's endured a six-year battle with her social landlord over extensive mould and damp in two different properties.

‘We noticed black liquid seeping down the wallpaper in the lounge. When I peeled off the wallpaper, the wall behind it was covered in black mould and damp patches. I called my landlord, who eventually sent someone out, but they just wiped the mould off the wall and did nothing to fix the damp. I kept asking them to fix it, but they did nothing.’

The damp started to affect my health. I ended up spending four days in hospital after a severe asthma attack. After that, Environmental Health came out to inspect the property but still nothing was done. Eventually, I went to a solicitor who was prepared to take on my case on a no-win, no-fee basis. I won compensation, but that didn't make up for the way they had treated me.

At the end of 2015, my landlord offered us a new social home. It looked lovely but even as we walked in, I could see the damp patches on the wall. I asked the landlord to take pictures and document it. The property flooded when a washing machine was being installed, and after this the damp grew worse. The damp ruined so much of our stuff – my children's toys, books, clothes – we were forced to move into the front room to escape it. It was only when I involved a solicitor again, and they called out a surveyor to inspect the property, that my landlord started to take it seriously.

It's not just the impact of the damp and mould that gets to me, but the way I've been treated: like I'm dirt on the bottom of someone's shoe. It's been an absolute nightmare, I've hit rock bottom so many times. There is no help for people in social housing suffering from disrepair and this needs to change.’

Chapter 1

‘They talk to you as if you’re scum. To them, it’s a business. The same as if you’re renting from a private landlord.’
Social renter, Colne

Our consultation showed that many social renters feel powerless. Just a fifth (19%) of social renters who responded reported they feel able to influence the decisions made by their landlord about their home, and only 11% of social renters who responded said they feel able to influence the decisions made by national or local government about their homes and communities.⁷⁹

Significant drivers of this seem to be an absence of routes for renters to get involved in the decisions made about their homes, delays, and a lack of recourse when there are problems.⁸⁰

Individual complaints about social housing are usually expected to be resolved through the landlord’s own complaints procedure – and, if necessary, determination by the Housing Ombudsman. But social renters face delays – the average time taken for the Ombudsman to make a decision is eight months.⁸¹

Though proper regulation is essential, tenant involvement could help hold landlords to account. But there are decreasing numbers of residents on landlords’ governing boards – and with a lack of funding to support tenant involvement, tenant engagement officers have been stretched. We heard from one who was covering 20,000 tenancies. Tenant panels can be a good means of scrutiny, but there are relatively few of them – for around 3.9 million households living in social housing, only 93 tenant panels are listed on the Housing Ombudsman’s website.⁸¹

Though standards are set for the involvement of renters, they are vague, and are not proactively inspected or enforced.⁸³ The Regulator of Social

Housing has the power to intervene but sets a high bar for doing so – they must see ‘serious detriment’ resulting from ‘systemic failures’.⁸⁴ As a result, only 14% of referrals were investigated last year, and a breach and serious detriment was found in only five cases (1%).⁸⁵ The number of referrals from individuals is in decline,⁸⁶ and when we asked social renters about the Regulator of Social Housing, no one had interacted with it – and virtually no one had even heard of it.

For most private renters, raising an issue with their landlord is enough to have that issue resolved. Unlike many in social housing, local authority environmental health teams inspect properties and enforce standards for private renters. However, those on low incomes who do not have a good relationship with their landlord face a precarious situation.

When trying to resolve issues or complain, the private renters on low incomes who we spoke to didn’t feel they had any power to challenge or chase their landlords.⁷¹ Relationships can deteriorate easily, with particular issues for families: in the last five years, one in five (21%) private renting parents with children in their household said that their landlord or letting agent threatened, harassed or assaulted them and/or another renter.⁷² 12% of these parents say they have been offered ‘sex for rent’ by a landlord in the last five years.⁷³

Other renters said they are concerned about high risk bad conditions, or poor maintenance, but because of the power imbalance, they worry it may not be worth rocking the boat. And these concerns are not unwarranted – environmental health teams are over-stretched and under-resourced.⁷⁴

Evictions and homelessness

Social renters are usually protected from eviction. But for private renters, the threat of eviction can mean it is a high-risk strategy to raise a complaint. Research by Citizens Advice found that 46% of private renters who made a complaint about the condition of their home (such as damp and mould) were issued with an eviction notice within six months.⁷⁵

21%

In the last five years, one in five (21%) private renting parents said that their landlord or letting agency threatened them.

12%

12% of parents say they have been offered ‘sex for rent’ by a landlord in the last five years.

23%

Over one in five (23%) families say that over the last five years, they have avoided asking for repairs or improvements for fear of eviction

This can be particularly worrying for the increasing numbers of families and older people in the private rented sector, for whom moving home would be more difficult. Over one in five (23%) families say that over the last five years, they have avoided asking for repairs or improvements for fear of eviction. One in five (22%) families did not challenge a rent increase for the same reason.⁷⁶ Research by Age UK found that older renters can face delays getting repairs, difficulties getting essential home adaptations carried out, and experience feelings of insecurity and fears about eviction.⁷⁷

Across all ages, private renters living in the worst conditions and with the fewest options are reluctant to make a complaint about their landlord, fearing eviction or a rent increase – and knowing they can ill-afford to find a new home if they are evicted. This concern is understandable. If they are evicted and can’t find another suitable home, increasing numbers face homelessness.

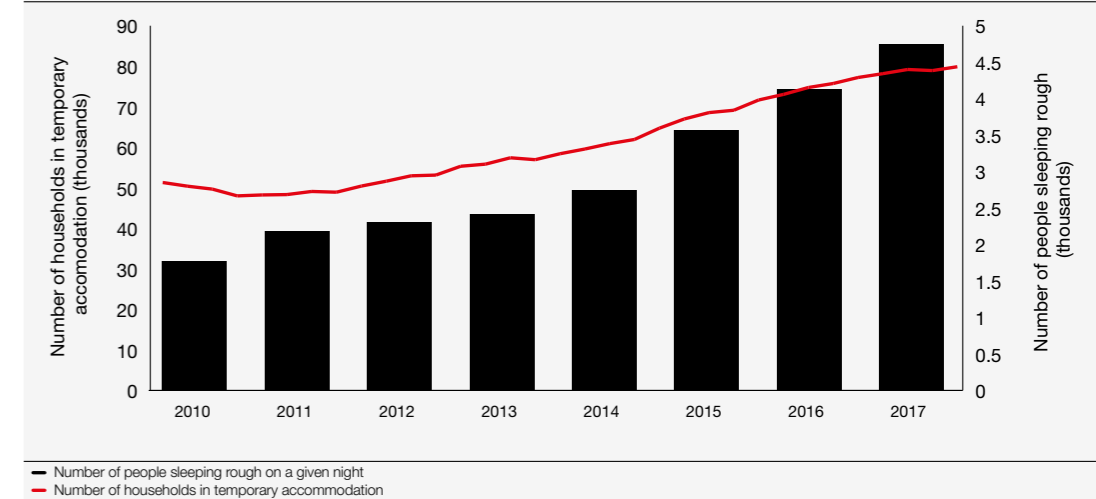
4,000

Rough sleeper counts show that over 4,000 people sleep rough on a given night.

Rough sleeper counts show that over 4,000 people sleep rough on a given night. Since 2010, the number of people sleeping rough has almost trebled.⁷⁸

Yet homelessness is broader than rough sleeping. Overall, 277,000 people are homeless in England on a given night.⁸² Most people who are homeless are not on the street but sofa surfing, or accommodated in emergency or temporary accommodation. This means hostels or shelters in the case of most single homeless people; local authority-provided emergency accommodation (such as bed and breakfast accommodation; or longer-term temporary flats or houses) in the case of children and families. The number of people who are homeless in temporary accommodation has risen by two-thirds since 2011.⁸³

Figure 6: Homelessness has increased in recent years



Chapter 1



Sean's story

Sean, his wife, two children and his teenage step-daughter had lived in their privately rented home for nearly eight years. The property was in a state of extreme disrepair, with damp and cold that was so bad it was classed an immediate risk to their health and safety. An environmental health inspection found multiple deficiencies and hazards, which they ordered the landlord to resolve within two months. The landlord failed to act, and the family withheld rent. The landlord evicted them, and the local authority classed the family as 'intentionally homeless', even though the property they were in wasn't fit for occupation. They were placed in a bed and breakfast (B&B) twenty miles away from their former home.

'In the B&B it was very, very stressful. We had nowhere to sit down, it was just one single bed and one double bed. Me and the wife were on the double and the two kids had to top and tail in the single bed for about seven months. We were never given a reason for the length of time we were in that B&B. No answers, just silence.

We're now in temporary accommodation, which is more suitable, but my step-daughter still can't live with us. It's only a two-bed and you can't really expect a 17-year-old to share a room with a seven-year-old and a three-year-old boy in two double bunk beds. She's had to move to her dad's in her GCSE year. She's not done great because of the upheaval and changing schools.

Both my daughters have had their education disrupted and I lost my job because of our housing problems. I still don't know what's happening. Last time I spoke to the local authority, they said they have now judged that they owe us a duty of care and that we'd be informed in writing. That was three months ago and I'm still waiting for the letter confirming that.'

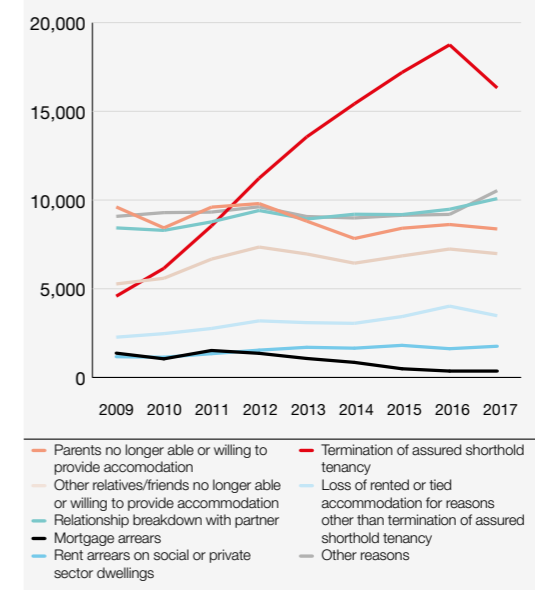
'My daughters have had their education disrupted and I lost my job because of our housing problems.'

Sean

78% of the recent rise is down to people being forced out of their private rented home; the loss of a private tenancy is now the number one cause of homelessness.⁸⁴ With more than half (55%) of homeless households now in work, employment provides neither protection from becoming homeless nor a route out.⁸⁵

And the increase in homelessness is disproportionately affecting the increasing numbers of families and older people who had been living in the private rented sector. 77% more children are homeless now than in March 2011,⁸⁶ and the number of over-60s accepted as homeless by their local authority doubled between 2009-2017.⁸⁷

Figure 7: Number of homeless households by reason for loss of their settled home



Stigma and institutional indifference

'And while the public inquiry will look just at Grenfell, I don't believe that institutional indifference is limited to that community. It's the same indifference that too often sees dismissive landlords protected by a system that allows them to ignore social tenants' fears and concerns.'

Baroness Doreen Lawrence, Commissioner⁸⁸



Despite widely accepted benefits around stability and affordability, there is a stigma associated with social housing. Over half (54%) of social renters say they are portrayed unfairly. One in six (18%) social renters feel that they are looked down on because they are a social renter, and one in eight social renters (13%) say they would go so far as to say they are embarrassed to tell people they are a social renter.⁸⁹

Like those living in Grenfell Tower and the surrounding area, many social renters across England feel that the problems with conditions, complaints and indifference are part of a society-wide view that social renters are of a lesser status and less worthy of assistance or help.

Stigma can be related to particular housing designs – social renters living on estates are more than twice as likely to feel that people look down on them because of where they live than people in mixed-tenure areas.⁹⁰

'Because we don't own bricks and mortar we are treated like trash.'

Social renter, Newcastle

Chapter 1

63%

Two out of three (63%) private renters feel that people would perceive them in a more negative light if they lived in social housing.

We can also see stigma at work in the negative public perceptions of life in social housing. Despite multiple measures showing there are better conditions in social housing, more private renters think they would get a better condition home in the private sector than in social housing.⁹¹ Perhaps most worryingly, stigma affects whether people choose to try and access a social home, including low-income private renters. Two out of three (63%) private renters feel that people would perceive them in a more negative light if they lived in social housing. Some of the people we spoke to hadn't applied for social housing for this reason.⁹² Previous research found that only a third of people who want to live in social housing put their name down.⁹³

'I would feel embarrassed about it.'
Private renter, London

No DSS

Nearly one in three people receiving housing benefit say they haven't been able to rent a home due to a 'No DSS' policy in the last five years.

Stigma even persists among some social renters. While most rejected the negative stereotypes, many felt they had had a 'lucky' experience – and that elsewhere, there would be a grain of truth within the stories.⁹⁴

Evidence shows the stigma around social housing is misplaced. Social housing is not damaging to people, nor does it cause deprivation.⁹⁵ Rather than being a barrier to mobility and aspiration, social renters found that it could be a platform for getting on in life.⁹⁶

Social renters we spoke to raised concerns that indifference and stigma could lead to vital investment being deprioritised and renters being ignored.⁹⁷

'Reported repair issues need to be taken seriously. I gave up trying to get damaged, cracked and stained plaster repaired following a major roof leak, as I couldn't bear the persistent mansplaining, accusations of being untruthful and downright incompetence. The housing association simply doesn't want to spend money'

Social renter

As we will see in Chapter 4, the shrinking of social housing stock has led to social housing becoming marginalised – and made it less likely that people will experience social housing themselves.

'It's like they think, you live in social, you won't work.'
Social renter, Manchester

In the private rented sector, finding a safe and affordable home can be challenging enough, however some households face the additional hurdle of finding a landlord who is willing to rent to them. In particular, many households who receive housing benefit face discrimination. Bans on private renters claiming housing benefit are a common sight in property adverts. Nearly one in three private renters receiving housing benefit say they haven't been able to rent a home due to a 'No DSS'⁹⁸ policy in the last five years.⁹⁹ Four in ten private landlords surveyed (43%) say they operate an outright ban on renting to people in receipt of housing benefit, with a further 18% saying they prefer not to, but occasionally do.¹⁰⁰ Government figures show these discriminatory practices have a disproportionate impact on women and disabled people, who are more likely to be claiming housing benefit in the private rented sector.¹⁰¹

On top of this, almost one in five private landlords operate an outright ban on families with children and a further 13% prefer not to let to families.¹⁰² Families on housing benefit are therefore particularly likely to be affected by discrimination.

Renters from outside the UK can also experience significant stigma, which has been exacerbated as a result of changes in government policy requiring landlords to check renters' immigration status. Since the Right to Rent legislation¹⁰³ came into force, almost one-third of private landlords (30%) surveyed say they are less likely to let to people who do not hold British passports or who do not appear to be British.¹⁰⁴

Conclusion

'I've always thought of myself as incredibly lucky to be a social housing tenant... On the two occasions I've come to rely on social housing, it has been there to make sure my family has had somewhere to live.'

Rob Gershon, Commissioner¹⁰⁵



85%

Our research found that the vast majority (85%) of people in social housing are happy with their homes.

Despite some significant issues, our research found that the vast majority (85%) of people in social housing are happy with their homes. A large majority (77%) say they feel 'fortunate' to live in social housing. Our face-to-face interviews revealed that this feeling derived in part from a perception that social housing is very scarce, and an awareness that many people are struggling in the private sector.¹⁰⁶

'Moving into social housing has changed my life beyond all recognition, we've got security, we're comfortable financially, we've got a 24 hour helpline, caring community, great neighbours, a property that meets all of our needs and we've still got our own independence... I love it!'

Social renter, Middlesbrough

As we saw earlier in the chapter, social renters particularly value the stability and affordability of social housing.¹⁰⁷ Time and again, we heard about the benefits of being able to settle in to a home you can afford, from finding work to planning for the future.

'If I hadn't got a council house, I don't think my daughter would be in university now. I don't know where we'd be. It was the first step up.'

Peter, 44, Social renter, Bristol

For some, this means the ability to afford things such as treating their children, covering the cost of bills, or buying new clothes. For others, it means the security to save for the long term – putting money aside for a holiday or a car.

43% of social renters are in work but only 7% are unemployed – people in social housing are disproportionately from groups who are less likely to be in work, such as older people, disabled people or people with ill health, or those with no qualifications.¹⁰⁸ But social renters told us that their social housing has a positive impact on them finding employment – belying a commonly held view.¹⁰⁹

Most people in social housing see it as giving them a strong foundation – but what about wider society? Through our Big Conversation, we asked 31,000 people this: what is the biggest issue with social housing? Though issues like affordability, conditions, anti-social behaviour, stigma, and the allocation system were raised, by a very long way most people thought the biggest issue facing social housing is that there is not enough of it.¹¹⁰ Overwhelmingly people saw social housing as the answer to problems in the housing market – from rising homelessness to high private rents, and even the increasing inability to get on the housing ladder.¹¹¹

Social housing is seen as the only option for those in the greatest need, providing them with affordable, secure housing that can help them get back on their feet. But people also went further – they want social housing to be for a much wider population, for working households on modest incomes, for those unable to afford to buy, and for families and older people worried about insecurity, cost and exploitation in the private rented sector. For everyone who needs it.

'Private landlords... they just exploit people... Social housing should be for everyone.'
Social renter, Middlesbrough

Chapter 1

Shandor's story

Shandor, 48 became homeless when an accident at work caused him to fall behind on his rent payments. After six months in a homeless shelter, he and his son Billy, aged eight, have finally moved into a permanent social home.

'My accident left me disabled and suffering from post-traumatic stress disorder. I was on full sick pay at work then they cut me down to half pay. Eventually I lost my job, so I couldn't afford my rent.

I moved to lodgings in Luton, living in one room with my son in a house we shared with a pensioner called Gerry. It wasn't a perfect situation, but it was a means to an end. Then Gerry died suddenly, and the executors served me notice. Not only did I lose a good friend, I was thinking "What happens now, where am I going to sleep? Where am I going to shower? Where's my son going to go? Am I still going to be able to see him?"

I went to the council and asked for help. The night before I was evicted, I was given a place in a homeless shelter. There were people there with serious mental health issues. I had my son every weekend and it was not a good place for him to be. I was told the council would decide on my case within 33 days, but it took nearly six months for me to hear anything.

We now have a wonderful little one-bedroom flat, which is our home. The sheer satisfaction of hanging pictures on the wall with picture hooks rather than Blu Tack is incredible. Billy is more settled and is starting to make new friends. He's come out of his shell too, which is great. The only downside is he's already asking me how he will be able to afford somewhere to live when he's 18... he's only eight.'

'We now have a wonderful little one-bedroom flat, which is our home.'

Shandor





Chapter 2 How have we got here?

The housing system does not fail everybody, but as set out in Chapter 1, it is currently letting too many people down. This chapter examines the long-term trends that have led to England's current housing crisis, including the rise in costs and increase in private renting.

The high cost of housing

The purchase price of housing climbed steadily until the 1980s and has risen rapidly in recent decades.

House prices in England are higher than in most other countries and have risen quickly by international standards.

Figure 8: Real average house prices since 1923¹

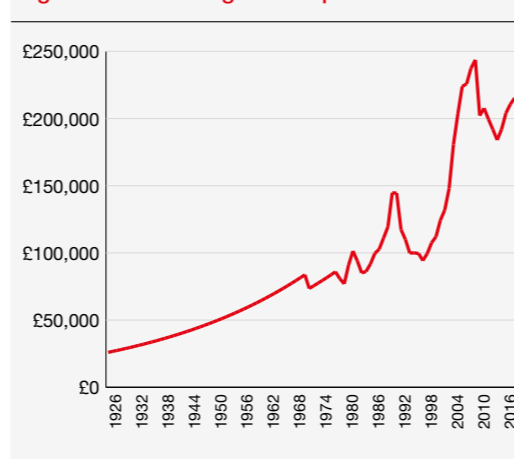
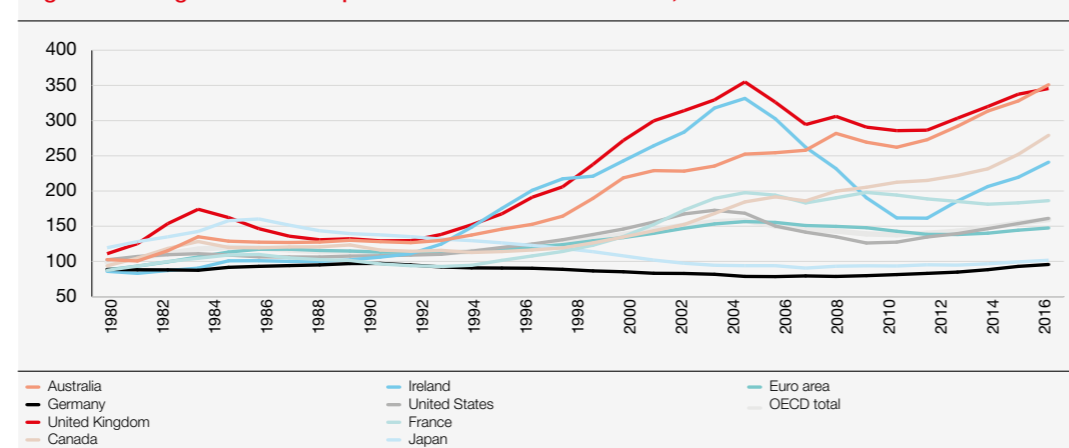


Figure 9: Change in real house prices across different countries, 1980-2017²



x8

The average home in England in 2017 cost almost eight times more to buy than the average annual pay packet.

63%

Home ownership rates have been falling since 2003 when they peaked at 71% of all households; by 2016/17 they had dropped to 63%

As prices have risen, incomes haven't kept up. The average home in England in 2017 cost almost eight times more to buy than the average annual pay packet. This is up from 3.5 times in 1997, and well above even the 2007 peak of just over seven times' earnings.³ It is no easier for those on lower earnings – the ratio between their earnings and the lowest priced homes has increased in the same way.

Declining home ownership

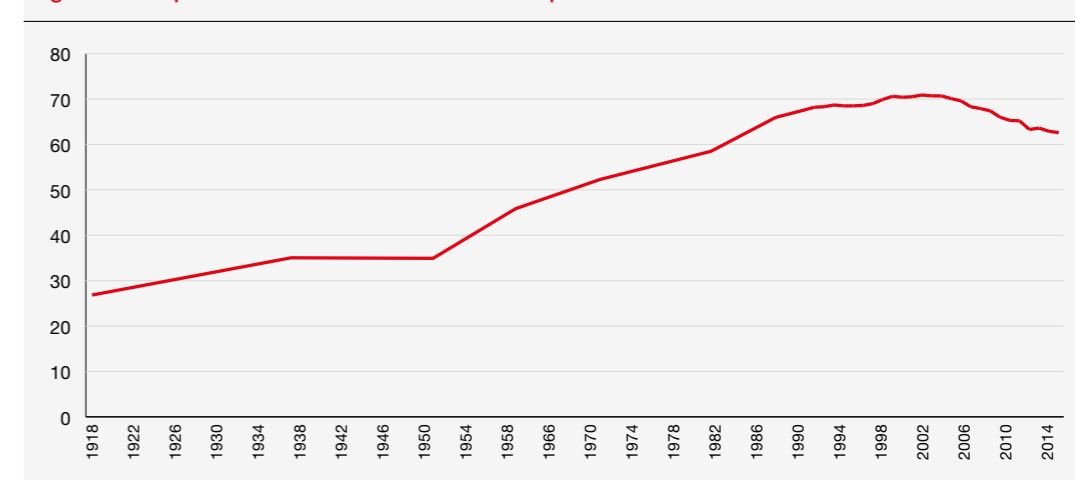
As a consequence of the most recent increases in prices, the number of households who own their own home has dropped. For decades over the twentieth century, rising ownership rates led people across the income spectrum to build up a legitimate expectation that one day they would be able to own. But the overall home ownership rate has been

falling since 2003, when it peaked at 71% of all households. By 2016/17 it had dropped to 63%, taking our level of home ownership below the EU average of 69%.^{4,5}

However, in recent years, the situation for people on ordinary incomes, trying to buy a home has been even worse than the overall figure suggests (see figure 12). England's overall home ownership rate has masked a significant drop in the number of households who own their home with a mortgage – the only route to ownership for most people on ordinary incomes.

In only fifteen years, the number of mortgaged households has reduced by almost a third.⁷ This equates to almost two million fewer households owning with a mortgage today than in 2001.

Figure 10: Proportion of households in owner occupation since 1918⁶



Chapter 2

Figure 11:
The growth in private renting households over twenty years¹²

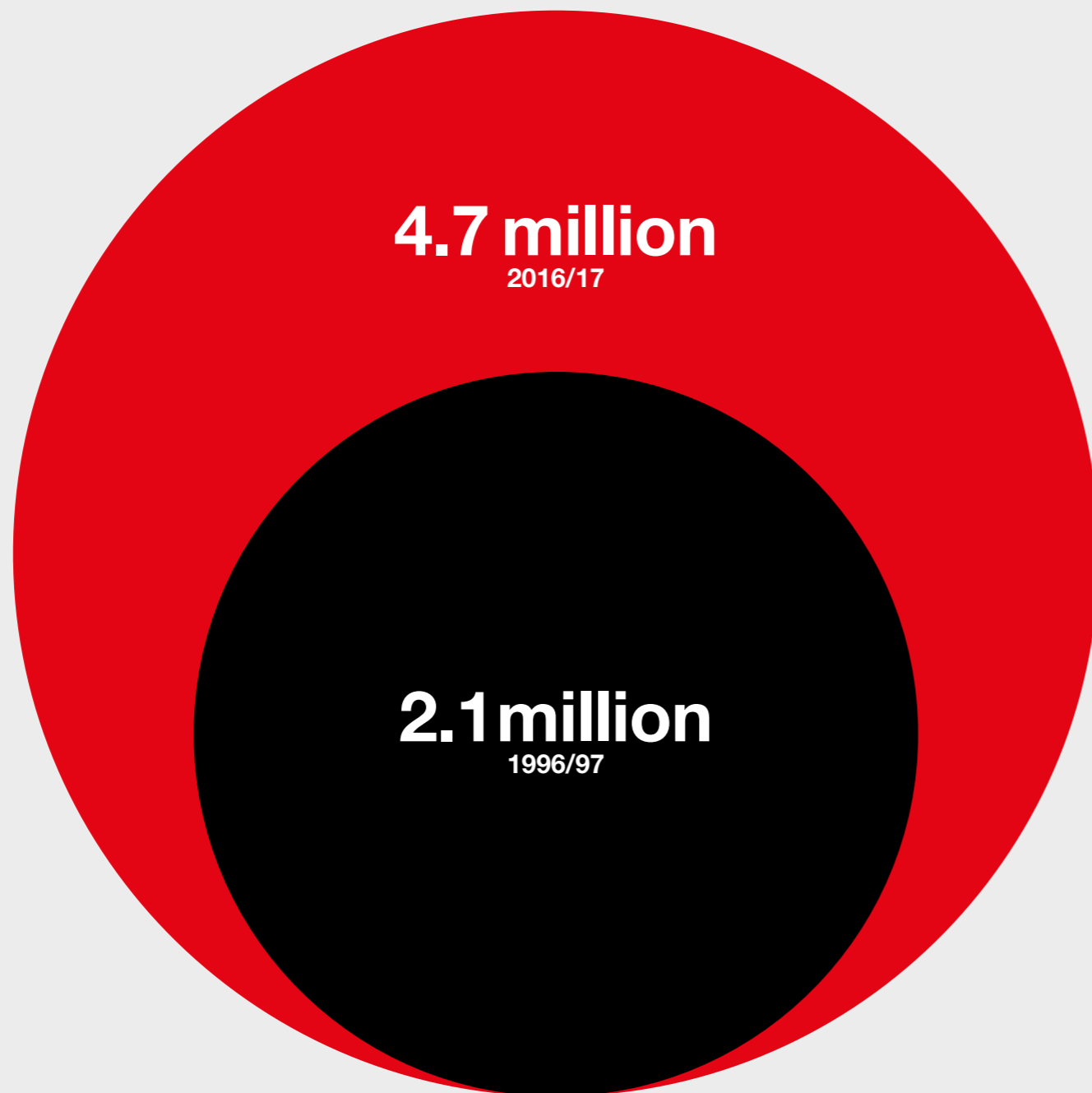
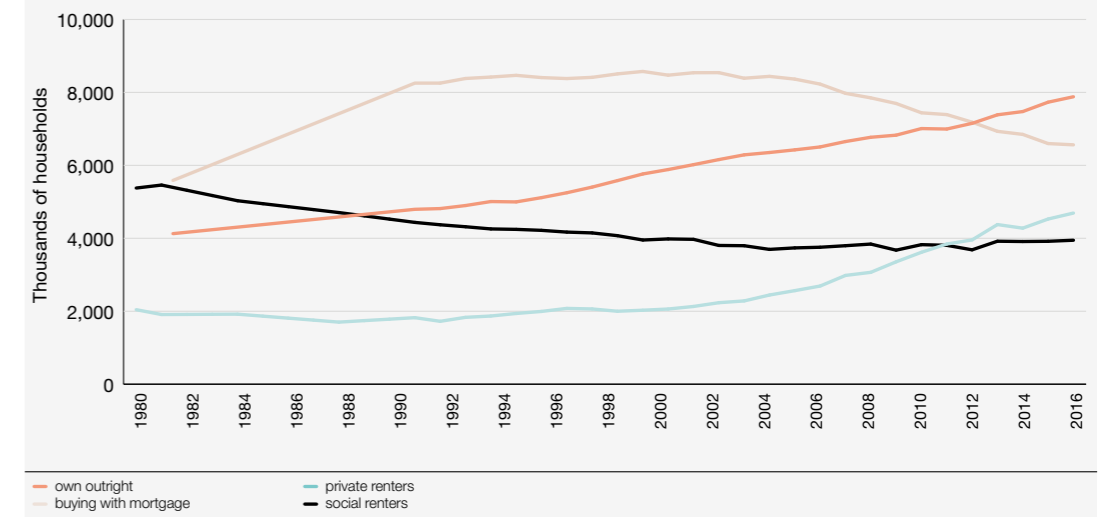


Figure 12: Number of households living in each tenure since 1980 (,000s)⁸



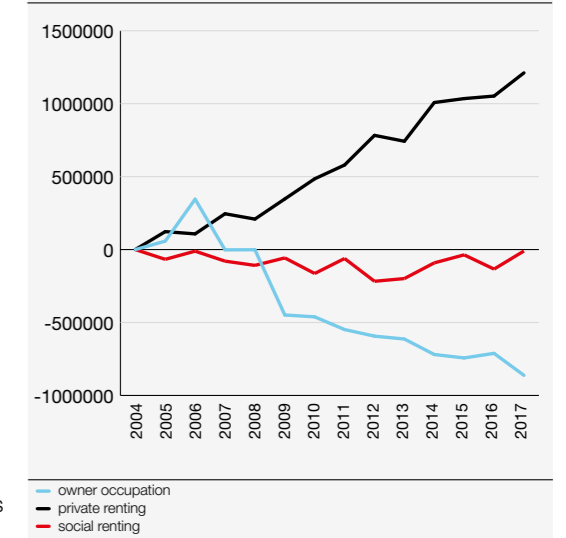
Even these figures understate the number of people who have actually been priced out of home ownership. A growing number of people today live in what are called 'hidden' or 'suppressed' households. These include people who are living with their parents well into adulthood, or couples who are sharing with friends. If these hidden households are included in the total count, barely half of all households are now homeowners.⁹ The result is that home ownership has now been pushed well beyond the reach of many, particularly those on lower incomes.

As fewer people are able to move into home ownership or social housing, households renting privately are increasingly older, and families with children. In just the time since 2003, the proportion of families living in a private rented home has trebled – a quarter of all families now rent privately.¹⁴ Overwhelmingly, as we saw in Chapter 1, these households are looking for an affordable, stable home, not just a stop-gap.

An explosion in private renters, including families and older people

With home ownership in significant decline and inadequate numbers of social homes, a growing number of people living on ordinary and low incomes have no other option but to rent from a private landlord. The number of households renting privately more than doubled over the twenty years from 1997 to 2016/17, rising from 2.1 million households to 4.7 million.¹⁰ This has prompted a generational shift in the way people in England are housed. The Resolution Foundation found that going back as far as records allow, millennials (those born between 1981 and 2000) are more likely than any other generation to be renting privately by the time they are in their early 30s.¹¹

Figure 13: Change in households with children in each tenure since 2003/04¹⁵

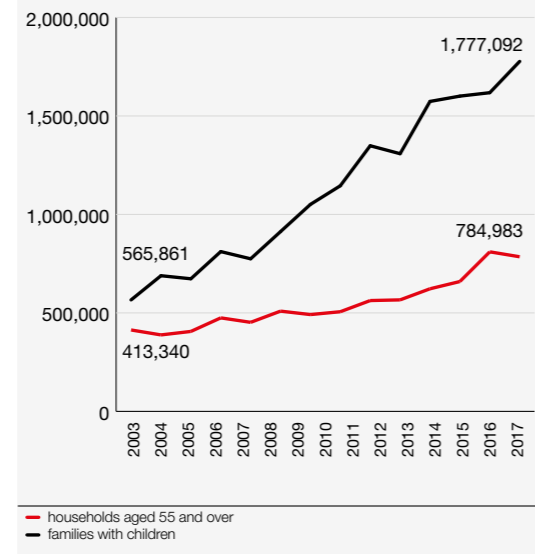


As the number of private renters has grown, the type of household that rents privately has changed too. The stereotype of private renters being mostly students and twenty-somethings is now out of date. Less than 6% of private renters today are students, and a majority of private rented households are headed by someone who is over the age of 35.¹³

Chapter 2

As the number of families renting has grown, so too has the number of older households. 784,983 households aged 55 and over rent from a private landlord. This number has nearly doubled since 2003.¹⁷

Figure 14: Number of families and older people living in privately rented accommodation¹⁶



Rising costs to the state and to renters

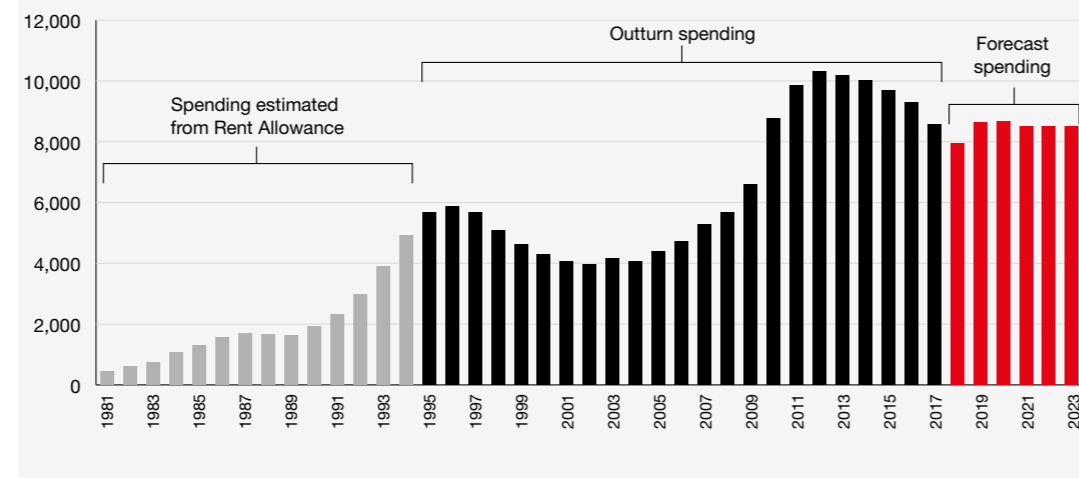
England's dependence on the private rented sector to house a growing number of people has had implications for the housing benefit bill. The cost of helping growing numbers of low-income renters to afford high private rents has substantially increased the housing benefit bill.

Spending on private rent subsidies increased from a low of £4 billion to over £10 billion in the decade to 2011/12,¹⁹ spending has fallen back since, but this is primarily due to cuts to the amount of benefits households can claim.

The government's preferred option for controlling the private rented housing bill has been to severely ration how much renters can claim.

The cost of this rationing has fallen back on the private renters themselves. Across much of the country, gaps have opened between the amount that private renters on low incomes are able to get in housing benefit and even the cheapest market rents. As we saw in Chapter 1, housing benefit rates have been cut and then frozen even while rents have increased, meaning that housing benefit does not cover the cost of a modest private rental in 9 out of 10 areas across England. While freezing rates has produced an immediate saving to the treasury, it is clearly not a sustainable long-term strategy to control expenditure.

Figure 15: Real terms spending on housing benefit for private rented housing since 1980/81 (£ millions) March 2018 prices¹⁸



Lucie's story

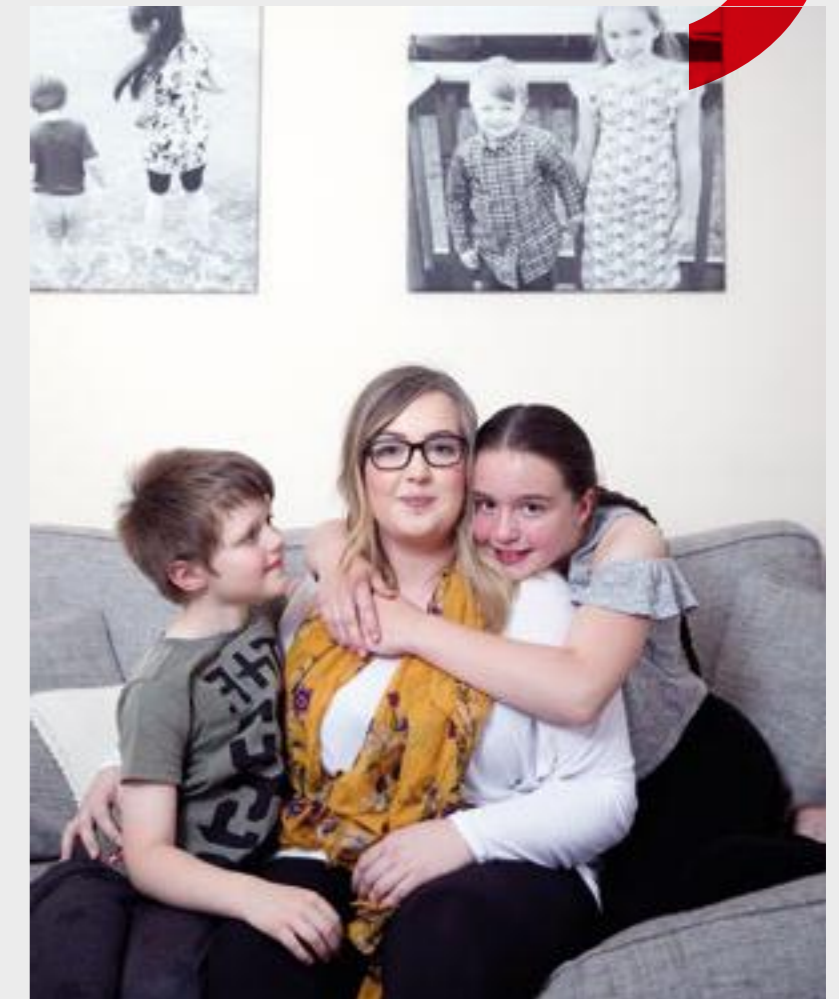
Lucie, 29, works for a charity in Luton. She has two children and has been on the social housing waiting list since she gave birth to her daughter at 18.

'I really feel that if I'd been in stable social housing for the last ten years, I'd be in a position to buy my own home now. But it didn't work out like that. Instead, all my money has gone on rent, moving costs and fees. It's not fair to expect people and their children to hop from home to home, paying deposits, moving costs, and agent fees each time. I've always tried to stay in the same area and keep my daughter in the same school, but it's been up and down for years. I think I've had seven addresses, and out of those, four landlords sold their property. The longest I've been in any home is two and a half years.'

I didn't realise how long I would be waiting for social housing. I first went on it when my daughter was born, and we're even lower down on it now because I gave up and moved us into a three-bedroom house. My daughter is 11 years old now, and just too grown up to share a room with her brother.'

'It's not fair to expect people and their children to hop from home to home, paying deposits, moving costs, and agent fees each time.'

Lucie



Footnotes

Chapter 2

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- 13 MHCLG, English Housing Survey; private rented sector, 2016/17, <https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-private-rented-sector>
- 14 11% of Families with dependent children (including lone parents) lived in the PRS in 2006-07. 27% of families did so in 2016/17. MHCLG, English Housing Survey; private rented sector, /16/17, Chapter1: Figures and annex tables https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/723883/Private_Rented_Sector_Chapter_1_Figures_and_Annex_tables.xlsx
- 15 MHCLG, English Housing Survey, 2016/17, Annex Table 1.1, <https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report>
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- 17 Ibid
- 18 DWP, Benefit expenditure and caseload tables, 2018 <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2018>
- 19 Ibid



‘We just couldn’t afford the rent when our housing benefit was cut.’

Sarah

Sarah’s story

Sarah, her husband – who has disabilities from a motorcycle accident – and four children have lived in private rented accommodation since 2010. They’ve had to move on numerous occasions.

‘We started in Southampton. We lived in a few different houses there, then we went to Eastleigh, then Gosport, and now we are in Andover. We’ve had to move because we couldn’t afford the rent when our housing benefit was cut – it’s extremely difficult to find an affordable three-bedroom rental. We went to the council and they said they couldn’t help us unless we would move up north, which would be so far from our family support. They told us to look for two-bedroom private rentals instead. But when we spoke to estate agents, they wouldn’t rent us a two-bedroom property because at the time we had three children. Then, when the estate agents found out we received housing benefit, they wouldn’t rent to us at all.

This needs to come to a stop. We do not feel safe in any property. My 12-year-old daughter has gone to eight different schools and has really struggled with constantly making friends and losing friends because of all our moves. All the upheaval makes her so unhappy.’



Chapter 3
The rise and decline
of social housing

3

Chapter 3 The rise and decline of social housing

4.4m

In the three and a half decades after the end of the Second World War, local authorities and housing associations built 4.4 million social homes.

With higher house prices forcing more and more people into the insecure and often unaffordable private rented sector, and the government spending more and more on benefits payments, what has happened to the solution that once existed: secure, low-cost social housing? This chapter looks at the rise and decline of social housing, before we look at the implications of this decline in Chapter 4.

In the three and a half decades after the end of the Second World War, local authorities and housing

associations built 4.4 million social homes at an average rate of more than 126,000 a year.¹

This level of building was kept up through post-war reconstruction, despite three recessions in the 1950s, 1960s and 1970s. While some significant errors were made along the way in terms of design and place making, in general this extended period was one of considerable state success. The homes that were built over this period still make up the bulk of our social housing stock today.

How was this incredible feat achieved? And how did this rising tide of social housing decline to the slow trickle of 6,000 homes a year we see today?³

Figure 16: New build annual social housing completions since 1923²

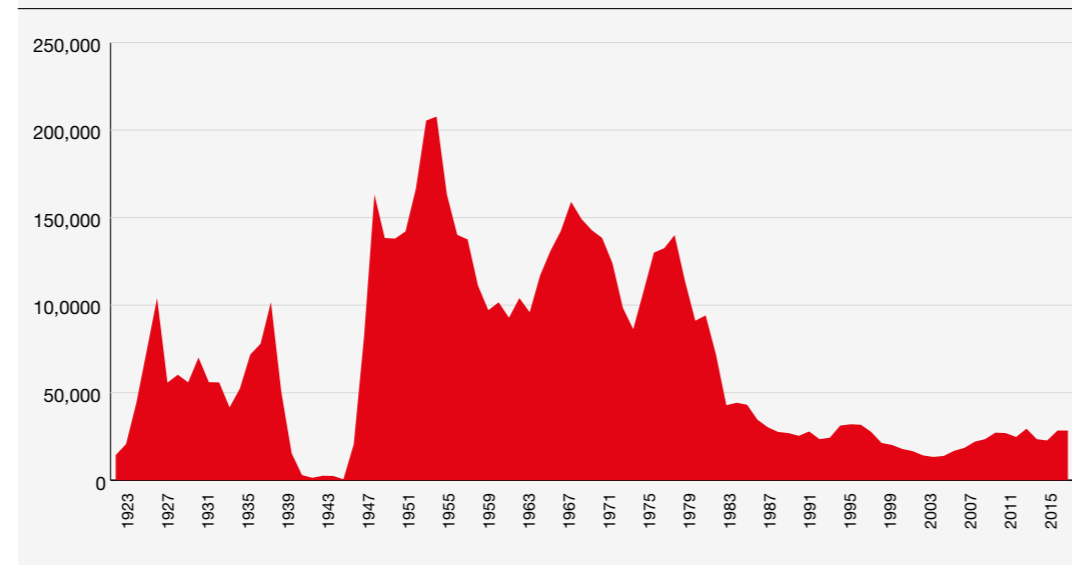


Figure 17:
Timeline of social housing

- 1866**
Labouring Classes Dwellings Act allows for authorities to purchase sites and borrow at preferential rates to build and improve homes for low-income workers.
- 1869**
The first known council housing in Europe is built by the Conservative-led local authority of Liverpool, in response to insanitary conditions.
- 1890**
Housing of the Working Classes Act empowered local authorities to fund and build social housing at scale.
- 1900**
London City Council builds one of the first major housing estates. The Boundary Estate in east London replaced the slum housing of the Old Nichol rookery.
- 1920-1940**
Large-scale slum clearances coincide with a step up in local authority housebuilding to replace them with decent homes – though often at rents unaffordable to previous slum residents.
- 1945-1970**
The 'golden age' of local authority housebuilding. In response to widespread housing need post-war, two landmark housing acts are passed, and large-scale local authority housebuilding (peaking at 300,000 a year) is delivered.
- 1955-1970**
The 'golden age' of local authority housebuilding. In response to widespread housing need post-war, two landmark housing acts are passed, and large-scale local authority housebuilding (peaking at 300,000 a year) is delivered.
- 1973-1977**
People with highest needs are prioritised in social housing through more needs-based allocation systems, including the 1977 Housing (Homeless Persons) Act.
- 1980**
The Housing Act 1980 introduces 'the Right to Buy', giving renters the legal right to purchase their council house, aided by large discounts.
- 1981-1990**
1981-1990 – Long-term funding for social housing was cut back and local authority borrowing for new build restricted. Secure, indefinite local authority tenancies were brought in to help those unable to exercise the Right to Buy.
- 1983-1990**
Large-scale stock transfer of social housing from local authorities to Housing Associations takes place, leading to investment in improving the quality of existing social homes. New supply remains low and government support shifts away from social housing towards low-cost homeownership for would-be first-time buyers.
- 1997-2008**
Large-scale stock transfer of social housing from local authorities to Housing Associations takes place, leading to investment in improving the quality of existing social homes. New supply remains low and government support shifts away from social housing towards low-cost homeownership for would-be first-time buyers.
- 2008**
Significant increase in investment in new social housebuilding, partly as an economic stimulus in response to the economic downturn.
- 2011**
In the aftermath of the financial crash, all funding for new social housing is removed. Reduced funding is directed at less affordable and less secure tenures such as 'affordable rent'. The 2011 Localism Act allows for shorter-term tenancies to replace secure tenancies.
- 2016-2018**
All major measures in the 2016 Housing and Planning Act scrapped, some funding is provided for social housing, and restrictions on local authority borrowing are lifted.
- 2016**
The Housing and Planning Act introduces a raft of changes reducing social housing. 'Higher value' council homes are to be sold to fund a new Right to Buy for Housing Association tenants. 'Starter Homes' to buy are introduced and prioritised over social housing. Shorter-term tenancies are to be introduced as standard.

Chapter 3

‘Housing is the first of the social services. It is also one of the keys to increased productivity. Work, family life, health and education are all undermined by overcrowded homes. Therefore a Conservative and Unionist Government will give housing a priority second only to national defence. Our target remains 300,000 houses a year.’

Conservative party manifesto, 1951

‘Under Labour more than 1,300,000 new dwellings have been built since the war. We shall maintain the present rate of 200,000 new houses a year and increase it as soon as raw materials and manpower can be spared. Most of these houses will as now be built for rent and not for sale, and for the benefit of those whose housing need is greatest.’

Labour party manifesto, 1951

94,140

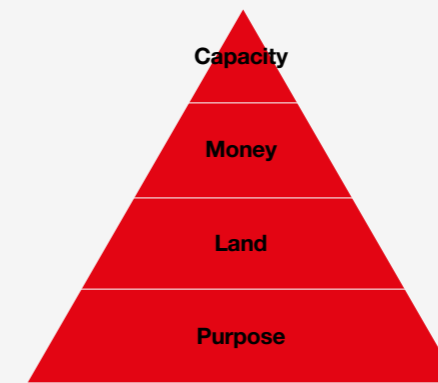
In 1980, 94,140 social homes were built.

44,240

By 1983, supply halved to 44,240 new social homes.

There are four key ingredients needed to build social housing. In this chapter, we show how these were the foundations of every successful period of social housebuilding. Shortages of one or another ingredient have led to compromises along the way, and a lack of all four ingredients has led to the decline of social housing.

Figure 18: Four key ingredients needed to build social housing



Capacity
Skills, materials and technology to get homes built

Land
Secure supply of low-cost land

Money
Balance between grant and other funding

Purpose
A vision for and clear commitment to build social housing

Purpose

Private and third sector organisations have been important builders and providers of social housing from its earliest days, but all significant increases in the country’s social housing stock have been driven decisively by governments.

From the late-nineteenth century, local authorities and housing associations responded to poor conditions in the private rented sector by building decent social homes for the ‘respectable working classes’, though these were often at rents unaffordable to the former residents of slums. Yet it was only after the First World War, when the government committed to getting hundreds of thousands of ‘homes fit for heroes’ built, that social housing was used to tackle squalor at scale. After the Second World War, governments – faced with the persistent problem of private rented slums, the destruction of war and returning soldiers – set out an even bigger vision for social housing. This programme of building meant that over the latter half of the 20th century, public housing provided a low-rent, long-term tenancy to millions of ordinary people.

Serious social housebuilding was curtailed after 1980, as local authorities’ ability to build and manage social housing was restricted. In 1980, 94,140 social homes were built. By 1983, supply halved to 44,240 new social homes.⁴ Although local authorities retain over 1.6 million homes,⁵ much former local authority stock has been either transferred to housing associations or sold into private ownership through the Right to Buy.

The Housing Act 1988 was an attempt to pave the way for a return to social housebuilding, led by housing associations and backed up by private finance. Since then, housing associations have delivered most of the very low numbers of new social homes. However, they have lacked access to the ingredients needed to come close to meeting housing need.

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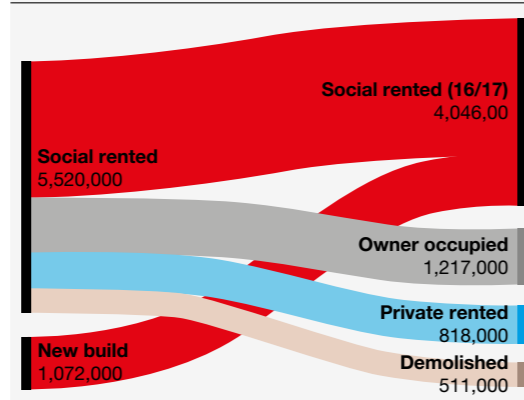
In recent years, social housing has suffered from a lack of government vision and purpose. Recent governments have pursued policies to transfer existing social homes into private tenures, seeing social housing as only for those in the highest need. Governments have focused more on the supply of low-cost homeownership and 'intermediate' types of housing designed for would-be first-time buyers, diverting resources from genuinely affordable social homes.

Since 2011, rather than only funding social housing, the new definition of 'affordable housing' has broadened what government funds, so that it now includes less affordable tenures such as shared ownership and 'affordable rent' – as well as traditional social housing at social rents. These rents are not affordable. 'Affordable rents' for typical two-bed properties work out at 30% more expensive than social rents, amounting to £1,400 more per year on average.⁷ As pointed out by organisations such as SHOUT, the London Tenants Federation, and Levitt Bernstein, these rent levels are completely out of reach for most people who are eligible for social housing.⁸

The combined effect of the loss of stock and failure to replace it has been a significant reduction in the absolute number of social homes. There are around 1.5 million fewer social homes today than there were in 1980.⁹ Far from growing in-step with the country's changing need as the population and household numbers have increased, the size of the social stock has fallen, making up an ever-smaller part of England's housing mix.

1.5m
There are around 1.5 million fewer social homes today than there were in 1980.

Figure 19: Not even washing its face: estimated change in the social stock between 1980 and 2016/17⁶



Land

Land makes up over 70% of the cost of a new market home.¹⁰ The cost of land is responsible for 74% of the increase in UK house prices between 1950–2012.¹¹ The cost of land for residential building has increased in value by 544% since 1995. Today, this high cost represents a major barrier to social housing delivery.¹²

Both historical experience in the UK and the experiences of other countries with significant social housing programmes suggest that a revolution in social housebuilding should be underpinned by measures to allow public bodies to control the price of land:

- Vienna has kept housing affordable for a century through the city owning much of the land
- Singapore has been highly praised for the way it has promoted housing for all through state leadership in the land market
- Denmark has used Public Asset Corporations to pool public land, and has been effective at capturing the uplift in land values from development

Social housebuilding in the immediate post-war period benefited from legislation which decoupled the land costs for social housing from the costs of land for private housing. This stabilised costs, providing a secure supply of affordable land on which social housing could be built. As a result, high-quality, well-planned developments were built at record speeds. Many are still well-loved by their residents today. This was phased out from 1959, with the Land Compensation Act 1961 and case law adding significant 'hope value' into the price of land.¹³ Compensation for landowners now includes the value of the land along with the value of any planning permissions for market housing it might get in future, making it far more expensive.

While public money has built many social homes over the years since the modern land market was defined by the 1961 act, local authorities have often been forced to compromise on quality, design, and density to cope with escalating land prices. Whenever governments have invested more public money in social housing, land prices have increased sharply because landowners have known they can charge as much as the government is willing to pay.¹⁴ The system-built tower blocks of the 1960s were in part a way of coping with rising land prices by building as many homes as possible on the same amount of land. In 1963, Hackney local authority pleaded that the 'lack of building sites and the ever-increasing cost of site purchase left the council with no alternative but to build higher'.¹⁵

Figure 20: Value of land and its overlying assets in the UK, 1995-2016



Compromises on conditions and quality – and, most tragically, on safety – were made to bridge the gap between land sold at market prices and the ambition to deliver homes at affordable prices. Truly aspirational social housebuilding programmes require rules to make sure land comes into development at a low cost.

Access to land is also a major constraint on social housebuilding in England today. A recent Savills survey of housing associations found that 'availability of land' was by far the biggest constraint on them building more homes.¹⁶ Surveys of local authorities found that 'lack of land' was the leading reason for those not currently delivering housing. For those who were delivering housing, it was the biggest barrier to delivering more (just slightly behind the Housing Revenue Account borrowing cap, which the government recently scrapped).¹⁷

Social housing providers in 2019 either need an unusually affordable source of land – for example, land owned by a public body with an interest in seeing social housing built, such as a local authority – or they must find the money to compete with those buying land to build the most profitable kinds of homes for sale.

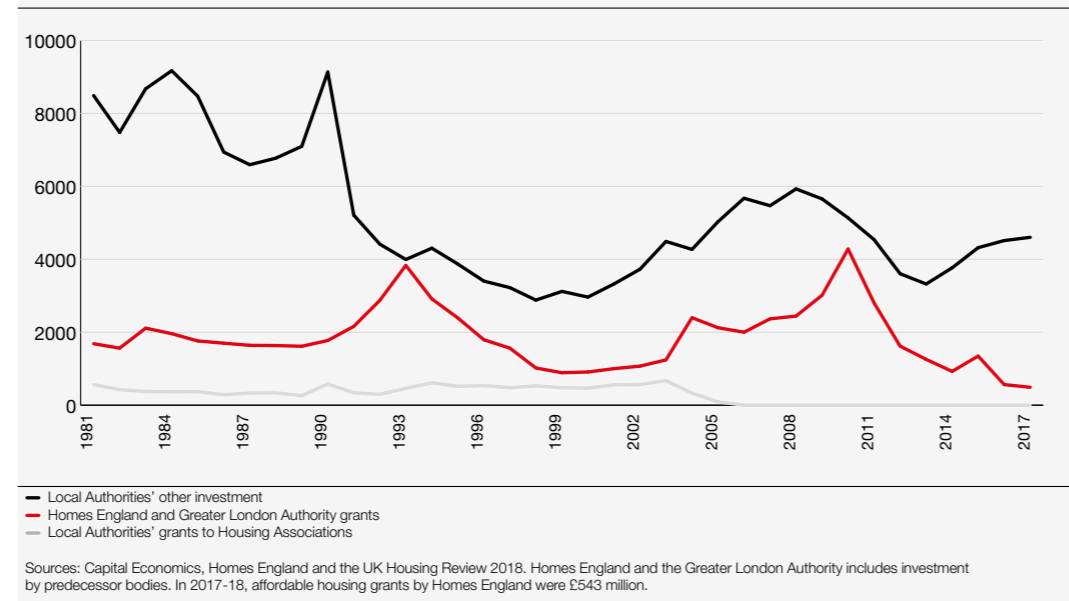
Money

To build social homes, the government uses money borrowed at favourable interest rates to provide grants to social housing providers. These grants cover some or all the costs of building the homes, so they can then be rented out at more affordable prices than the market would provide. Providers can also combine grant funding with other sources of finance and assets such as public land, public or private borrowing or surplus revenues. They can also subsidise social housing with the income from other housebuilding. Over time, the balance has shifted decisively away from grant and towards these other sources. This is partly because the costs of building homes – whether market or social – have escalated, driven by high land costs.

It is also because grant funding has declined over time. Real terms investment in social and affordable housing in the past five years has been less than half of that in the first half of the 1980s and one third lower than in the first half of the 1990s,¹⁸ see figure 21.

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Figure 21: Publicly funded social housing gross capital investment in England (£ billions, 2017-18 prices)¹⁹



As grant has shifted increasingly towards shared ownership and the unaffordable 'affordable rent' homes we discussed above (see figure 22) social housing has been displaced and the delivery of genuinely affordable homes has been compromised in favour of a thin spread of grant across more expensive homes.

The 2011-15 Affordable Homes Programme gave no grant at all to social housing, something that was strongly opposed by sector bodies such as the National Housing Federation.²⁰ The current Shared Ownership and Affordable Homes Programme for 2016-2021 was only expanded to provide some funding for social housing in June 2018.

As a result, while at the beginning of the 1990s grant covered around three-quarters of total sub-market development costs, this fell to 39% after the financial crash, and fell even lower during the Affordable Homes Programme 2011-15.²¹ It is no coincidence that annual spending on housing benefit has more than doubled from £9 billion in 1991-92 to £21 billion now.²² Declining investment in grant for social housing has pushed up housing benefit expenditure – not just because more households have been pushed into the private rented sector, but also because social rents themselves have become more expensive in response to lower grant rates.

The lack of a sustainable and adequate source of funding is at the heart of our current inability to deliver social homes to meet need. In the absence of grant funding, social housing providers struggle to combine finance in ways that meet government and investor conditions, whilst also delivering the social housing people need. They have relied more heavily on other sources of finance, above all on borrowing. During the evidence gathering phase, we heard how government caps on how much local authorities can borrow to build social homes under their Housing Revenue Accounts have acted as a financial straightjacket, preventing them from playing their part in meeting the country's social housing need. In 2018, the government lifted the borrowing cap, letting local authorities back on the playing field as providers of social housing.

While this is welcome, a bigger, better social housing offer cannot be built on borrowing alone. While grant does not generally need to be paid back, borrowing does, and that borrowing is generally secured against existing social homes and serviced by rents. When grants covered most or all development costs, rental income could be deployed on managing and maintaining homes, with rents tending to stay low over time. Particularly in recent years, social housing providers have struggled to service the competing priorities of maintaining and improving existing homes, building new ones – and providing the service residents deserve off the back of a pot of rental income that is, by design, supposed to be restrained to a low level.

£21 bn

Annual spending on housing benefit has more than doubled from £9 billion in 1991-92 to £21 billion now.

Ellie's story

Ellie, 50, lives in Bath with her two sons aged eight and 18. Ellie has been renting from her housing association for 19 years and recently moved into a three-bedroom property, where the rent is at 'affordable rent' level.

'I've been waiting eight years for a three-bedroom property. We've had to share a bedroom since my youngest son was born, and I was desperate for a bigger place so we could each have our own room. When the opportunity to move into this house came up, I obviously jumped at the chance.

The new house is an 'affordable rent' tenancy. I was worried about whether I would be able to afford it, but the housing association did an expenditure form with me and they said it would be okay.

I now pay £189 per week, but there are other people living in very similar properties on our street paying just £110. Now my housing benefit has dropped because my eldest son has started an apprenticeship. When we filled out the expenditure form, no one explained that this would happen, even though I specifically asked if my benefits would change.

I've never been in arrears before, but now I just can't keep up with the rent so they're threatening me with eviction. I've asked if I can move back to my old place which is still empty. Being overcrowded is better than living with this stress.'

'I've never been in arrears before, but now the rent is just so high.'

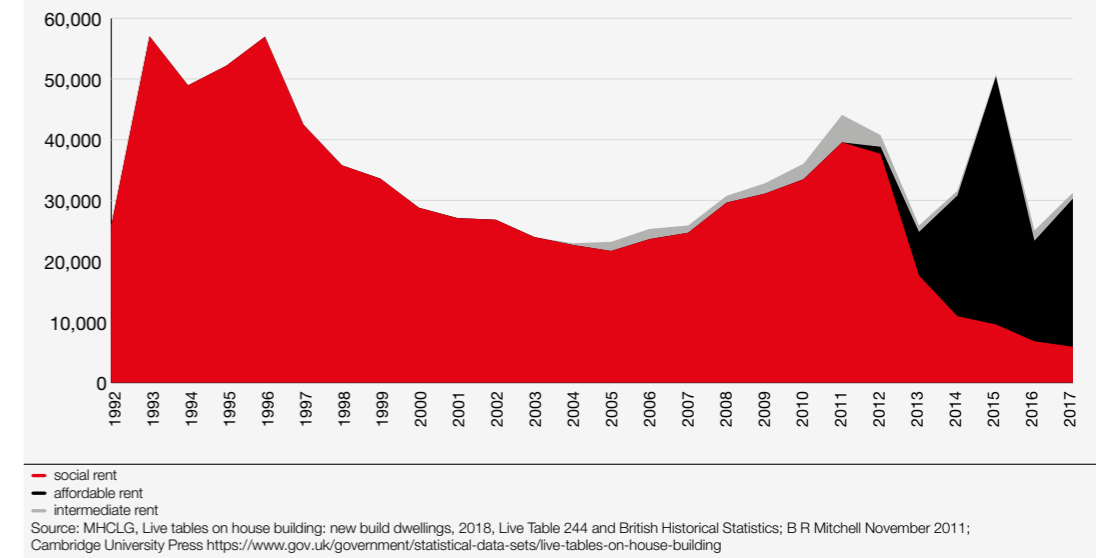
Ellie, who pays 'affordable rent'

7,644 sub-market homes are estimated to have been lost due to permitted development rights over just two years.²⁵



Chapter 3

Figure 22: Social housing and affordable housing delivery over time



x275

Land awarded residential planning permission can suddenly jump in value by 275 times, at the stroke of a planner's pen.

To get social housing on a truly sustainable footing, it is essential that providers have a way to maintain and improve existing homes and provide a good service to residents while keeping rents affordable – as well as a secure source of funding for new supply. Sufficient grant is clearly part of the solution.

Section 106

Declining public investment and the long, slow retreat of legislative support for social housebuilding have choked off access to land and money for social housebuilding. A partial way out of this is provided by Section 106 of the Town and Country Planning Act 1990. As a condition of granting planning permission to build homes for sale or private rent, local authorities can require developers to also build a proportion of 'affordable housing', including social housing – on average around 30%.²³ Land awarded residential planning permission can suddenly jump in value by 275 times, at the stroke of a planner's pen.²⁴ The idea of Section 106 is to capture some of this enormous increase in land value and use it to secure community benefits.

The precise number and tenure mix of sub-market housing is negotiated separately for each individual scheme via a Section 106 agreement. This can be time-consuming, costly and frustrating for all involved, particularly as recent years have seen ambiguity added to the process through numerous exemptions and loopholes.

For example, the removal of Section 106 on developments under ten units has slashed sub-market housing delivery on small sites, hitting smaller rural communities particularly hard. Since 2013, Permitted Development Rights have also allowed offices and other buildings to be converted to housing with no affordable element, a measure which the Local Government Association estimates led to the loss of 7,644 sub-market homes over just two years.²⁵

Section 106 is an imperfect mechanism, which on its own will never be the answer to delivering social homes, but it has played an important role in the absence of a bold plan for social housebuilding.

Capacity

Finally, social housebuilding needs development capacity to actually get the homes built; the people and materials to turn the government's visions into reality.

In the mixed housebuilding system which delivered the 'golden age' of social housebuilding from 1945 to 1970, the booms and busts of market supply were to some extent stabilised by social supply. This created a floor on the demand for labour, skills and materials, resulting in a less risky operating environment for housebuilders, developers and planners. In many instances, innovations and new technologies also thrived on this certainty, creating new opportunities to expand development capacity. It is no coincidence that the last time that modern methods of construction made a major contribution to overall housing supply was when local authorities were commissioning large numbers of social homes.

Many social housing providers today have responded to the decline of grant by building more market homes for sale or rent, the income from which can be channelled into social housing. The 'cross-subsidy model' has been part of social housing delivery from its earliest days in this country, but it has undergone rapid growth in recent years. This change has its downsides, leaving social housing providers – and social housing delivery – far more exposed to market risk.

Out of the storm?

After the 2008 financial crash, almost every tried and tested method for financing social housing either dried up or stopped functioning because another source on which it is dependent dried up. A long-term decline in grant levels has increased social housing providers' reliance on borrowing, which has been unable to

make up the gap. Long-term upward trends in development costs – above all escalating land values – have intensified. At the same time, the planning system has become less effective at delivering social housing in the context of declining outcomes from mechanisms like Section 106. Above all, this has been driven by a lack of vision for social housing.

Given this situation, recent governments have been notable for taking small but not insignificant steps to open breathing room for social housebuilding. The cap on local authorities' borrowing under their Housing Revenue Accounts has now been lifted, some grant funding has been made available for social housing, and plans to sell off higher-value council homes have been shelved. Following on the heels of the bleak picture painted above, these measures are likely to amount to more than the sum of their parts, greasing the wheels of a clogged-up system.

However, while welcome, it is obvious that the combined impact of these measures will be nowhere near enough to confront a housing crisis that's been decades in the making. The supply of social housing remains low and fundamentally market-led because of its dependence on cross-subsidy from market housing. While the decision to lift the cap has removed an important barrier to social housebuilding, it has yet to be backed up by a sustainable source of grant funding.

This grant funding for social housing is crucial because it performs a unique function which requires a higher level of up-front investment to achieve. Grant allows rents to be set at a genuinely affordable level, and social landlords to provide long-term stability. As we saw in Chapter 1, this stability and affordability can be life-changing. But the decline in social housing has had wider impacts, as we set out in the next chapter.

Footnotes**Chapter 3**

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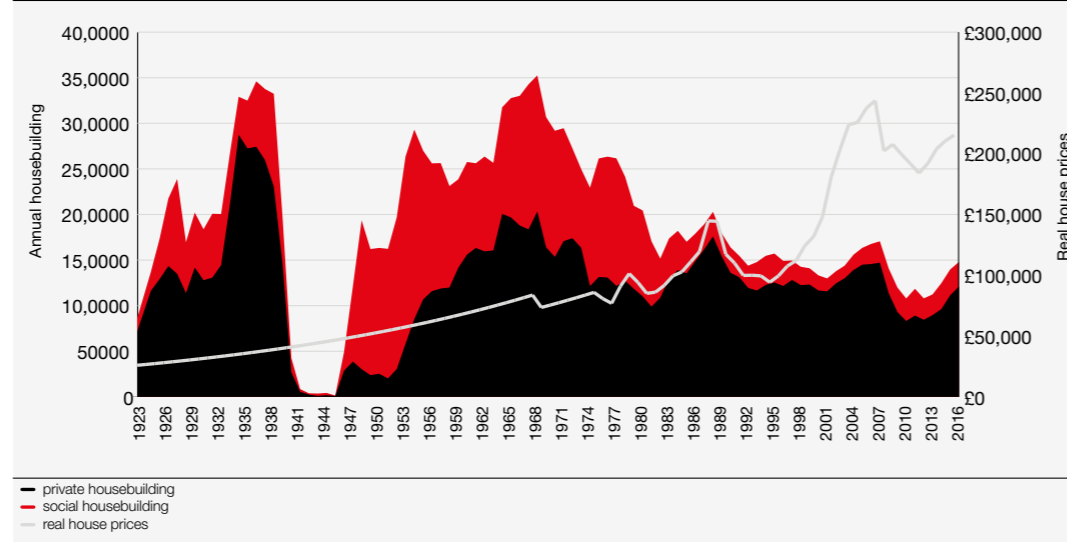


Chapter 4
The consequences
of the decline

4

Chapter 4 The consequences of the decline

Figure 23: House prices and housebuilding by tenure since 1923¹
For a larger version of this graph, see the end of the report



The decline of social housing has had the most significant impact on the lives of the people it's left homeless or trapped in unfit private rental properties. It is felt daily by those on the ever-growing waiting lists. However, it has also had wider effects, including on people who would not think of themselves as needing social housing at all.

England's housing system is laced with interdependencies between the different types of housing, and social housing has historically played a key role within it. The consequences of not building enough social homes has therefore caused problems throughout the system:

- a failure to build enough homes overall
- sliding rates of home ownership
- a negative impact on the remaining social stock
- problems in private renting

If we don't turn around the current social housing shortage, these effects will continue and worsen. More families and older people will be forced into private renting – and homelessness will continue to spiral.

A failure to build enough homes overall
Over the decades, not enough housing has been built to meet Britain's needs. Increasing numbers of households who require social housing are left to compete for a limited number of available properties. At the same time, house prices have increased, fuelled by available credit, rising employment rates and higher household incomes.

Various estimates have been made about how many homes are needed. Kate Barker, who led an independent review into the planning system, states that:

'If the objective over the next five years is to keep the affordability of housing no worse than it is today, or even to lower it a little bit, we would probably need to be building around 300,000 houses a year or in excess of that.'²

Kate Barker, author independent review of housing supply

Figures of around 300,000 per year have now been endorsed by the cross-party House of Lords Economic Affairs Committee, whose members include former chancellors Alistair Darling and Norman Lamont.³ In 2017, the government endorsed this figure and committed to deliver 300,000 more homes per year on average by the mid 2020s. Yet housing stock in England only increased by 222,190⁴ in 2017/18, and yearly increases in the housing stock have averaged only 187,298 over the past five years.⁵

There was a time when new housing supply in England was higher than 300,000. During the interwar period and then from 1945 up until the early 1970s, the level of housebuilding was far higher than it is now, reaching a peak of 352,540 new homes built in 1968.⁶

The main difference between the past and now is the current absence of social housebuilding. All other things being equal, if social housebuilding had continued at similar rates after 1981 as it did in the 35 years before, the rate of average national housebuilding would have been sustained.

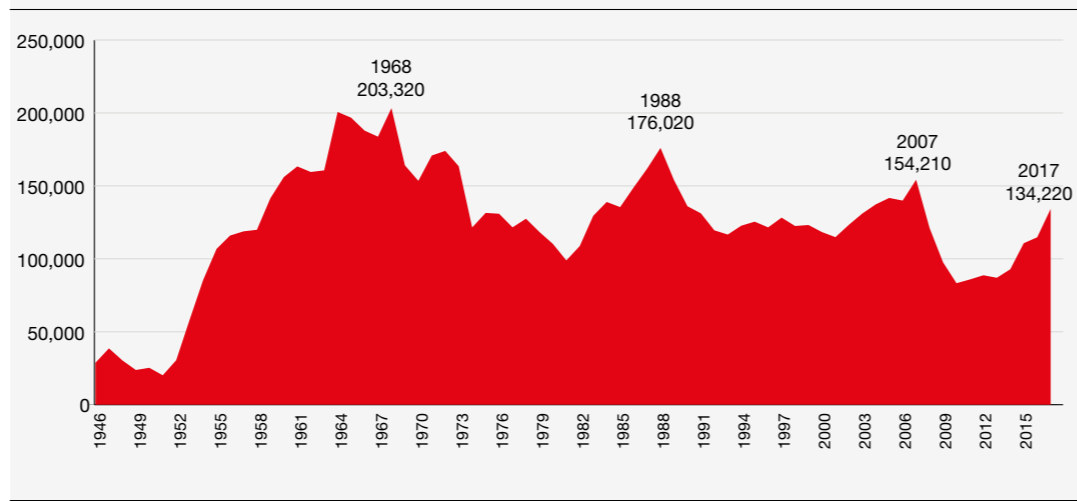
It may have been thought that speculative developers would have stepped in to fill the gap created by the drop in social housebuilding. However, no significant increase in private housebuilding occurred. Despite spiralling prices, volume housebuilders have not responded with anything like an equivalent increase in output. Since 1940, market housebuilding has never delivered more than around 200,000 homes in one year, and the pattern has been for market supply to respond sluggishly to growing prices and drop quickly when prices soften. The result is that each period of growth in market housing output has been shorter than the one before, and each peak has been lower (see figure 24).

The difference that a lack of social housebuilding has made to overall housebuilding⁷

Period	Average annual homes built by private enterprise	Average annual homes built by local authorities and housing associations	Total average annual homes built
1946-1980	121,239	125,861	247,100
1981-2017	123,698	27,209	150,907
Difference	+2,459	-98,652	-96,193

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Figure 24: Market housebuilding since 1946⁸



The market is unable to deliver on its own
There is now mounting evidence and a growing consensus across the political spectrum that the problems of unaffordable housing, slow build out rates, and lack of innovation are inherent in our market housebuilding system. Essentially, the speculative model of development that our market housebuilding system is based on is structurally incapable of building the quantity or type of homes that would bring down prices.¹² If they were to do so, they would undermine their own profitability.

This is, in part, why newly built homes in England cost on average £60,000 more than existing homes.¹³ It is also why the luxury market in London has been oversupplied, with development started on 1.6 luxury properties for every sale between 2015-2016.¹⁴ And, crucially, it is why the market for homes which are affordable to people on ordinary incomes is desperately undersupplied.^{9 10 11}

Cost of land
The necessity to recoup the large cost of land not only forces developers to build for the top of the market, but also to build slowly. In 2018, in a draft independent report for government which reviewed England's slow rates of housebuilding, Sir Oliver Letwin recognised this relationship between the price that a developer pays for land and the speed at which they build housing:

*'Once a house builder working on a large site has paid a price for the land... the housebuilding company is not inclined to build more homes of a given type in any given year on that site than can be sold by the company at that value...'*¹⁵

If market housebuilders were to build homes any quicker than a slow rate, it would risk flooding the market and forcing them to drop the sale price. So, developers only build houses as quickly as they can sell them at high prices. The speed at which they can sell homes at these high prices is called the 'absorption rate'. Building to meet absorption rates is the only way they can maintain their profitability. If we want to achieve different results, we need a different model for building homes.

Social housebuilding is different

Social housebuilding does not suffer from the problem of low absorption rates. With 1.2 million households on the social housing waiting list, due to the pent-up demand for social housing, there is practically no equivalent limiting factor on buildout rates.¹⁶ This was also recognised by the Letwin review when it described demand for social housing as 'virtually unlimited'. It concluded that the markets for private and social housing are separate, and so long as developers are not relying on cross-subsidies to deliver social housing, build out rates are faster for social housing.¹⁷

What's more, social housebuilding appears to have a positive influence on market housebuilding itself. During the post-war boom in public housebuilding, private housebuilding peaked at the same time as social housebuilding.¹⁸ The apparent virtuous relationship between the two sectors is explainable, in part, by the role that social housebuilding may have played in maintaining the health of the private construction industry. Smaller, regional building firms were able to work on contract to the authorities while also taking on speculative developments themselves. This symbiotic relationship may have helped them survive downturns, preserving overall industry capacity and lessening the volatility of the business cycle itself.

Sliding rates of home ownership

In addition to maintaining overall housing supply and relieving pressure on house prices, social housing has also played a direct role in boosting rates of home ownership.

Even before the Right to Buy, social housing was a good platform to get into home ownership. With a low, predictable rent, a secure tenancy and decent living conditions, families in social housing have been in a far better position to build up savings for a deposit than those renting privately. But since its introduction in 1980, the Right to Buy scheme has provided an additional discounted route into home ownership for social renters.

The Right to Buy

Yet the Right to Buy is no longer providing the route to home ownership that it once did. In addition to rising prices, the reduced numbers exercising their Right to Buy is another factor behind sliding rates of home ownership. Although other government schemes have been established to try to compensate, they have failed to fill the gap.

Right to Buy discounts were initially set at up to 50% of the market value of all council homes, but these rose first to 60% and then 70% over the course of the 1980s. The details of discount levels have changed considerably over the last four decades, but today discounts are up to whichever is lower of £80,900 (£108,000 in London) or 70% of market value.¹⁹

The policy has had a significant positive impact on home ownership rates. During the peak years of the 1980s and early 1990s, Right to Buy was responsible for between 10% and a third of those who became first time homeowners each year, with the average being approximately 20%.²⁰ However, the shrinking stock of social housing has contributed to the declining use of Right to Buy, so its influence on home ownership has declined. Last year it made up only 4% of national first-time home owners.²¹

There have been three distinct phases of declining Right to Buy sales, bookended by house price crashes:

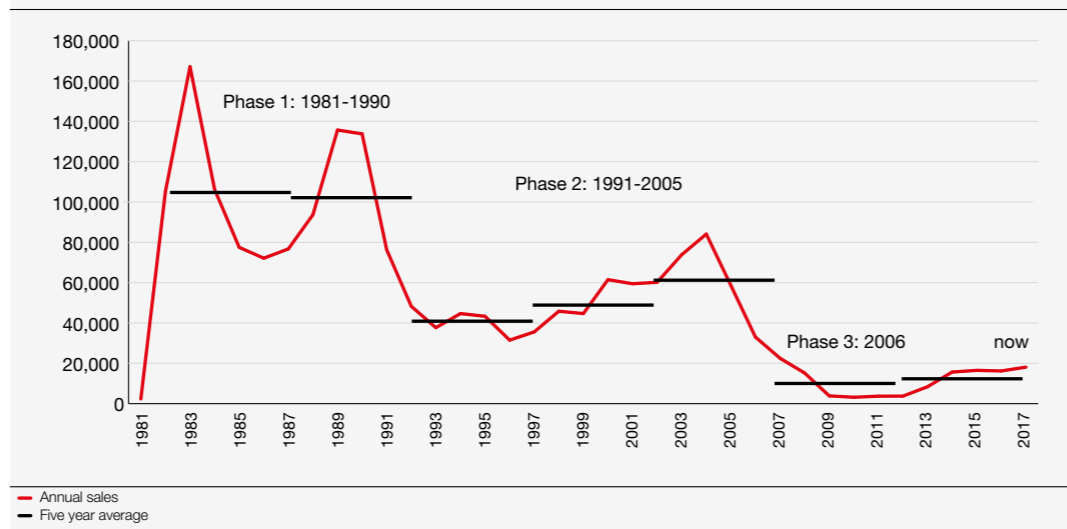
- the first phase was in the decade from the launch of the policy to the 1990/91 crash. Average sales were more than 100,000 homes a year. As many homes were sold through Right to Buy in these first full 10 years as in the 28 years since
- the second phase ran from the beginning of the nineties through to just before the 2008 crash. Average sales for the second phase were almost exactly half the first phase, at just over 50,000 a year
- the third phase has been over the last ten years. Average rates of sales during this period fell to just above 11,000 a year²²

20%

In the 1980s and early 1990s Right to Buy was responsible for an average of 20% of first time homeowners each year.

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Figure 25: Annual Right to Buy sales, 1980/81-2016/17²³



The declining effect of Right to Buy on home ownership rates is due to the shortage of social housing for people to buy. As the size of the stock has declined, there are fewer social renters and they are on lower incomes, meaning fewer and fewer are able to exercise their Right to Buy.

Other schemes have not made up for the Right to Buy
The response of successive governments to the diminishing effect of Right to Buy has been largely focused on developing new lower-cost measures into full home ownership. Chief among these new routes are several measures collectively called 'Help to Buy'.

What is Help to Buy?

In the Help to Buy equity loan scheme, the government lends households up to 20% of the cost of a newly built home (up to 40% in London). Borrowers pay an administration charge after five years, and the loan is repayable at 20% of the market price when they sell or after 25 years, or sooner if they wish. Households need a 5% deposit and a 75% mortgage to make up the rest.

A Help to Buy mortgage guarantee scheme was also previously in place to protect mortgage lenders' losses, and the new Help to Buy ISA pays first-time buyers a bonus on their savings – providing they are used towards a deposit.

£8.9bn

Since 2013, the government has spent £8.9 billion on Help to Buy. It has only spent £2.4 billion on its Affordable Homes Programme.

59%

59% of people who used Help to Buy said they could have afforded the same or a similar property, or a property they wanted, without using Help to Buy.

Help to Buy has been criticised as being expensive and untargeted, as well as causing an increase in house prices. Since it started in 2013, the Help to Buy equity loan has been used by 169,000 households at a cost of around £8.9 billion.²⁴ As an average, this means that 27,155 households a year used this scheme to get a home over the period, far short of the effect that the Right to Buy had on home ownership.

There are serious questions about who Help to Buy has helped and whether many of the sales may have happened without it. Almost 20% of those who have used it were not first-time buyers.²⁵ A significant number had relatively high incomes; over 40% have an income above 50,000.²⁶ Only 15% of households using the scheme earn less than £30,000.²⁷

Furthermore, 59% of people who used Help to Buy said they could have afforded the same or a similar property, or a property they wanted, without it.²⁸ Analysis for this commission suggests that the number of additional home owners produced by the Help to Buy scheme could be even lower. Capital Economics estimate that only 14% of the total Help to Buy sales would not have happened without the scheme. That means that only 24,000 households have been able to get into home ownership because of Help to Buy.²⁹

Finally, Help to Buy's impact on house prices may mean that it has helped a small number of people to buy while making housing less affordable for everyone else. Shelter research has previously found that in its first two years, by subsidising households buying properties, Help to Buy increased house prices by around £8,250.³⁰

In comparison with social housing, the cost of Help to Buy since 2013 is not good value for money. It costs more for every household it gets into home ownership, and every additional home it delivers, than spending on social housing. Given the estimates of Help to Buy's impact, Capital Economics have projected that each additional home built because of Help to Buy has cost the government between £123,000 and £380,000 in equity loan. According to government estimates, social housing costs considerably less, at £72,600 in grant on average per home.³¹

On top of the other benefits of social housing, using government money to build social housing is cheaper per home. And with the Right to Buy, social housing has the potential to help more people access home ownership than Help to Buy. Yet in the time government has spent £8.9 billion on Help to Buy, it has only spent £2.4 billion on its Affordable Homes Programme, with a small and decreasing proportion of the programme being used to build social housing in recent years.³²

A negative impact on the remaining social stock

Lower-income renters living in social housing have fewer housing problems than their private renting counterparts. However, while less common, Chapter 1 showed that some social renters are living with unacceptable housing problems, including:

- issues with overcrowding and poor conditions
- inability to get issues resolved, unresponsive landlords, and a feeling of being ignored
- stigma and a feeling of powerlessness.

We discuss in Chapter 6 how weaknesses in current regulations are responsible for some of these problems. However, the lack of social housing itself is also having a large negative impact on the remaining stock of social homes.

Overcrowding and poor conditions

There is a direct correlation between the shortage of social housing and the number of social renters facing overcrowding. A lack of larger homes has led to some social renting families getting stuck in homes that are too small for them, with no chance of transferring to somewhere bigger. Over 200,000 households currently on social housing waiting lists require a home of three bedrooms or more.³³ Many will already be social renters.

Similarly, the significant pressure that the shortage has placed on the ageing and limited stock of social homes is making an inevitable contribution to some poor conditions. For example, some problems – particularly damp and condensation – are caused or exacerbated by overcrowding itself.³⁴

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Elsewhere, the lack of alternative social homes to move into means that some households are required to stay in homes that otherwise would not be in use. Increasing the supply of new social homes will significantly reduce the pressure on the existing stock and open-up the opportunity to move some households who are currently living in poor conditions to live in a new high-quality home.

Bilbao, Spain

Bilbao is a former ship building town in Northern Spain which has faced deindustrialisation, unemployment and a fall in the population. However, new housing is needed to cope with changing demographics and the demand for smaller units. Since 1994, a policy has been introduced to ensure that 75% of new housing is affordable, at a maximum of seven times incomes. Land for development is taken over by a state-owned land management company, which is a public-private partnership in which the city council owns 25%. The leading role played by the public sector has helped Bilbao avoid the over-supply of speculative housing which has afflicted other Spanish cities.³⁵

30%

Last year, 30% of households moving into social housing were homeless.

Stigma

The shortage of social homes has also played a fundamental part in changing the perception of, and increasing the stigma around social housing and social renters.

There has been a shift from social housing providing homes for a broad cross-section of society to it increasingly only being available to relatively worse-off households. As the number of households in social housing has fallen, this shift, called residualisation, has been significant.

The Resolution Foundation examined this shift, and found a significant concentration of the number of social renting households on below-average incomes over the last fifty years. Between the beginning of the 1960s to 2015-17, the proportion of social renters on less than the average income increased from 62% to 80%.³⁶

Research by the Chartered Institute of Housing also found that whereas in 1979 a substantial number of households in all but the highest income groups were in social housing, today the only substantial number is amongst households on the lowest 20% of incomes.³⁷

Residualisation has also been given its own specific measure, with one study finding that social housing was three times more residualised in 2010 compared with 1970.³⁸

The shortage of social housing has been at the centre of this residualisation. A lack of new social housebuilding, the selling of social homes, the investment instead in new types of government-funded 'affordable housing' (discussed in Chapter 3), and the movement of those who can afford it into home ownership, have all left a smaller number of social homes available for a smaller group of people. These changes have been compounded by:

- **The shortage of social housing has led to increased rationing.** This has meant pressure to prioritise social housing allocations for those in the greatest need, and most going to people on low incomes. Last year, 30% of households moving into social housing were homeless,³⁹ and 63% of social lettings in 2016/17 were to the 20% of households with the lowest incomes.⁴⁰
- **De-industrialisation of parts of the country with high concentrations of social housing** has contributed to issues including empty properties and not enough social housing where there is the greatest need.⁴¹
- **A lack of new social house building and loss of more desirable stock** through Right to Buy has meant a reliance on ageing, less desirable social homes in areas with higher levels of deprivation.

We saw in Chapter 1 how just over half of social renters feel they are portrayed unfairly. The residualisation of social housing has had a profound impact on the way social housing and social renters are seen and spoken about. Although most people in social housing have a positive experience, social housing has shifted from being seen as something in which a wide range of people on different incomes are proud to live, to something that is marginalised. In turn, this stigma has likely led to some social renters wanting to leave social housing, and as we saw in Chapter 1 it has dissuaded other renters from applying for social housing, increasing the residualisation.



'I got in an argument with a neighbour, and the next day I got a note through the door calling me a scrounger. They assumed I didn't have a job because we were the council house on the street.'

Social renter, Birmingham

Residualisation, stigma, and decline have also reduced the political capital of those who live in social housing. As we saw in Chapter 1, only 1 in 10 social renters who took part in our consultation told us they feel able to influence the decisions made by national or local government about their home and local community, and many feel powerless. Even in purely numerical terms, the large drop in the proportion of voters who live in social housing across the country is likely to have made social renters a less politically important constituency. For example, if a greater number of people lived in social housing, there may have been greater public scrutiny and opposition to the barriers to complaint set out in Chapter 1.

Many of the socio-economic changes that have contributed to and reinforced residualisation – such as de-industrialisation – go well beyond the influence of housing policy. Increasing the supply of social housing will not reverse these trends. However, an increase in social housing would open up social housing to a broader range of renters and go some way to relieve the influence that residualisation has on social renters' lives.

Contribution to problems in private renting

The shortage of social housing has also had an impact on the private rented sector's failure to meet the needs of its growing population.

The overall shortage of homes has created overheated markets

Private renting is sometimes characterised as a more 'perfect market' than the home sales market because there are larger volumes of transactions (i.e. there are more new lets on average than sales). Last year there were nearly twice as many moves into a private rented home as there were into an owner occupied home, despite owner occupied homes accounting for over three times as many households.⁴² In theory, this should mean renters have more options to shop around to find a place that meets their needs, with increased competition driving down prices and driving up standards.

But as well as contributing to higher house prices, the overall shortage of housing – resulting from the withdrawal of social housebuilding – has prompted much greater competition for privately rented homes. This has created the conditions for a landlords' market. In much of the country, there are too many renters chasing too few homes, leaving renters with weak bargaining power. Knowing that someone else will be willing to accept what is on offer can mean renters too often feel forced to accept high rents, poor conditions, and unfair terms in tenancy agreements.

This lack of bargaining power is particularly difficult for the increasing numbers of families and older people in the private rented sector who are more likely to need stability. As we saw in Chapter 1, it leads to private renters feeling powerless and unable to complain for fear of eviction and even homelessness.

The lack of a viable alternative and positive influence on practice

The influence that social housing exerts on private renting is not only felt through its contribution to overall housing supply, or lack thereof. As we saw in Chapter 1, overall conditions in social housing are better than private rented housing. An effective social housing sector, where renters could access low-rent homes, secure tenancies, and meaningful redress to resolve issues with their tenancy, could help to set a high standard for housing. If private landlords wanted to attract renters, they would be forced to compete on quality and price – not only with other private landlords, but also with the social sector run on a different business model. This competitive pressure could drive up standards across the board.

An expanded social sector may be able to help in other ways too. As large-scale, permanent institutions, social landlords could help professionalise the rental sector. For example, the housing association Your Housing Group has announced that it will go beyond the legal minimum by offering permanent tenancies to its private renters.⁴³ And as major purchasers of repairs, maintenance, and other services, it can have an influence throughout the supply chain.

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**Paul and Ann's story**

Paul and Ann are in their 60s and recently moved back to England. They had to move out of the first property they rented when their private landlord wanted to sell, and now they're battling their new landlord and letting agent over problems with their current home.

'When we viewed it, we knew that work needed to be done. The electrics were unsafe, there was water falling from the guttering like a waterfall and the toilet sounded like a train going through the flat every time it flushed. We'd been really struggling to find somewhere to rent and the letting agent promised us it would all be fixed before we moved in.

We couldn't move in for the first three weeks because there was no electricity. Eventually, we had to move in because we couldn't keep paying rent on two places, but nothing much had been done. The place was really dirty, and the garden was like a jungle. They only fixed the toilet on the morning we moved in after we begged and begged them.

We've battled our landlord and letting agent since May, and we're still battling. They've given us one week's rent back to make up for the three weeks when we couldn't live here, and they've finally offered us money to pay for some cleaning.

I know people live in worse conditions, but the stress it's caused is immense. My husband had serious heart problems earlier in the year, and this situation has given him severe depression. We'll move out as soon as we can in the New Year, and we're lucky to be in that position. Not everybody has that option.'



'It's just a constant battle and the stress it's caused is immense.'

Paul

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1.17m

Without action, our analysis suggests there will be 1.17m more younger trapped renters in the next 20 years.

Future effects if there is no change in direction

We cannot go on like this. As a commission we recognise that the situation that has arisen was neither planned, nor the result of any clear strategy. Instead it is the product of a series of interconnected trends and decisions. If we do not change course, we face a future of worse outcomes at higher cost. The far-reaching effects of the social housing shortage listed above will continue to be felt and worsen. More people will be stuck in unaffordable, overcrowded, insecure housing. Government funding will be spent on rising housing benefit rather than the bricks and mortar of new homes, and increasing numbers will become homeless.

Rising numbers of families and older people stuck in private renting

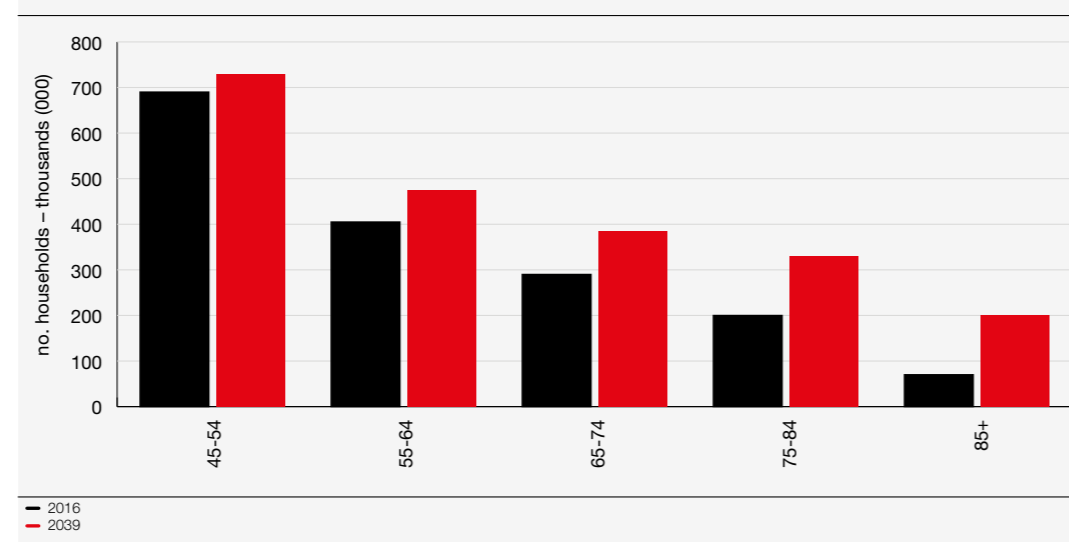
The continuing upward trends in house prices and the land that houses are built on suggest that prices are likely to keep on rising. Home ownership will be increasingly out of reach.⁴⁴ This will make home

ownership increasingly out of reach – the overall number renting privately will increase even further. We are already seeing the growth of a generation of young people who are unlikely to be able to afford to own their home at any point during their lives. This will only get worse for future generations.

With home ownership out of reach and tight access to social housing, the private rented sector will continue to grow among all groups. Without action, our analysis suggests there will be 1.17m more younger trapped renters in the next 20 years.

The general ageing of the population expected over the next two decades means the number of older renters will also increase. 10% of 55-64 year olds and 6% of over 65s are currently renting privately. Even if the proportion of each group stays the same, the number of households over 55 is projected to increase by 39% in the next 20 years, so we can expect to see another 400,000 older households renting privately by 2039.⁴⁵

Figure 26: Projected increases in the numbers in the private rented sector because of increases in the population of older people⁴⁶



277,000

people in England are homeless.

On top of this population increase, if the proportion of older people renting privately increases, the numbers will increase even further. With a generation of people now of working age unable to buy, this looks likely. Among current 45-54-year-olds, 16% are now renting privately, up from 9% ten years ago.⁴⁷ This group is likely to stay in the private rented sector, and the proportion of this age group renting privately, though small to start off with, is growing even faster than younger age groups. The Centre for Housing Policy at York University estimates that by 2040, up to one-third of 60-year-olds will be renting privately.⁴⁸

And older people will be particularly hard-hit. Unlike their peers who own property, they will not have an asset to draw on or the disposable income to enjoy their retirement or pay for care costs. They will also have little chance of raising more income to cover increasing private rental costs. The majority of current private renters (57%) feel that if they were still renting privately when they retired they would be unable to afford to pay the rent on a suitable home themselves.⁴⁹ Ultimately, this means more and more older people living with insecurity and in poor accommodation, with increasing numbers relying on housing benefit.

Rising homelessness

277,000 people in England are homeless,⁵⁰ with eviction from a private tenancy the most common cause.⁵¹ Even more live in unsuitable accommodation, either because it doesn't meet their medical needs or because they are living in very poor, unsanitary or overcrowded conditions. Ultimately, if more social housing is not delivered, these groups will increase in number. More people will have no choice but to live in very poor or unsuitable private rented housing – or to sofa surf, live in temporary accommodation with no home of their own, or sleep rough.

Projections by Heriot Watt University for homelessness charity Crisis, submitted as evidence to this commission, suggest that around 133,000 more households will be 'core homeless' over the next 20 years if nothing changes. A lack of social housing, as well as a lack of housing supply overall, are cited as some of the main factors.⁵²

This increase will contribute to spiralling costs for local and central government, due to higher benefit costs for those in private rentals, greater need for funding for homelessness support, and paying for more expensive temporary accommodation. Analysis by Capital Economics for this commission found that because of increasing numbers of housing benefit claimants in private renting rather than social housing, the government will have to pay out at least £24 billion more over the next 30 years.⁵³

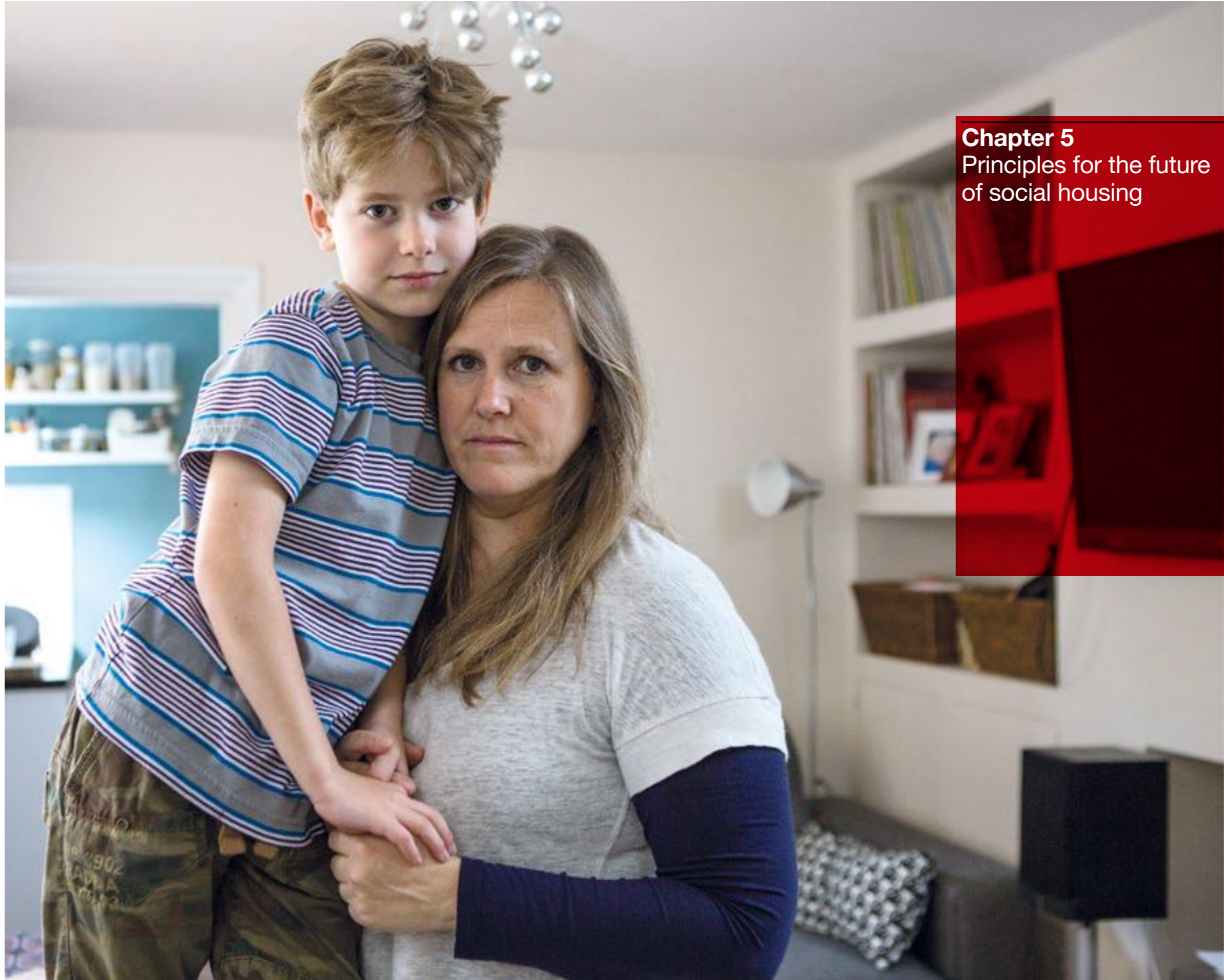
But the most profound effect will be the personal impact on the increasing numbers who are pushed into the tragedy of homelessness.

Throughout our work as a commission, we have sought to understand the personal impact of the housing crisis on people's lives. We are convinced that the lack of social housing is behind our current housing crisis. The devastating impacts on people's lives, and above all else, the tragedy of homelessness, means the continuing shortage of social housing cannot continue.

Footnotes

Chapter 4

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Chapter 5
Principles for the future
of social housing

5

Chapter 5

Principles for the future of social housing

We began this process already united in our conviction that everyone, no matter what their income, deserves a decent place to live. While few would disagree in theory with the importance of a home where people can thrive, in practice there are still too many who are denied this. This situation is the result of state and market failure over many years, and is particularly acute because of the failings in the growing private rented sector.

In the remainder of this report, we outline our recommendations for long-term, transformational change.

This won't be achieved overnight and will depend on cross-party consensus. This is a shared endeavour for the public, private, and non-profit sectors – and as part of this there is a clear role for government to make sure people are provided for, as it does with health and education.

We believe that by seizing the opportunity to develop a new generation of social housing, we have the chance to reverse the trend of decline and give people hope for a better future.

A new vision for social housing must embrace its potential to provide homes for people from all walks of life. It should provide both security for those in need, and also a step up for young families trying to get on and save for their future. We envisage a new generation of social housing providing desirable homes for nurses, mechanics, and others who are struggling in the private rented sector – as well as for those who are homeless, older, or unable to work.

Something that has struck us very forcefully as we have reviewed the evidence is that the sense of stigma associated with social housing pervades this debate. It's totally unacceptable that people should experience any judgement or discrimination based on where they live. We are determined to tackle this through promoting a better social housing sector, and celebrating the enormous benefits of social housing for society – as well as individuals.

Clearly social housing is not perfect, and needs reform as well as investment. It can be too difficult and take too long to get issues resolved, and many social renters feel powerless. Landlords should be transparent and accountable, and treat people with respect and decency. There must be clear recourse for renters when things go wrong, without fear of reprisal – as well as consequences when standards are breached.

Housing is a key national asset that deserves our investment. But we also recognise that our housing system must spend money more wisely. The way public money is used on housing now is shockingly inefficient, and with a change in priorities could be reallocated to far better effect.

Building high-quality homes in the right places is critical to our mission. We are not willing to accept a trade-off between high standards and supply, and we believe in the potential for social housing to provide a foundation for thriving, diverse neighbourhoods – as well as the needs and interests of the people living in them.

'People are having such a hard time in private renting, we desperately need more social housing.'

Marissa

Marissa's story

Marissa, 42, lives with her two children (aged eight and nine) in a two-bedroom flat in Harlow. Marissa has been living in her current place for nine years and it's changed her view of social housing.

'But now I think I'm very lucky to live in social housing. People are having such a hard time in private renting, particularly with the housing benefit cap. There's no security and it's unsettling having to move all the time, especially for families. People need to be able to build up relationships and a sense of community, but how can they do that when they have to move all the time?'

Where I live isn't perfect. But living here means I can do a job that I love, even though it's not well paid, and my children can go to after-school clubs and do activities that otherwise I couldn't afford. There's also a great sense of community – I know all my neighbours and we've set up a cooperative community garden. More people should be able to access homes like this and not have to rely on private renting.'





Chapter 6
Reforming social renting

6

Chapter 6

Reforming social renting

While our research found that most social renters feel they can easily approach their landlords with any problems that arise with their homes (67%), they are more likely than those renting privately to have issues left unresolved.² Despite the clear 'social' remit of local authorities and housing associations, a large minority of social renters feel their landlord is indifferent to their needs, and there is a lack of tenant voice and agency. These renters wanted a more 'human' social housing system which treats residents as people, not numbers. As A Voice for Tenants has commented, 'there is a strong need to make social housing much more tenant focused'.³

'Grenfell is the culmination of the disrespect, the neglect, and the way that we were never listened to and our voice was never important. Grenfell would've never happened if there was some respect, even just some respect for our voice.'

Jacqui Haynes, Head of Lancaster West Estate Residents' Association¹

88%

Research suggests that renters of co-operative housing, which is managed (either entirely or mainly) by its residents, experience the highest levels of satisfaction (88%).

In this chapter, we make recommendations for the reforms which would help create this more humane social housing system; more responsive to the needs of social renters. In doing so, we draw on evidence from innovative countries and cities demonstrating the huge potential of public housing.

We all want to have as much control and autonomy in our homes as possible, which is part of the reason that owning our own home is so appealing. All social renters should have a strong voice in how their homes are managed and maintained.

A strong voice for social renters also matters because they cannot use consumer power to ensure they receive a good service. Tenants shouldn't have to move home because they're unhappy with their landlord's services – and, even if they wanted to, the chronic lack of supply, means they have few options to move elsewhere

'Social housing is not like choosing a doctor – you can't just up sticks and move if your housing association gets a low rating... Much more is needed to put power in residents' hands. We need a new regulation system that will be proactive and fight for residents, with real repercussions for housing associations or councils that fail in their duty.'

Ed Daffarn, Commissioner⁴



There are good examples of residents of social housing having a strong voice, creating stronger communities and saving money.⁵ And residents are happier when they are effectively involved in decisions about their homes. Research suggests that renters of co-operative housing,⁶ which is managed (either entirely or mainly) by its residents, experience the highest levels of satisfaction (88%).⁷ Our recommendations aim to build on the experience of what works.

We recommend five areas of reform to social renting:

- set clearer standards
- ensure speedier redress for individual complaints
- proactive enforcement of regulation to protect social renters
- give residents a voice in landlord governance and decision-making
- give residents a voice in decisions made by national, regional, and local government

The regulation of social housing operates on the principle of co-regulation, which was established in 2008.⁸ Under this system, effective service delivery and the implementation of standards is seen as the responsibility of landlords' boards or local councillors, with the Regulator expected to 'minimise interference'.⁹ Landlords are expected to support renters in shaping and scrutinising performance, and in holding boards and councillors to account.

8 months

The average time taken for a determination by the Housing Ombudsman was eight months.

Set clearer standards

Standards are set for tenant involvement and empowerment.¹⁰ These fall under the consumer standards required of all social landlords.¹¹ The commission heard from national tenants' groups who argue these standards are not being implemented by most social landlords.

These standards set out the expectations of social landlords, but they are not specific. For example, on complaints, the standards set no minimum requirements (e.g. timescales) but state that landlords must 'have an approach... that ensures that complaints are resolved promptly, politely and fairly'. Standards should require landlords to adopt recommendations made by renters or justify why this isn't possible, rather than saying they need to be given 'opportunities to influence and be involved'.

Recommendation

If residents are to be protected and given a voice, there must be clearer standards for social housing providers. The government should direct the Regulator to make consumer standards more specific; setting clear, minimum expectations, such as timescales for dealing with complaints.

Ensure speedier redress for individual complaints

The Housing Ombudsman is the single, specialist ombudsman for all individual complaints about social landlords.

From 2010, the government wanted local councillors and MPs to use their influence to help resolve housing complaints at an earlier stage. They saw that tenant panels could act as an advocate for the complainant by giving advice, providing a review of the way the complaint has been handled, or being more proactive and suggesting a solution.

2011 legislation¹² introduced a 'democratic filter', requiring renters who have exhausted their landlord's own complaints procedure to ask for their complaints to be considered by a local MP, councillor, or designated tenant panel. If renters wish to refer their case directly to the Ombudsman, they must wait eight weeks to do so.¹³

Evidence suggests the democratic filter is ineffective – the Ombudsman itself has called for the democratic filter to be scrapped, after reporting that 93% of complainants simply wait the full eight weeks and then access their service.¹⁴

And even once a referral has been made, there can then be long delays. In 2017/18, the average time taken for a determination by the Ombudsman was eight months,¹⁵ even though resident safety may be at risk. MHCLG's Social Housing Green Paper reports a perception that the process of seeking redress takes too long, with the 'democratic filter' adding an additional hurdle that does not apply to people complaining in other sectors.¹⁶

Recommendation

To make it easier for social renters to get redress on individual complaints, barriers to complaining must be removed. The government should remove the democratic filter for referral to the Housing Ombudsman.

Residents should also receive support in making referrals to the Ombudsman, including to commission independent experts (e.g. fire safety experts or surveyors) to substantiate their complaints.

Recommendation

Residents must be given support with their complaints. The government should extend the Legal Help scheme to cover detailed advice and support to make a referral to the Ombudsman or the Regulator.

Proactive enforcement of regulation to protect social renters

While renters are expected to take individual complaints to the Housing Ombudsman, they can alert the Regulator of Social Housing of serious failures in service delivery if the Regulator will be more able to solve the problem.

'Very few people in positions of power understand what this experience is like. I doubt they've ever had to live in poor housing or know what it is like to feel invisible, like no one cares.'¹⁷

Baroness Doreen Lawrence, Commissioner



Chapter 6

However, the Regulator's stated approach is 'reactive only and therefore we do not have a role in monitoring providers' performance on consumer standards... We do not have a role in resolving individual disputes between landlords and tenants'.¹⁸ The operation of the 'serious detriment test' means that for the Regulator to intervene, tenants' bodies referring their landlords for breaching consumer standards must convince it that all of the following apply:

- there has been a **breach** of the rather ambiguous standards
- that this breach has, or will, result in **serious detriment** to tenants
- there is evidence this is a **systemic failure** rather than an individual landlord and tenant dispute

This places a very high burden of proof on residents' groups. As we saw in Chapter 1, it has led to the Regulator intervening in only very few cases.¹⁹ According to Zacchaeus 2000 Trust (Z2K)²⁰, this reveals a deep-seated culture of taking what landlords say as read, while requiring renters to prove that 'serious detriment' has taken place.

When we spoke to social renters and other organisations, there was widespread appetite for a regulator with more 'teeth'. This is seen as a workable and effective solution to pressing problems in the social housing sector. People said they wanted to see a new regulator working to identify good, as well as inadequate practice by:

- conducting regular inspections of social landlords, resulting in a rating which could lead to intervention if they were found to be failing
- raising awareness of their regulatory role, so that tenant groups know how they can directly raise concerns about their home or community
- investigating complaints of systemic failings from tenant groups
- removing the 'serious detriment' test for intervention or at the very least lowering the conditions for intervention
- taking or recommending enforcement action against landlords who are found to be in breach of consumer standards
- ensuring complete transparency about how they work, the conclusions of their investigations, and the reasons behind these conclusions

Serious detriment test

The social housing green paper says²¹ the government wishes 'to consider a number of possible regulatory changes to enable consumer standards to be enforced in a similar way to the economic standards. This would enable the Regulator to take a more rigorous and proactive approach to enforcement.' As part of this, it will consider removing the 'serious detriment' test if it is preventing such an approach. People attending our deliberative events felt the test wasn't fit for the purpose of enforcing standards that matter to residents, such as disrepair.

Recommendation

Residents should not have to prove they might be at risk of serious detriment for the Regulator to intervene. The government should remove the 'serious detriment' test for intervention, which is a barrier to proper enforcement of consumer standards.

Tenant panels

As part of a more localist approach to regulation, tenant panels have been seen as the main means to scrutinise performance and hold landlords to account.²² In 2011, in response to a series of riots across England, the government announced²³ new training to allow social renters 'to take control of their area; putting them at the heart of proposing solutions, and no longer simply putting up with the problems'.

Social landlords should encourage tenants to establish and join tenant panels, but tenants' groups report this often doesn't happen, and there remains no statutory or regulatory requirement on landlords to establish a tenant panel. There are around 3.9m households living in social housing, yet the Housing Ombudsman currently lists only 93 tenant panels on its website.²⁴ And some tenants' groups we spoke to who had attempted to hold their landlords to account report that their landlord:

- won't recognise their groups
- brand them as trouble-makers, or
- send formal letters requesting they desist in asking difficult questions or approaching other residents for support

To be a 'designated' tenant panel dealing with complaints, the panel must be 'recognised' by the landlord. There is no guidance on what is required to achieve recognition. Grenfell Action Group could not gain landlord recognition because their landlord argued there was already a residents' group for the wider estate.

The powerlessness and lack of influence social renters feel, coupled with the lack of resources and barriers to effective involvement and resolution of issues, may be putting people off getting involved. Sharon Hayward, coordinator of the London Tenants Federation, believes the complaints system is currently so dysfunctional that 'I think people are giving up and getting frustrated'.²⁵ The Hackitt Review into building regulations following the Grenfell Tower fire²⁶ pointed out the need for a culture change, recommending that the good practice that already exists should become the norm across the whole sector.

Recommendation

Tenant panels should be encouraged and taken seriously. The government and Regulator should require landlords to actively support the formation of tenant panels and share good practice on how this should be done.

Recommendation

Any group of residents (whether recognised by their landlord or not) should be able to refer their concerns directly to the Regulator where they have common concerns they believe are caused by systemic failings.

Proactive inspection of consumer standards

Even where renters are very well-informed and volunteer lots of their time (and often money) to improve their housing and communities, they cannot be expected to be the main means of enforcing standards.

In his 2007 social housing review, Martin Cave²⁷ rightly identified that social housing needs strong regulation because it is 'a system in which tenants cannot switch and are put at risk of poor treatment by providers, which face limited pressures to offer good service and choice, or even to operate efficiently'.

The social housing green paper recognises 'there is a powerful case for strengthening the Regulator so it not only focuses on the governance and financial viability of housing providers, but also on how residents are treated and the level of services they should expect'. We agree, and so did many respondents to our consultation.

Recommendation

Social housing residents need better protection. Government should require standards of social housing to be proactively inspected, publicly reported and strongly enforced by an independent regulator, which can hold failing landlords to account in the same way as other public services, such as health (Care Quality Commission) and education (Ofsted).

There should be a review of enforcement powers and a focus on protection of consumers via effective inspection and enforcement of the consumer standards in the same way as other consumer regulatory bodies, such as the Financial Conduct Authority or Food Standards Agency.

Separate consumer regulator

Even with proactive inspection and regulation of consumer standards, there may be problems because this could lead to conflicting priorities for the regulator. A regulatory focus on the growth and sustainability of the sector may crowd out regulation to protect residents. We looked at what is used in other sectors with similar potential conflicts, like financial services.

Due to perceived regulatory failure during the 2007/8 financial crisis, government decided that the prudential regulation of banks should be separated from regulation of service standards and the protection of consumers. The Financial Services Authority was abolished, and its responsibilities split between two new agencies.

The Financial Conduct Authority became responsible for protecting consumers, enhancing integrity and promoting competition. The Prudential Regulation Authority of the Bank of England took on prudential regulation. At the heart of this regulatory reform was the insight that it is difficult for regulators to play a dual role, both overseeing the economic sustainability of a sector and its treatment of customers. One role will inevitably crowd out the other in terms of organisational priorities, knowledge, and skills. In social housing, consumer standards regulation has taken second place to financial regulation of social housing providers.

Recommendation

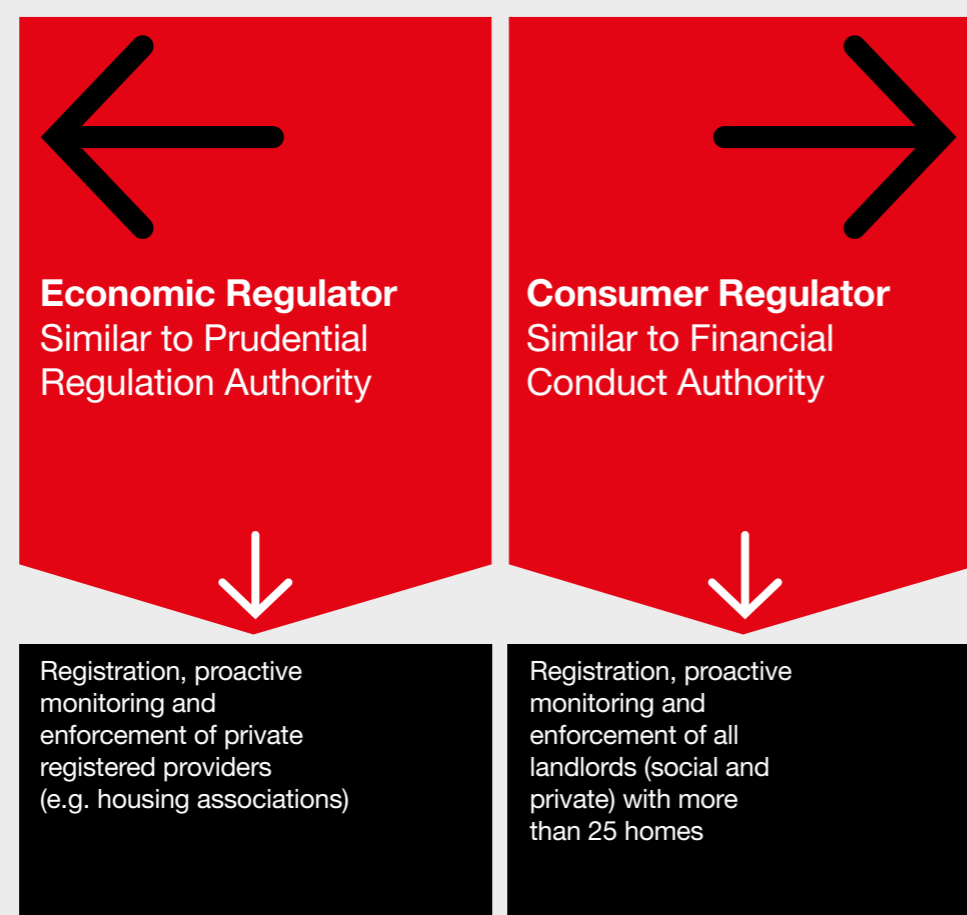
The government should create a new regulator to protect social renters and ensure their voices are heard. This separate consumer protection regulator (based on the model of the Financial Conduct Authority) should operate alongside a slimmed-down Regulator of Social Housing (operating on the model of the Prudential Regulation Authority), focused on its core economic brief, see figure 27 on the next page.

3.9m

There are around 3.9m households living in social housing, yet the Housing Ombudsman currently lists only 93 tenant panels on its website.

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Figure 27

**Proposed system of regulation,
with new consumer regulator****40%**

Up to an estimated 40% of housing units in Copenhagen are co-operative.

Give residents a voice in landlord governance and decision making

As well as becoming less able to challenge their landlords, it is reported that fewer social renters are involved in governance and decision making. Zacchaeus 2000 Trust (Z2K) and TAROE Trust²⁷ told us that in their experience, many housing associations used to include a significant number of tenants and leaseholders amongst their boards, but many larger housing associations have ended this good practice, focusing less on attracting tenants and focusing instead on getting people with the right 'skills' to help them manage increasingly complex organisations.²⁹

A reduction in involvement in governance contrasts with other European countries, such as Denmark and Austria, which have a large, co-operatively governed social housing sector.³⁰ The idea of co-operative housing was pioneered in Denmark to enable groups of people to own their homes but to share common facilities, such as eating together on a regular basis. This is helped by grants from the city councils. Up to an estimated 40% of housing units in Copenhagen are co-operative.³¹ The tenant's participation statute in Vienna, Austria³² sets the terms of cooperation between the City of Vienna and its tenants. The statute ensures tenant participation rights with regards to maintenance costs, common utilities, and housing management; allowing control and ownership for residents.

Research³³ shows the social and community benefits of co-operative and mutual housing models, and highlights how they can help with accountability. Such models are gaining recognition in England:

At the Community Gateway Association³⁴ in Preston, tenants can influence what happens to their homes and communities as well as the services provided. They are represented on the association's board, on the Gateway Tenants' Committee, in service action groups and through ongoing, direct contact with staff and other residents.

Rochdale Boroughwide Housing,³⁵ which operates more than 13,500 homes, is the UK's first tenant and employee co-owned mutual housing society. The representative body sets out the strategy and direction, and is responsible for appointing the board of directors.

Merthyr Valleys Homes,³⁶ which owns and manages over 4,200 homes across the borough, is a mutual housing association. It's the first in Wales to allow both tenants and employees to become members and own a share in the organisation.

The social housing green paper³⁷ says the government is 'considering a new stock transfer programme to promote the transfer of local authority housing particularly to community-based housing associations'. In our view, any such changes to the management of people's homes must be triggered by residents and voted on by residents.

Recommendation

The government should compile good practice on cooperative and mutual social housing models. However, local proposals to transfer existing homes to such models should only be triggered by residents and should only happen if the majority of residents vote for it.

Give residents a voice in decisions made by national, regional, and local government

The voice of social renters should not only be heard by their landlord but at all levels of government where decisions are made that affect them.

As the National Federation of ALMOS set out in its written submission, the purpose of 'tenant engagement is the transference of power from organisations to tenants and communities, and as a result, better outcomes for those tenants, communities and organisations'.³⁸

The Cave review³⁹ recommended there was 'an overwhelming case for the establishment of a national voice for tenants of social housing providers because, while existing tenant representative groups did good work, there is the need for an expert advocate in the many strategic policy discussions that shape the professional housing agenda'. In response, after engagement with social renters and national tenants' organisations,⁴⁰ the National Tenant Voice (NTV) was launched in February 2010. However, only a few months later in July 2010, NTV was abolished by the new government. This means social renters do not have a nationally recognised route through which to influence government policy.

Nonetheless, good practice exists at a local level. Newcastle Independent Tenant Voice was established in 2016 as a way of involving residents in the policy-making process.⁴¹ 26,000 residents and leaseholders are encouraged to share their views on policy changes (such as rent increases or allocation policy) through online surveys, social media, pop-up events, and focus groups in their local communities.

The four national tenants' organisations are now calling for the reintroduction of a national tenant voice organisation like the National Tenant Voice.⁴² They recently conducted a survey of tenants, which found 93% of respondents said that there needs to be a national voice for tenants.⁴³ The Mayor of London has called for government to establish a Commissioner for Social Housing Residents modelled on the Children's Commissioner for England.⁴⁴ The social housing green paper has asked for views on whether there is a need for a stronger representation for residents at a national level.

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**Cloud's story**

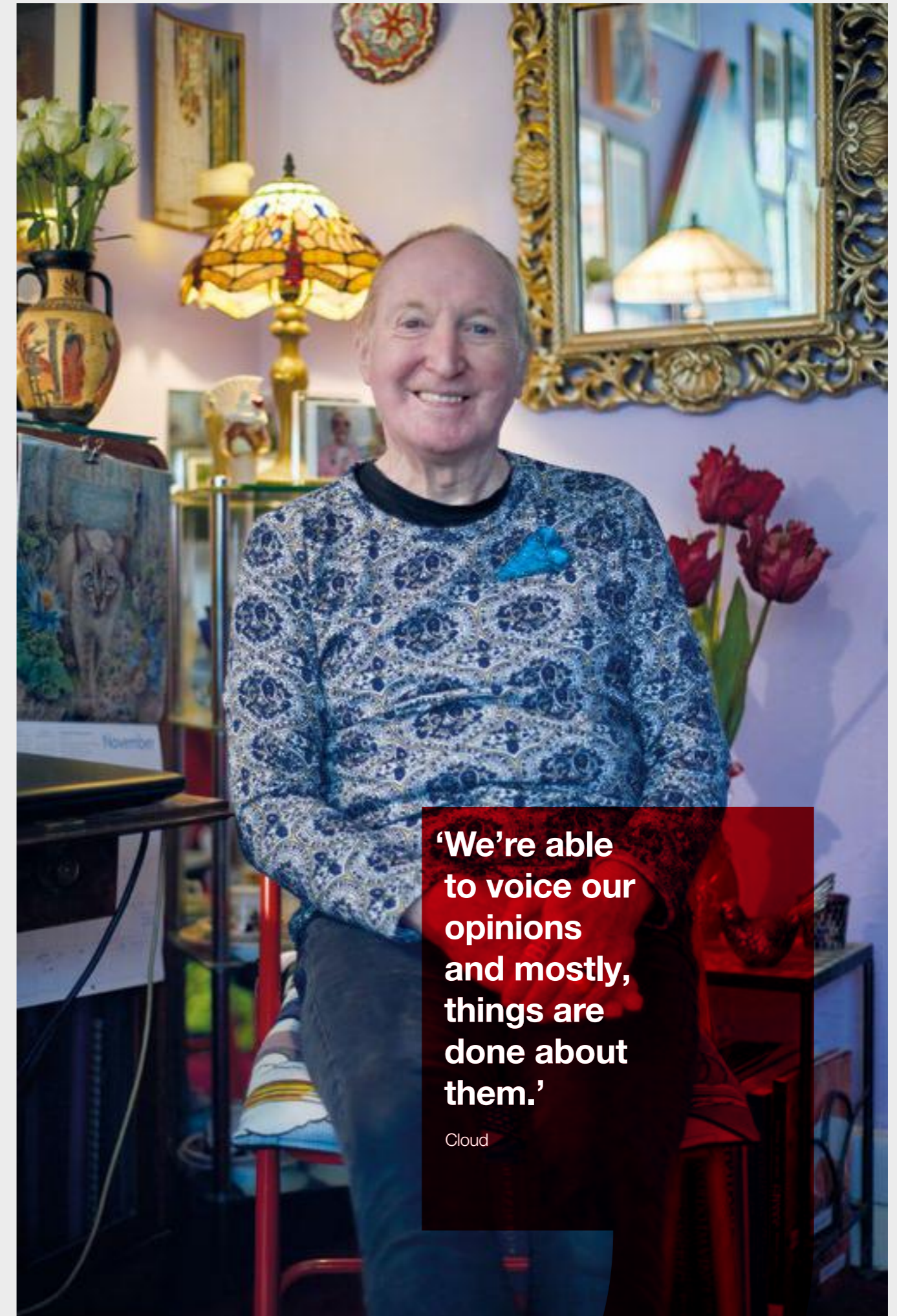
Cloud, 76, lives in social housing in Hackney. The estate he lives in has a mixture of private and social renters and there's an active residents' association through which residents can share their views.

'I'm coming up to my 22nd year of living here now, and I very much enjoy it. It's a very pleasant place to live – it's well-maintained, regularly cleaned and I have lovely neighbours.

There's a residents' association and they hold regular meetings which we can all go to. Whenever there are problems on the estate, the residents' association helps us get them sorted. Someone from the council normally comes to the meetings so we're able to voice our opinions and mostly this leads to something being done.

We get regular updates from the residents' association on what's happening on the estate, which is good, and you can easily contact them if there's a problem. I haven't had to go to them often, but when I have, they were so helpful – like recently, when some scaffolding damaged my garden.

Housing estates have a bad reputation, but in the case of my estate, it's quite unfounded.'



'We're able to voice our opinions and mostly, things are done about them.'

Cloud

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Recommendation

Residents of social housing must have a voice with national, regional, and local government. Government should support the establishment of an independent tenants' voice organisation or tenants' union, to represent the views of tenants in social housing to national and local government. It should involve as wide a range of tenants as possible.

This new body could use a variety of involvement methods to:

- collect tenants' views on issues facing them
- carry out and publicise research into these issues
- raise matters with government and other bodies on issues affecting tenants
- inform tenants about services in their area and develop a two-way dialogue with them
- help to develop and strengthen the representative tenants' movement, e.g. grass roots groups

People attending our deliberative events welcomed this idea. However, they were only likely to get involved if they felt it made a real difference. So, the new body would need to be seen to be listened to by national, regional, and local government.

People identified two main barriers to overcome to make it work on the ground:

- **Funding**
People cited budget cuts as limiting participation. But they questioned whether a new resident body could be truly independent if funded by government. So, it's important that the new body is independently funded
- **Inclusivity**
People felt that it would need to be fully representative to avoid 'busy bodies' dominating the agenda. People we spoke to suggested publicity campaigns and tenant welcome packs to raise awareness. They wanted different ways to get involved: online to provide quick and easy access for busy people, but also by telephone or face-to-face for those excluded from online access

Resident voice in estate regeneration

It's also important that residents have a voice where major works are being considered for their homes and/or neighbourhoods, such as estate regeneration and neighbourhood redesign.

Current government guidance⁴⁵ recommends residents are engaged in projects, but this does not go far enough. For example, the London Mayor's Good Practice Guide to Estate Regeneration⁴⁶ recommends that when developing estate regeneration proposals, local authorities and housing associations should always engage openly and meaningfully with those affected by the project from the outset. Residents should be proactively supported to be involved in shaping any proposals that will affect their homes, and throughout the planning and design process.

Submissions of evidence we received from SHOUT and London Tenants Federation⁴⁷ recommend that this would require meaningful community involvement with 'much stronger independent tenant advice when regeneration schemes are proposed (such as independent tenant advisors)'.⁴⁸ Any such regeneration or neighbourhood redesign must have the approval and support of existing residents via a ballot to measure support for a scheme. Schemes involving demolition and redevelopment should maximise the numbers of social homes – and at least guarantee full replacement of all existing social homes on the same terms and conditions, and the right of return for existing residents.

Examples from elsewhere can give us some idea of what a community-led scheme could look like. The Central Govan Action Plan in Glasgow⁴⁹ was initiated by the residents of Govan, due to the frustration at what they saw as the decline and stagnation of Govan Town Centre. Residents persuaded Glasgow City Council to prepare the plan, shared their local knowledge, and helped to implement the plan.

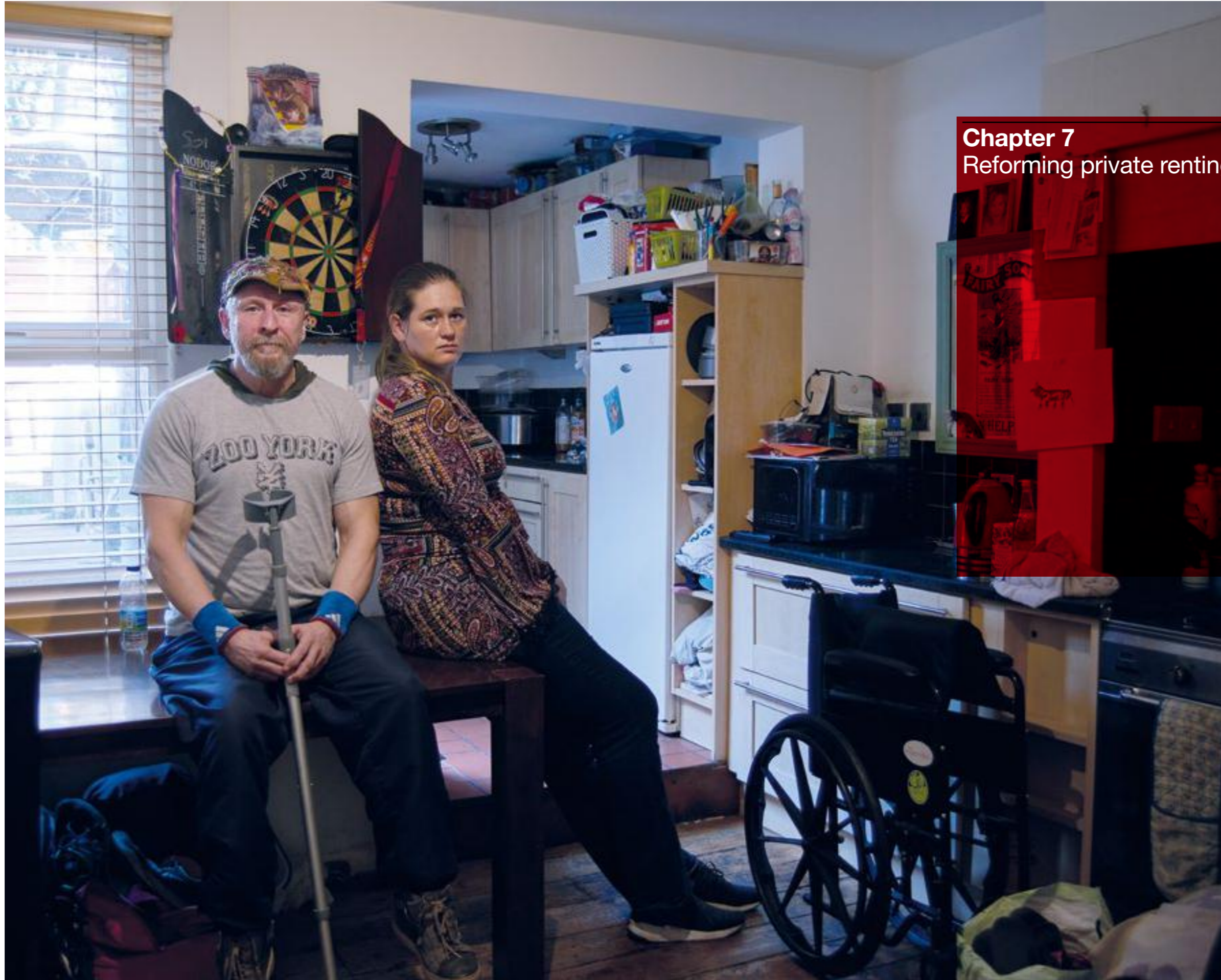
Recommendation

Residents must have a leading voice in major works to existing homes or neighbourhoods. The government's good practice guidance on estate regeneration should be revised to reflect this.

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Chapter 7
Reforming private renting

7

Chapter 7 Reforming private renting

Our focus as a commission is on the future of social housing, and in Chapter 8 we set out recommendations for building more social housing. However, the depth of the problems faced by private renters we revealed in Chapter 1 necessitates urgent action. Improvements to the private rented sector now will make a major difference for the increasing numbers who rent privately, including more and more families and older people. In this chapter we make recommendations to improve standards in private renting through better regulation and enforcement, and to protect private renters from eviction and above-market rent increases.

2.15m

In 2015, HMRC estimated that there were 2.15 million private landlords in the country.³

Other countries have introduced regulation to make the market for private renting work better, but in England, the regulation governing private renting has not kept up with the breakneck expansion of the sector. Our current regulations are relics from a time when private renting was normally only a short-term option and for a small minority. They exacerbate the weak bargaining position that private renters are put in by the overheated market, and they put private renters at risk of exploitation. They need to be reformed.

One consumer regulator for all renters

If we are to expect some private renters to remain and thrive in the sector over the medium or even long term, it makes sense to have a national regulator to act as custodian. Private renters enjoy the protection of national regulators for their energy, water and telecommunications, but have no equivalent to regulate the standards of their homes.

In proposing new regulation for social renters, with responsibilities split between economic and consumer regulation, we have considered whether the consumer regulator could take on responsibility for all rented housing, rather than just social housing.

There are good reasons for such a tenure-neutral approach. Those who rent from private landlords should not expect different standards of service to those living in social housing. And the divisions between landlords operating in the social and private rented sectors are becoming increasingly blurred. Some private landlords are already registered with the existing Regulator of Social Housing, but this is not a requirement. Sometimes social landlords lease properties from private landlords. And several large social landlords now have large private sector renting portfolios and are significant private landlords in their own right.¹ Joint regulators also have international precedent, such as in the Republic of Ireland where responsibility for all private landlords and housing associations were brought under a single Residential Tenancies Board in 2016.²

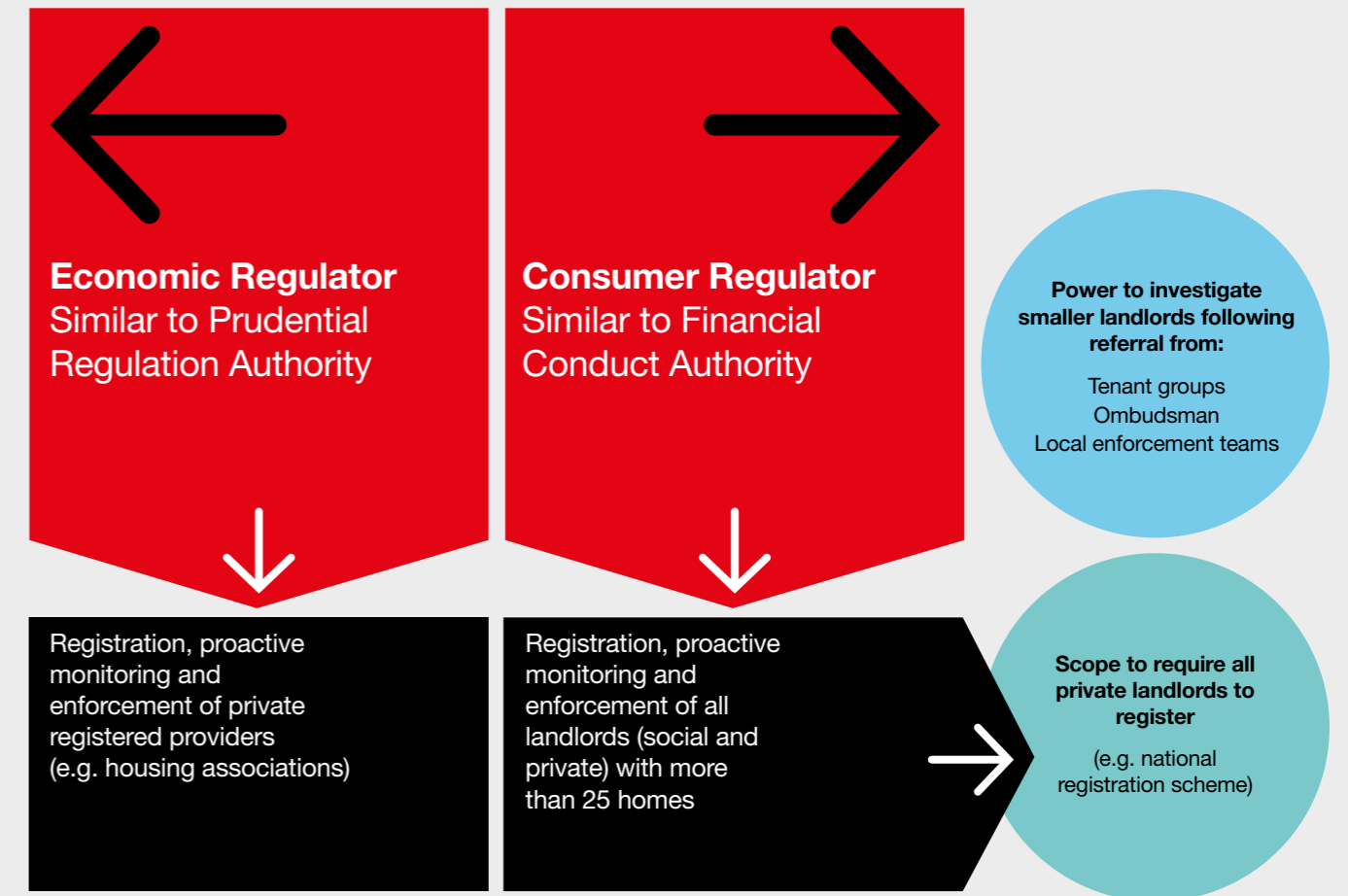
In 2015, HMRC estimated that there were 2.15 million private landlords in the country.³ To limit the administrative burden on both small landlords and the regulator itself, it would be appropriate to initially set a threshold on the size that private landlords must be before becoming subject to the new regulator. For example, the most recent government figures available suggest that setting the threshold at a portfolio of more than 25 properties would mean that fewer than 1% of all private landlords would be subject to the regulator, but more than 20% of all properties would be covered by the regulator.⁴

Whether a landlord owned or managed many homes in single development (e.g. the Olympic Village) or across a geographically dispersed area (e.g. a large buy-to-let portfolio), they would be subject to the single consumer regulator of rented housing. Registered landlords could be subject to cyclical regulatory inspections – as well as quicker, short-notice inspections – and then receive a rating based on a published report.

Recommendation

Government should require all private landlords with over 25 homes to register with the new consumer regulator.

Figure 28
Proposed system of regulation,
with new consumer regulator



Revenge evictions

‘The damp and wet was so bad that the entire bottom floor was unliveable. That was the kitchen, lounge and dining room. The cellar was flooded and the water from this went onto the bottom floor. Mould destroyed a whole brand new sofa downstairs, alongside several coats and other equipment. The electric sockets then stopped working or fritzed in the middle of the water. The letting agency still refused to do anything as they said it would cost too much. It was affecting next door too; the water was that bad. We complained to the environmental health officer and the landlord evicted us.’

Response to the question
‘What’s the worst thing that’s ever
happened to you as a private tenant?’
from polling by YouGov¹⁰

Chapter 7

Clearer standards for all rented housing

While initially, only larger landlords would be required to register with the single regulator, it could also play a broader role in the regulation of the sector. For example, it could set and publish standards for all landlords.

This would help residents of all types of housing understand the level of service they should receive. The regulator could also clearly set out their means of redress, such as referral to an enforcement agency (such as local housing enforcement and tenancy relations services), referral to the Housing Ombudsman or redress scheme (for compensatory redress), or tribunals or courts.

A useful comparison could be made with the model of the Food Standards Agency (FSA). As well as directly inspecting larger establishments, the FSA:

- provides information on food safety and hygiene
- commissions research
- sets and monitors regulatory standards, which are used by local environmental health enforcement officers to inspect smaller establishments

Recommendation

The new consumer regulator should set consumer standards for all private rented housing.

With only large landlords to be directly regulated by the new consumer regulator, local authorities will continue to enforce standards in the majority of private rented homes. Given this, it will be important to get the relationship between national and local enforcement right. For example, if local enforcement services found that a smaller landlord had breached the level of consumer standards required, in addition to taking enforcement action (including any local registration or licencing scheme), they could be required to submit their rating to the regulator. The regulator could then

analyse and review reported ratings to ascertain whether a particular small landlord was regularly subject to poor enforcement ratings, and have the power to inspect.

It will also be important to improve the effectiveness of direct local authority enforcement. In recent years, there have been many attempts to improve the regulation of standards and conditions in private renting. For example, as part of the Housing and Planning Act 2016, the government gave local authorities new enforcement powers to help tackle poor standards in private renting and impose tougher penalties on landlords who break the rules. This includes allowing local authorities to levy larger fixed penalties on private landlords, giving local authorities the power to apply for a banning order to ban landlords from letting out properties if they commit certain offences and the creation of a Rogue Landlord and Agent Database to help local authorities share information about those who commit offences.

While these have been positive steps, resources for enforcement have not grown at the same rate as the growth of the number of private rented homes. Indeed, significant reductions in local authority budgets have hit housing services harder than almost any other area.⁵ This has limited the effect of these reforms and the extent to which any increase in powers could be exploited by local authorities to the benefit of private renters. Some authorities have made good use of new powers, but many have not. Freedom of information research in 2015 found that formal enforcement activity⁶ was ‘rare in many local authorities and non-existent in even more’.⁷

Recommendation

The government should increase resources for local enforcement to tackle rogue landlords and poor conditions, in line with the growth in the number of private rented properties.

Chapter 7

Strengthening private renters' bargaining power

Private renters should not always have to rely on referring problems to a watchdog like a regulator or local authority to get a good deal in their home. They also need to be in a better position to negotiate a deal for themselves. The biggest opportunity for change is increasing renters' protection from no-fault or 'Section 21' eviction (so-called in reference to the section of the 1988 Housing Act that gives landlords the power to evict without a reason). As we saw in Chapter 1, research found that half of private renters who make a formal complaint about their property receive an eviction notice in revenge in the next six months, and many do not complain for fear of eviction.⁸ Other private renters have been evicted for trying to get a good deal in other ways, like 'asking to freeze the rent'.⁹

In most of our neighbouring countries, stronger legal protection against eviction puts private renters in a much stronger position to push for a good deal.¹¹ There are legal protections against no-fault eviction across mainland Europe. And since December 2017, private renters in Scotland have been legally entitled to a permanent tenancy, where they can leave at any point with 28 days' notice, but they can only be evicted if landlords have a legitimate ground for doing so.¹² Giving private renters in England a similar legal protection would strengthen their bargaining power and make it easier for them to complain or challenge, without fear that it will result in them being asked to leave.

The government acknowledges that 'longer tenancies can provide a form of consumer protection, ensuring that tenants can confidently make a complaint'.¹³ The consultation included new proposals for how to deliver longer tenancies to more private renters, and at the time of writing, we are awaiting the government response to the consultation.

The government's proposal for a model longer tenancy¹⁴

The terms of the model tenancy are that:

- it would be three years in length. During this time renters would be protected from no-fault eviction and landlords would only be able to regain possession where they are able to demonstrate grounds (like serious rent arrears)
- the tenant would be able to leave at any time by giving two months' notice
- it would be subject to a break clause after the initial six months when either party would be able to break the tenancy
- rent increases would be limited to one each year. How rent increases would be calculated would also need to be set out when the property was advertised

In addition to improving renters' bargaining power, longer tenancies would make private renting more suitable for some households for the medium term, such as families with children. With a longer tenancy, families would have much greater certainty that they would be able to stay in their home for at least a while and reduce the risk of multiple moves impacting on their child's education.¹⁵

However, while three-year tenancies would clearly be an improvement on the existing rental framework, any fixed duration will create a cliff edge and limit the potential benefit it will have. In terms of consumer protection, a fixed end date will mean that there will

continue to be a period in the months leading up to the end of the tenancy when renters will fear recrimination if they raise a complaint. And for families and older people who want stability, a longer but fixed tenancy will only have a limited impact on the certainty that they will be able to stay in their home. For example, parents may still find themselves forced to move multiple times during their child's education. Following the change adopted in Scotland, permanent, open-ended tenancies are clearly preferable.

Alongside setting out a new model for a longer tenancy, the government's consultation included three options for how to implement the change:

- legal change, to make it a legal minimum for all private renters or a default with an option to opt out
- incentivisation through the tax system, while maintaining voluntary adoption
- promoting voluntary adoption with publicity and education

Anything less than legal change to give all renters protection from no-fault eviction as a legal minimum, with no opt-out, will significantly limit the number of private renters who benefit. Research by the Cambridge Centre for Housing and Planning Research has shown that even with a tax incentive – the strongest voluntary measure proposed – only 46% of landlords would voluntarily offer three-year tenancies.¹⁶ The risk is that those who already face discrimination, such as those on low incomes, would struggle most to find a longer tenancy in such a divided market. It is therefore necessary to introduce a legal change to end Section 21.

To ensure that landlords have confidence in their capacity to legitimately regain possession (such as if their tenant goes into serious rent arrears), this legal change could coincide with a review of court processes and resourcing.

To make a legal change for permanent tenancies effective, private renters would also need additional protection against landlords who try to use excessive rent increases as a way of evicting through the back door. Unlike in many of our neighbouring countries, renters in England have no regulatory protection from above-inflation rent increases – and the process for appealing a market-busting rent is ineffective.¹⁷

Recommendation

The government should protect private renters from no-fault eviction. It should end Section 21 by changing the law so permanent tenancies are the legal minimum for all private renters. It should make sure they are protected from eviction by above-market rent increases.

Beyond permanent tenancies, there are additional reforms that would also put private renters in a stronger position, particularly when it comes to negotiating the rent. In other countries, like Ireland and Germany, private renters have access to reliable, detailed information about rents to help them understand the going rate.¹⁸ Although the Valuation Office Agency publishes tables on local rents, these are only available at broad levels and do not differentiate by housing characteristics.

Recommendation

The government should explore how to introduce more detailed information about rent levels for different property types at a ward level.

Footnotes

Chapter 7

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Lola's story

Lola and her two daughters, aged seven and nine, have been renting privately in Bristol. They recently received an eviction notice from their landlord asking them to leave.

'It's a very worrying time for all of us. I've tried to be positive because I don't want to upset the girls, but it's nerve-wracking knowing we'll have to leave. I suffer from depression and the eviction is making me very anxious.'

Our current flat is in a terrible condition – there's lots of damp and it's freezing in winter because there's no insulation. In some ways, it's probably a good thing for us to leave, but I just know we won't be able to afford anywhere else nearby.

I've been bidding on social housing since I received the eviction notice in March, and I've also made a homeless application. I don't want to be forced to move a long way from where we are now. With my depression, I want to make sure we stay near my parents. I also don't want to have to move the girls to a new school – I know they would adapt, but I think being homeless is enough for them to deal with.'



'It makes me very anxious, I just worry all the time.'

Lola



Chapter 8
Building more social housing

8

Chapter 8

Building more social housing

The central message that has come through to us most strongly over the course of the commission is that the biggest problem with social housing is that there simply isn't enough of it.

Building many more social homes is the only way to address the current mismatch between demand and availability, which has left 1.2 million people stuck on waiting lists.¹ But the benefits of new social housing are felt much more widely. New social housing can play a vital role in supporting overall levels of housing supply and standards (and a healthy economy), while meeting a range of housing and social needs. It will:

- help to address the stigma that has been brought about through the residualisation of social housing
- improve the experiences of those living in social housing, who need more choice over where they live – and the ability to move on from unsuitable, overcrowded homes
- reduce the spiralling costs of housing benefit

It is the only credible hope that government has of reaching its target of 300,000 new homes a year.

In this chapter, we set out the full cost-benefit case for building much more social housing – and make recommendations on the reforms required to deliver it.

However, we also believe that we need to forge a new, expanded consensus on what and who social housing is for. We believe this is the only way to give hope to the ever-increasing numbers of people in need of social housing – from those who are homeless, to the younger families and older people with no other option than unaffordable, poor quality, and insecure private rented homes.

Our vision for expanding the supply of social housing

A fundamental shift is needed in how we think about social housing. In the post-war period, politicians of both parties – from Macmillan to Bevan – saw public housebuilding as an investment. They espoused the idea that it should help meet people's aspirations, as well as their needs. From this height, new social housing has slowed to a trickle of just 6,000 a year.

Our vision is for a return to this more ambitious understanding of social housing's purpose. This is an investment in the future of the nation – with challenges from changes in employment to the ageing society, we need a new cross-party consensus to invest in enough social housing for the next generation. The offer of a social home needs to be extended to groups that wouldn't currently expect to be able to access social housing. It should provide both security for those in need, and also a step up for young families trying to get on and save for their future. Our estimate of the number of new social homes the country needs reflects this. We believe we should be building not only for those who are worst affected by the housing emergency, but for a broader group who are being failed and would be better off in a social home.

This extended vision for social housing would see us building new social homes for:

- **those in the greatest need** – households who are most acutely failed by the current housing emergency. They include homeless households, those with a long-term impairment or health conditions, and those who are living in poor or overcrowded conditions. Without the security of social housing, they face long waits for a home that is affordable and meets their essential needs. Many are failed entirely. For them, social housing is essential
- **older private renters** – with no other option, a growing number of older people on lower-than-average incomes are now renting privately. Without more social homes, they face high housing costs and insecurity beyond retirement and risk facing ill health or impairment without being able to make necessary adaptations to their home. For these renters, social housing is the opportunity to have a decent old age; free from major money worries or being forced to move home
- **younger, trapped renters who will never afford to buy** – these are younger households who will never be able to buy a home. As things are, they will remain trapped in insecure and unaffordable private rentals, facing the prospect of raising a family without a stable home. For these renters, social housing is the opportunity to put down roots, save for the future, and build a good life

With no action, we expect to see 3.1 million households failed by the housing market over the next 20 years². They deserve better – a social home is their only realistic chance to get secure, affordable housing. Our vision is for these households to have this chance.

Figure 29
3.1m households need a social home³

1.27m

Those in greatest need

631,000⁸ In hazardous conditions

240,000⁷ In overcrowded accommodation

194,000⁹ Living with ill health or disability

128,000⁶ Rough sleeping and hidden

79,900⁵ Homeless and in temporary accommodation

1.17m

Younger trapped renters

691,000

Older renters

300,000

Building more social homes is the only hope government has of reaching its target of 300,000 new homes a year².

Chapter 8

Case studies:

The three groups who would receive social housing.

Those in greatest need, such as homeless or disabled people and those with a long-term health condition

Anthony's story

Anthony, 62, lives with his partner Lisa, 11-year old stepson and four-year old son, in a privately rented property in Chesham. Anthony is disabled as a result of having polio as a child, and his eldest son has autism and Attention Deficit Hyperactivity Disorder (ADHD).



'I find it difficult to get in and out of the house because there are steep steps up to the front door which I've fallen down several times. We have a two-bedroom house, but I have to sleep downstairs because I can't get upstairs. My youngest son sleeps downstairs too – it's difficult for the boys to share a room as my stepson is autistic and he needs his own space. So we both sleep downstairs and have to use a portable toilet.

Our rent is £1,000 per month and we're in terrible debt. My partner works full-time as a lorry driver and because her income takes us over the earnings threshold, we're not entitled to any housing benefit. We can't move to a cheaper property because we can't afford the moving costs. We're on the waiting list for social housing but that's gone nowhere, despite letters from our GP.

Why is it fair that some people have social housing, and some don't? It's such a shame.'

'I want a better life, that's all I want.'

Anthony

'Renting privately leaves you feeling so vulnerable... after what I've been through, I'm never going to feel secure.'

Vicky

Younger trapped renters who will never afford to buy

Emma's story

Emma, 35, and her husband Rob, 36, have raised their three children in rented properties. They've been forced to move home 11 times in 16 years.



'We'd love to save a deposit to buy, but every time we've started saving something has happened – my husband's been made redundant, or we've had to move because of a rent increase.

We feel lucky that our children haven't had to move schools, but they do get anxious about when we will have to move again. Her younger brother is on the autism spectrum and he's very particular about his belongings so moving is very hard for him too.

I just feel so let down. Sometimes I think "what's the point of life?" We're not getting anywhere. Shared ownership is a lot of money and Help to Buy isn't targeted at us either. We could save a bit, but it would probably take us 30 years to save the deposit we'd need. We're both heading into our late 30s, so that's going to affect the mortgage we can get soon, too. The whole system is so wrong. Unless you've got parents who can lend you the deposit to get on the housing ladder, or are young enough to live at home rent free, what hope have you got? We need a rent to buy scheme suitable for families. But until then I will just keep working hard and hope that once I qualify as a teacher next summer, that will help.'

'The whole system is so wrong. Unless you've got parents who can lend you the deposit to get on the housing ladder, what hope have you got?'

Emma

Older renters with no other option

Vicky's story

Vicky is 73, but with no option other than private renting, her retirement years have been anything but restful.



'I had been renting a flat on the North Circular for about four and a half years. The owners were rich, but they kept putting the rent up. I was on housing benefit, they knew what the council cap was and that once they went over it, I couldn't afford to stay. I couldn't challenge it. When the letting agents refused to let them increase the rent again, the owners said they were going to sell up and evicted me.

I went to the council. I had to fill out a horrendous amount of paperwork. The council kept getting it wrong, the website kept crashing. It felt like they just didn't care. I was moved into temporary accommodation in Tottenham. But even then it took nearly nine months for the council to accept I was homeless and put me on the social housing list. The temporary accommodation was a nightmare. The drug dealers, the fighting every night, the schizophrenic bloke in the room upstairs... I nearly threw up just thinking about it.

I'm now back renting privately and have a one-bed place. It's £880 a month and there are problems, but I'm grateful to have it. Renting privately leaves you feeling so vulnerable. It's not stable, and after what I've been through, I'm never going to feel secure. If the council came to me and said, "we've got a place for you", at least I'd feel more in control of my life because I know they aren't going to turn around and put my rent up to £1,200 a month.'

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Recommendation

Government should deliver enough social homes over the next 20 years for the 3.1 million households who will be failed by the market, providing both for those in need, and also a step up for young families trying to get on and save for their future.

Who should we build social housing for?

Those in the greatest need

Those in the greatest need are losing the most from the housing crisis. Existing rules already prioritise them when deciding who gets social housing, but there still isn't enough. The rules require that social housing be allocated with consideration to 'reasonable preference'. In simplified terms the types of people that might be given reasonable preference are homeless, living in very poor or overcrowded conditions, or need to move on medical grounds.¹⁰ To understand the number of social homes that we need just for those in greatest need, we have estimated the number of existing households with similar needs to those who should have 'reasonable preference' today yet do not have a social home. This comes to 1.27 million households. These people are being failed by the lack of social housing, despite a duty to give them reasonable preference. In estimating their number, we recognise that households move in and out of these categories – either because they are fortunate enough to secure a social tenancy, or because their circumstances change. However, though the figure may change slightly, the overall size of this group currently without a social home can be taken to represent the number of social homes required.

Other categories of reasonable or additional preference – such as people who are homeless due to domestic violence, and homeless ex-servicemen and women – are included within the numbers of homeless households.¹¹

Older private renters

As we have seen, older households who rent privately face a range of challenges – including insecurity, increasing rents, and struggling to get necessary adaptations made to their homes.

10% of 55-64 year-olds and 6% of households with renters aged 65 and above are now renting privately. Assuming these proportions stay the same, we have estimated how many older households will be in private renting in 2039 using official projections of household¹² numbers.

This is likely to be a conservative estimate, given that these proportions are likely to increase due to worsening affordability.

We have only estimated need based on those on lower incomes (under the national median income), who are more likely to be trapped in private renting long-term as the only available option, rather than by choice. Two-thirds of older households (65%) in the private rented sector have an income below the national median. Assuming income distributions stay the same, by 2039 this will equate to 691,000 households. It is this group who we believe would benefit from the security, affordability, and support that can be offered through social housing.

Younger trapped renters

Young people today are less likely than previous generations to ever be able to buy a home of their own – these people are now trapped renting privately. Even with the reforms we set out in Chapter 7, without more social homes this expanding group will be forced to compete for increasingly unaffordable private rentals, with uncertainty over rent increases and security. Some will face very poor conditions, overcrowding, and the devastating consequences of a shortfall in housing benefit.

Core to this commission's vision is that the supply of social housing should be increased to such a level that it can provide a realistic option for these young households, many of whom will be working, and will have children.

'Politicians cannot look young people in the eyes and honestly tell them that everything will be OK if they just work hard. Our broken housing market has become a major barrier to social mobility.'

Baroness Sayeeda Warsi, Commissioner¹³



In Chapter 2, we described the growth of this cohort of private renters who might, in previous generations, have become homeowners or had access to social housing. The Resolution Foundation estimate that renters born in the 1950s and 60s had a 69% chance of becoming home owners by the age of 40. This proportion has fallen since the 1980s, with bigger financial hurdles to overcome.

Of those born in 1986,¹⁴ now aged 32, between 43% and 56% may be able to buy their own home. This is in the region of a 19% drop compared with the baby boomer cohort. This range of projections builds on research which suggests that the age of 40 is a crunch point for would-be homeowners. If you have not been able to buy a home at this age, your chance of doing so in the future becomes substantially smaller because it's less likely that you will be able to pay off your mortgage before retirement.

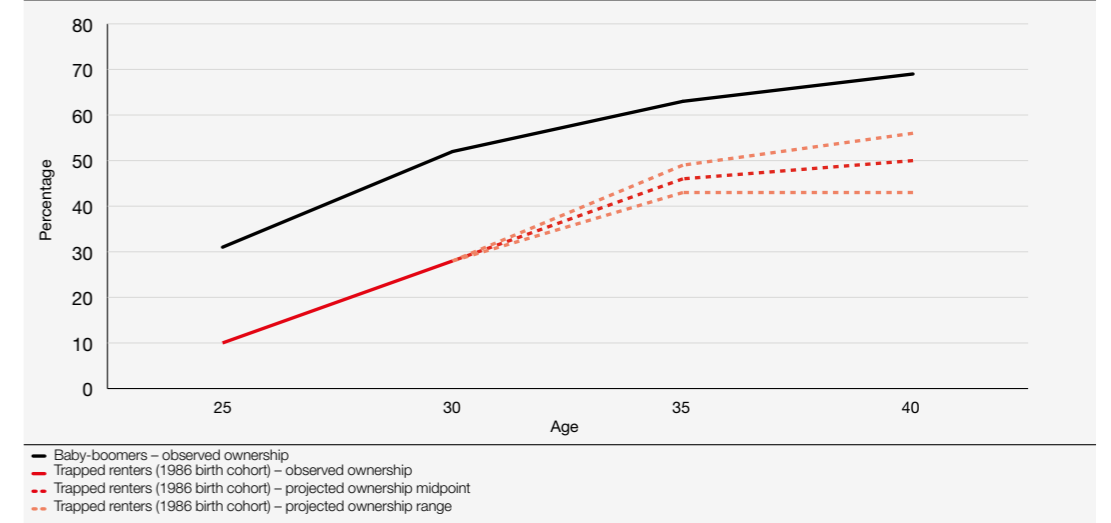
This research suggests even average earners will be priced out of ownership. The Resolution Foundation projections suggest that for trapped renters aged 30,

the average pre-tax income is around £25,000 per year.¹⁶ And a large proportion are expected to be families with children. These households need a realistic alternative to renting privately.

To determine how many social homes this group needs, we have identified the size of the gap between ownership rates achieved for baby boomers and projected for cohorts of trapped renters (19%). We have taken a mid-point projection of home ownership between the range of scenarios presented in the Resolution Foundation's research. We have made reasonable estimates of the flow of young people turning 30 who are likely to form households over the next 20 years, using population projections, and assumed an average household size consisting of two adults.¹⁷

To provide social housing for 19% of the households who will reach the age of 30 over the next 20 years – i.e. our younger trapped renters – will require 58,350 social homes each year, or nearly 1.17 million homes over 20 years.

Figure 30: Ownership rates for baby boomers (observed) and trapped renters (predicted)¹⁵



3.1m

Enough social homes are needed for the 3.1 million households who will be failed by the housing market over the next 20 years.

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‘We must make a profound and generational shift away from a belief that housing benefits alone can solve this problem, and back towards investment in bricks and mortar and a view that affordable housing is a national asset like other infrastructure.’



Lord Jim O'Neill, Commissioner¹⁹

Figure 31: Population projections and trapped renter estimates

	Single year average	Total over 20 years
Number of individuals reaching 30 between 2019-2039	614,000	12,287,000
Estimated number of Households (2 adults)	307,000	6,144,000
Estimated number of 'trapped renter' households (19%)	58,000	1,167,000

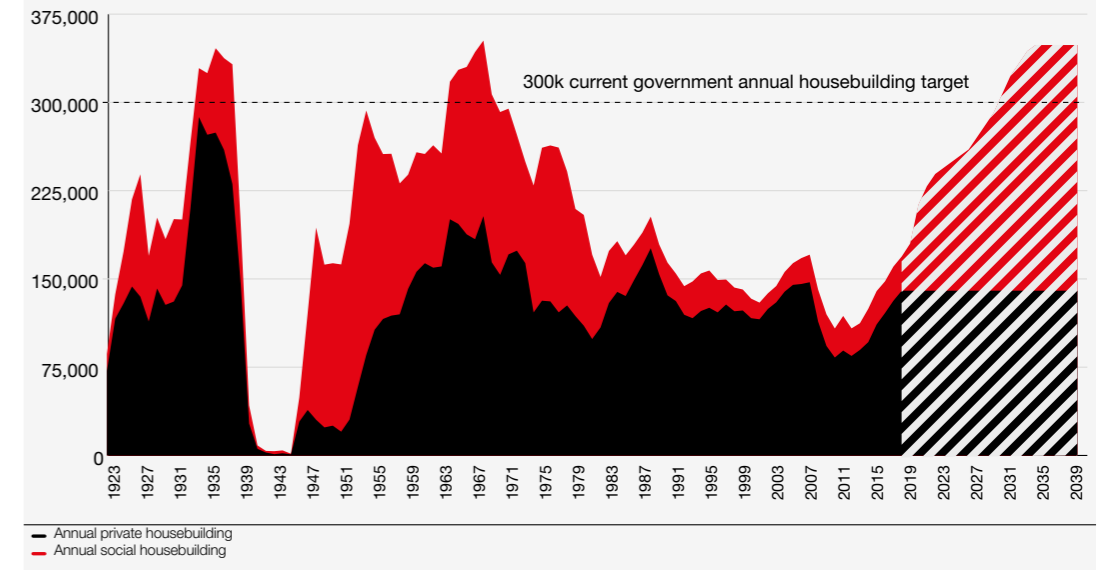
Investing in social housing as a national asset

In total these three groups – those in greatest need, older private renters and younger trapped renters – will add up to an estimated 3.1 million households needing a social home over twenty years. To provide homes for these households will demand ambition and cross-party consensus over the long term. But housing this number of households will require returning to the ambitious scale of building of the post-war period. It will mean a substantial increase on what we have achieved in recent decades, and more than any major political party is currently committed to.

In the past five years, housebuilding in England has achieved an average supply of around 166,000¹⁸ new homes each year. Our vision for social housebuilding would provide an average of 155,000 more homes a year, doubling the overall housing supply in England, and allowing government to reach its target of 300,000 homes a year.

Figure 32: Our vision for the future of social housing in historical context²⁰

For a larger version of this graph, see the end of the report



There is a clear case to build this housing to provide for the needs and aspirations of a generation of people failed by the market. There is also a clear economic case for investing in social housing as a key pillar of national infrastructure. To understand the long-term economic implications of such an investment, we commissioned Capital Economics to investigate the costs and benefits.²¹

The costs of social housebuilding are the actual construction and land costs, whether fully or partially funded by government grant, and the financial cost of any resulting debt. The benefits include the tax receipts and any rental income from the asset, a reduced welfare bill since the beneficiaries of the new social homes require less housing benefit, and the multiplier effect such an investment in construction would generate.

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The cost-benefit case

In modelling the costs, Capital Economics used a grant rate of £72,600 per home. This is based on the government's recent assumptions about its Affordable Homes programme, in which it has assumed that £1.67 billion of grant funding will help fund the building of 23,000 new affordable homes – of which 12,500 will be social rent.²²

The average housing benefit claimant living in the private rented sector costs the government £982 a year more in housing benefit than a housing association tenant, and £1,242 more than a local authority tenant. With no other option, the proportion of housing benefit claimants living in the private rented sector has increased over the last 25 years. Capital Economics estimates that the increased reliance on the private rented sector has cost the taxpayer £6.2 billion over this period in higher housing benefit costs.²³

With our 20-year programme of housebuilding, in areas of average social rents, providing a social home for a resident in receipt of housing benefit will generate a net saving to the government after 30 years of £5,600. This estimated saving is based on current low interest rates, in areas of high cost a social home will generate over double the saving (£10,840) over 30 years, even with normal interest rates²⁴. In total, savings on housing benefit alone will reach £60 billion within 30 years of beginning building.²⁵

Money injected into the construction industry will be reinvested by those firms further down the construction supply chain generating more jobs and consumption. This process – investment diffusing through the wider economy – is known as a multiplier effect. As residential construction is a firmly domestic industry the multiplier effect of construction investment is high relative to other forms of investment such as infrastructure, hospitality and life sciences. It is estimated at 184%. That means for every £1 spent on construction, the UK economy will benefit by £2.84.²⁶ The investment in social housing will go first to construction firms, who in turn will spend on materials and wages. The higher level of activity means workers have more money and spend more in their own local economies.

Another benefit to the investment is that it could help to grow the residential construction industry and so the economy as a whole; if this happens then tax benefits will go to the Treasury, as each home will generate tax receipts for the government: income tax, corporate tax and VAT.

£2.84

For every £1 spent on construction, the UK economy will benefit by £2.84.

This does not reflect the full extent of possible savings from a new programme of social housebuilding. Beyond housing benefit savings, social housing also delivers rent revenue for the local authority, housing association or other bodies managing it. To get a sense of the full costs and benefits of social housing, Capital Economics also modelled the rent levels and found that 3.1 million homes would generate £58 billion in rents (in today's prices).²⁷

The economic implications of our 20-year programme

Capital Economics assessed the economic and fiscal impact of realising the vision to build 3.1 million new social homes over 20 years through grant funding, compared to the current position.

Figure 33: Comparison of current and modelled policies, and underlying assumptions

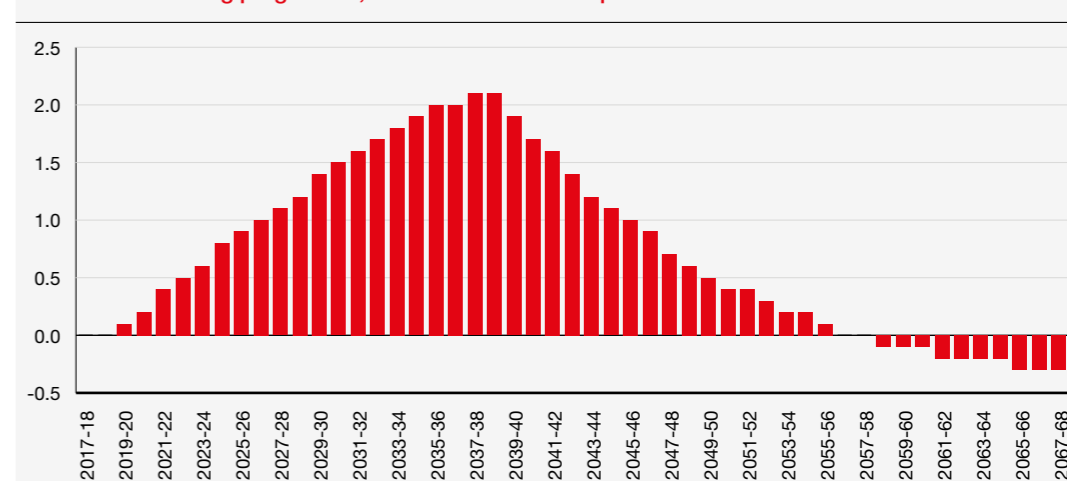
Current position	<ul style="list-style-type: none"> 6,463 new social homes delivered last year total of 145,000 private sector homes built last year
Modelled position	<ul style="list-style-type: none"> 3.1 million social homes built between 2019-2039 – an average of 155,000 per annum each home is partially funded by government grant
Underlying economic assumptions	Forecasts for public finances, inflation and gross domestic product taken from the Office for Budget Responsibility's July 2018 fiscal sustainability report

The modelled scenario assumes that the new supply of social homes ramps up over time. This is to account for the time required for the building industry to scale up supply and to mitigate the potential effects of price inflation in the sector created by a sudden increase in demand.

Different governments make different decisions about how to allocate funding. Capital Economics has assumed that, as with all infrastructure investment programmes in the short-run, this housebuilding programme would require additional government borrowing. This will be paid back through the benefits of investment; reduced benefit costs, and increased tax receipts from increased economic activity.

Capital Economics' research shows the net cost-benefit impact for the public finances. The gross additional cost is on average £10.7 billion per year. But the annual net cost comes to £3.8 billion on average per year, rising to a peak of £5.4 billion in today's prices. This represents an increase of just over 2% in public sector net debt and less than 1% of GDP.²⁸

Figure 34: Percentage difference in public sector net debt due to modelled 20-year social housebuilding programme, as a share of baseline public sector net debt



Source: Capital Economics, Increasing investment in social housing: Analysis of public sector expenditure on housing in England and social housebuilding scenarios, 2018

For comparison the annual cost of Housing Benefit alone is £21 billion, and the government currently budgets £62 billion on capital expenditure – land, buildings and equipment.²⁹ Investment in social housing on this scale is both achievable and necessary, and the benefits are worth the costs.

Moreover, after the 20-year programme, the returns on this investment will be achieved within just one generation. Capital Economics demonstrates that 39 years after beginning the 20-year building programme, it will have paid for itself – after which time it saves the government money in each year.

We believe this represents a compelling investment in our country's future.

Reforms to aid delivery

To return to this level of building will be a major national challenge. It will require significant reform, so that we can deliver more homes in the right places, along with the transport and community infrastructure required.

Clarity about the homes we need

Our recommendations focus on the actions central government should take, which represent the foundations of a successful programme of social housing. Local authorities, housing associations, community groups and housebuilders of every size will need to build on these foundations to scale up capacity and delivery. They will need to do this in a way that works for each area – for example in some communities, some run-down and empty homes may be able to be brought back into use. To fix a

housing crisis that is decades in the making, builders and providers must be confident that the fundamental building blocks of social housebuilding will be in place for years to come, whatever the political weather. And to galvanise this wider community behind the necessary action, the government should set clear objectives for the number of social homes it wishes to see built.

Recommendation

In future assessments of housing need, government should specify the need for social housing.

After the major social housebuilding efforts of the 1950s, 60s and 70s, government decisions to sell social housing through Right to Buy contributed hugely to increasing levels of home ownership. However, the failure to replace these homes has made a significant contribution to the shortage – only 4% of the 1.94 million homes sold through Right to Buy have been replaced.³⁰ If government is to invest in significant amounts of social housing, they should not be sold off without being replaced.

Recommendation

Government should ensure that any Right to Buy scheme(s) are sustainable, by replacing any social housing sold.

Chapter 8

‘Everyone knows each other by name here.’

Anna

Anna’s story

Anna, 69, has been living in social housing in Bristol since 2001. Anna currently lives in a block for older people and values the sense of community.

‘I really like my block. It’s friendly and clean and there are lovely communal gardens where I can walk my dog. There’s a community room for events where you can get to know each other. I’m quite active and I have a big family nearby, so I don’t often use the communal facilities, but they are great for some of the older people who are more isolated.

There’s a great sense of community in a social housing block. Everybody knows each other by name, and no one could drop dead in our block without someone knowing about it.

We’ve got to remove the stigma around social housing. We are always going to have a class system, but everyone needs a safe and affordable place to live. Why should we judge people because they can’t afford what others can afford? We’ve got such a thing about owning our own house here, but in Europe, people rent all their lives – it’s the done thing.’

Land reform

The cost of land now represents a major barrier to social housing delivery, which did not exist in the heyday of social housebuilding. Countries that build large amounts of social housing successfully can share the proceeds of the increase in land value that comes from planning and development between the land owner and the public. Singapore is an example of a country that does this very effectively.

As we have seen, in England, the Land Compensation Act 1961 has played a role in inflating land values by giving landowners an entitlement to ‘hope value’. The levels of direct investment which would be needed to purchase land at today’s market prices and then use it to build social homes at affordable prices would be considerable. If government increased grant for social housing without also reforming the land market, this additional demand for land would be factored into its cost – making it even more expensive.

Because of this, the problems of financing social housing are bound up with the problems of accessing the land on which to build it. It is not enough to pour more money into a broken system. At the same time as we increase public investment in social housing, government must also act to reform the broken market for land.

The prize of reform is great. Work from Civitas estimates that such land reforms could slash 38% off the total development costs of a new scaled-up programme of social housebuilding.³¹

38%

Civitas estimates land reforms could reduce the costs of social housebuilding by 38%.

Recommendation

Government should reform the Land Compensation Act 1961 so that landowners are paid a fair market price for their land, rather than the price it might achieve with planning permission that it does not actually have. It could do this most simply by:

- amending Section 14, so that no account is taken of any prospective planning permission in land designated by local authorities or city regions for infrastructure including housing
- amending Section 17 so that Certificates of appropriate alternative development cease to apply in those areas designated by local authorities or city regions for development

Tightening the Section 106 rules

Section 106 remains an important way of delivering some social housing and will continue to play an important role in delivering new social homes, at least until land reforms have been made to provide an alternative supply of affordable land. While the government has taken steps to close the viability loophole which was reducing the effectiveness of Section 106, many gaps remain in the system. As a result, less social housing is being built through Section 106 than should be.

Recommendation

Government should remove the exemptions that mean Section 106 rules do not always apply to new developments and conversions.

Building new neighbourhoods and communities

By broadening out who will be able to access social housing, our ambitious programme will help to tackle the stigma we discussed in Chapter 4. However, to tackle stigma over the long term, we need to build high-quality, mixed communities, not just chalk up units in the annual statistics. The public sees creating high quality, mixed communities as central to delivering new high-quality social homes, not an optional extra or afterthought.

Chapter 8

There is a lot we can learn from the present and past. Some of the lessons of the last time the country built large numbers of local authority and housing association homes are mistakes that a future building programme must avoid. But there are also many positive lessons to be drawn, from home and internationally, about developing excellent neighbourhoods that people want to move to and stay in.

‘This is a moment for boldness on social housing investment that we have not seen for a generation. It is the way to restore hope, build community, and help to fix the broken housing market so we meet the needs of people across our country.’

Rt Hon. Ed Miliband, Commissioner



Housing quality and design

Poor housing conditions can seriously harm social renters' health, safety, and quality of life. However, there also is an interplay between construction quality, design, housing conditions, and a neighbourhood's long-term sustainability. If homes are built poorly at the outset, it increases the potential for neighbourhood decline in the future. Poorly constructed homes are expensive to maintain and easily fall into disrepair. Poorly designed homes, for example with poor soundproofing, can contribute to tension between neighbours.

In the late 1960s and early 1970s, the pressure to deliver social housing with lower levels of investment led to poor construction methods. Some of the most infamous examples were the large panel system-built tower blocks, like Ronan Point in East London. Both design and construction faults contributed to the partial collapse of this 22-storey tower in a gas explosion in May 1968, only two months after it was completed, killing four people and injuring 17.³²

In the wake of that tragedy, widespread problems were found in similar buildings across the country. These issues were the root cause of a range of complications and contributed to further risk of catastrophic failure. Mass remedial work was needed on many of these buildings and hundreds of homes were subsequently demolished. Recent serious concerns about the safety of the Ledbury Estate in Southwark and the Broadwater Farm Estate in Haringey show that we continue to live with the legacy of errors made in the construction of these large panel system blocks to this day.^{33 34}

Given these problems with the country's last major venture into modern methods of construction, it would be all too easy to advocate for building exclusively using traditional methods. However, this would be completely unrealistic. Constraints on the capacity of the construction industry, like the long-term shortage of skilled construction workers, mean that we will need to embrace new methods as well as traditional ones.³⁵ Furthermore, modern methods have the potential to significantly reduce the total environmental impact of construction, e.g. by reducing site traffic and reliance on cement and concrete. Precision manufacturing can also help to deliver homes with a lower carbon footprint throughout their lifetime. Support for exploring modern manufacture was echoed by the G15 group of the country's largest housing associations.³⁶

In embracing modern methods of construction, we must learn from the past by avoiding the widespread use of untested, unscrutinised, and poorly understood construction techniques. Many modern methods of construction are now tried and tested at home and overseas.³⁷ The emphasis should be on using what has been proven to work, and rigorously scrutinising new techniques that are adopted.

Recommendation

Government should embrace modern methods of construction in a way that reduces risk and builds public confidence, using methods that are proven to work over the long term.

Case study:

Community engagement in development in Reisel Feld, Germany³⁸

Reisel Feld is a new development built on the edge of a relatively poor housing area. The development was completed in about ten years and now has a population of 12,000 residents. Infrastructure such as a tram line extension, shops, and schools were built first. This made the new development more attractive to its new residents than moving away from the City. The 'soft' infrastructure of education and community facilities are seen as just as important as the hard infrastructure.

One-third of the housing in Reisel Feld is designated as affordable through a mix of municipal housing companies, cooperatives, and low-income classifications subject to subsidies. Homes are indistinguishable from each other and are designed to the same standards and quality. The communities were engaged from the start in the design and management of public spaces through the so-called 'Building Groups' (Baugruppen), working closely with the city's own architect-designers.



Picture courtesy of WMUD williemiller.com

Chapter 8**Case study:****Community cohesion through the Opzoomeren policy in Rotterdam**

The Opzoomeren policy originated in Rotterdam as a way of encouraging residents to work together to improve their neighbourhood. It revolves around the principle that community-organised work not only improves physical surroundings, but also contributes to the strength of community cohesion and integration. Initiatives usually take the form of community street clean-ups, sports activities, and festivals. However, they can often be more specialised, such as community Dutch language lessons for new migrants. The initiatives are first started by the community. If successful, the Rotterdam Municipality will provide additional funding and support. This has proved a highly effective strategy in bridging cultural gaps between different ethnic communities, socio-economic classes and age groups, and the initiative now operates on over 1,600 streets in Rotterdam. It has now been adopted as a national policy.



Credit: Solstock

Chapter 8

Planning and investing in places

Throughout our Big Conversation, we heard from people how important the overall design of neighbourhoods, and provision of community infrastructure and green space will be as part of delivering a new social housebuilding programme.³⁹ Access to a good school can be decisive in whether families with children want to move to a new area or remain in one which they feel comfortable in.⁴⁰ Good transport links and access to employment are essential for a neighbourhood's residents to stay and succeed. And the public sees excellent green spaces as an essential part of a good neighbourhood.

The design of the public realm is also vitally important. The history of post-war social housing architecture holds lessons for neighbourhood design. For example, theoretically, the idea of 'streets in the sky' made sense as a way of separating pedestrians from the pollution and danger of traffic. But in practice, walkways could be intimidating, under-lit, and disorientating. It is highly unlikely that any architect would propose building new streets in the sky today. However, the broader principles of the relationship between poorly designed external spaces and crime have resulted in clearer guidelines for future proposals. The police are now able to give official advice on reducing the potential for crime in new buildings.⁴¹ While these considerations can sometimes be seen to compete with other priorities in the public realm, like promoting walking and cycling (e.g. segregated paths), good design should accommodate both considerations. Prioritising enough green space, dedicated play space for children and facilities for young people, such as multi-use games areas, also helps to ensure that outdoor spaces do not become contested or the source of conflict.

Strong local leadership will be necessary to deliver the master planning and take advantage of the new land powers we recommend. Leadership will also be key in coordinating the new infrastructure needed for neighbourhoods.

Long-term stewardship

For neighbourhoods to succeed over the long term, investment and care must be sustained long after they are initially developed. Without repairs and maintenance, even the highest quality homes fall into disrepair. And without long-term stewardship, community amenities and public spaces decline.

Too often the history of investment in maintaining social housing has been feast followed by famine followed by life support. After being built, too many social homes saw years of underinvestment in repairs and maintenance and subsequently fell into poor conditions. Limited initiatives were then developed

to try and put things right. For example, when the Decent Homes Programme was embarked upon in 2000, the government estimated that there was a £19 billion backlog in social housing repairs.⁴² Although this estimate helped to illustrate the scale of underinvestment across the country, it was itself subsequently seriously criticised for being far too modest.⁴³ By 2010 the cost of the scheme had more than doubled.⁴⁴

The failure to invest in repairs and maintenance clearly forces individual tenants to live in poor-quality housing. But as with poor construction quality, if part of a broader pattern, it can also have a profound impact on a neighbourhood's reputation and residents' desire to stay in the area. To make neighbourhoods sustainable, a long-term commitment to maintaining and repairing homes is essential. This should include certainty about the financial environment that social landlords will be operating in. Government has given social landlords certainty through a five-year rent settlement from 2020 – albeit one that will require social renters to pay above-inflation rent increases.⁴⁵ However, to avoid the risk of deterioration, there must be a commitment to an agreed standard of new social housing and neighbourhoods covering the full lifetime of new homes, not just over the length of a parliamentary term. This should be funded in a way that does not undermine the low rents that are at the heart of the social housing offer.

Recommendation

Government should set a standard to ensure investment in maintaining and improving homes and neighbourhoods over their full lifetime.

The need to take a long-term view applies to more than maintaining the fabric of the homes themselves. In the past, too many developments have been built with too little thought given to how the quality of the public realm will be sustained or how communities will be engaged. Even well landscaped spaces have seen confusion arise over who is responsible for their upkeep or ongoing costs (e.g. to service charge payers). As with attempts to 'catch up' on underinvestment in repairs and maintenance, there have been several initiatives designed to rescue neighbourhoods that have fallen into bad condition. The key to making a new generation of social homes successful over the long term will be ensuring the public realm never falls so far that it needs rescuing.

Social landlords and developers should look to learn from the best examples of community engagement and stewardship on new developments.

63%

63% of social renters feel part of their communities, compared with 39% of private renters.

Mixed communities

The term 'mixed communities' has become controversial. Some academics have questioned the evidence for the 'neighbourhood benefits' that others claim mixed communities deliver.⁴⁶ For some, the language of mixed communities is now associated with a disruptive approach to estate regeneration, involving the net loss of social homes.⁴⁷

However, we are unashamedly committed to the principle that, as part of increasing the size of the social housing stock, new social homes should be delivered in mixed communities. New developments should include different types of housing, and people of different incomes and ages.

Social housing is one of the key tools that we have to avoid the social segregation seen in different parts of the world, from the Chicago 'income donut' to Rio's 'favelas' and the low-income Parisian banlieues.⁴⁸⁻⁴⁹ Segregation is clearly undesirable. It can also have very serious additional effects. The Cattle report, which was commissioned by the Home Office after the Burnley, Bradford and Oldham riots in 2001, highlighted the role that segregation had played in breaking down a sense of common identity and stoking community tension.⁵⁰ It was seen as playing a similar contributory role towards the riots in Paris in 2005.⁵¹ Our existing stock of social homes is one of the reasons that our great cities, where housing demand is particularly high, enjoy a significant amount of social mix – even during the current housing crisis. And they allow local families on lower incomes to find housing in rural areas where prices and rents have been pushed up by holiday makers and second home owners.

In addition to the contribution that having low-rent homes in expensive areas makes to increasing the community mix, the strong security of tenure in social housing also helps to build stronger communities. It does this by reducing population churn, common in areas with many private renters, and giving tenants the opportunity to build up good community ties. Social renters are much more likely to feel part of their community and look out for their neighbours than private renters.⁵²

However, over recent years the role of social housing in building strong, mixed communities has been questioned. 'Mono-tenure social housing estates' have themselves stood accused of causing segregation, rather than helping to tackle it.⁵³ This accusation is outdated. Social housing sales through the Right to Buy have seen 38% of the 1980 stock of social housing sold to home owners, who now live alongside their social renting neighbours in large numbers.⁵⁴ A considerable proportion of these are also now rented out to private renters.⁵⁵ Today, former council housing developments – and the large post-war estates and blocks were overwhelmingly developed as council housing – are a diverse mix of home owners, private renters, and social renters.⁵⁶

Despite this reality, the persistence of the stereotype indicates that there are lessons for a new programme of social homebuilding to learn. The first is about scale. There will be little public support for building new social housing in large single-tenure estates. Doing so risks cementing existing stigma. While completely interspersing different housing types throughout developments would be costly and difficult to manage, new social homes should be built-in developments with a mix of types of housing, and without large concentrations of any one.

It can also be desirable to have some similar homes for similar households located together on a small scale; for example, homes for older people. Residents in these small sub-communities can gain additional benefits from living with people at a similar life stage, with similar life experiences. The principle can be applied more broadly. We heard through our research that a balance is important. Some social renters feel that there can be benefits of living alongside others through a sense that 'we are all in the same boat'.⁵⁷ And research into mixed communities suggests that contact between neighbours can decrease when they are significantly different.⁵⁸

Chapter 8

Case study:

Innovative older people's Courtyard Housing in Barking, London⁵⁹

This award-winning development contains east London bungalows that have been designed by architect Patel Taylor. The red-brick bungalows have been designed to house senior citizens in Barking in a traditional style modelled on almshouses. The bungalows were developed across six infill sites that were once used for industry. The first phase provides 39 homes over two sites, while the second phase delivers 34 homes over four sites. The scheme used innovative design to provide spacious homes which are wheelchair accessible for elderly residents. The development plays an important social function of bringing together a mix of senior social tenants whilst simultaneously freeing up larger local authority properties for families in need.

We're also designing Extra Care apartments at London's Southbank Place. They're currently under construction, but these assisted living facilities are usually pushed to the city fringes and hardly ever incorporated within prime residential urban developments. All new developments should serve the whole population, not just the young/able-bodied/wealthy.

Patel Taylor 'Courtyard Housing', 2015.
<http://www.patel-taylor.co.uk/works/architecture/residential-and-mixed-use/courtyard-housing>



Photograph: Peter Cook

Case study:**Tenure-blind development of the Packington Estate, Islington, London⁶²**

The redevelopment of the Packington Estate, Islington, provides an award-winning example of a regeneration project that is delivering mixed-tenure housing which fits into the existing context.⁶³ The regeneration is being carried out in a 50:50 joint venture between developer Rydon and housing association Hyde Housing. The architect is Pollard Thomas Edwards. The redevelopment saw 538 flats replaced with 791 mixed-tenure, but tenure-blind houses and flats across a nine-year (2010-2019), six-phase programme.

490 are social homes, enabling existing low-income households to remain in what is otherwise a high-value housing market. The scheme has been funded by a combination of MHCLG funding and cross-subsidy from the 301 private homes that are being developed. Plans for the redevelopment were finalised after substantial consultation with existing residents. These consultations have also led Rydon and Hyde Housing to include family housing, local shops, a new park, community centre, an adventure playground, and youth centre.



Photograph: Tim Crocker.
Architect: Pollard Thomas Edwards

Chapter 8

The second lesson is about appearance. We support the principle that new developments should be 'tenure blind' so that the type of housing is not physically distinguishable, and new social homes do not stand out from the neighbourhoods in which they are built. In many cases, it will be possible to build new social housing to the same specification and finish as new homes for private sale. Indeed, historically, the specification of elements such as room sizes has been higher in social housing than in new private housing. However, rather than specifying that they must look the same, we set a principle that differences should not be identifiable on appearance alone. New social housing and private housing should fit into neighbourhoods seamlessly with one another. This means that new social housing – whether in rural or urban areas – should be designed and built with sensitivity to its local context; to existing housing as well as planned new homes. New homes' design, scale, and finishes should all bear in mind the context that a home is placed into.

There has been recent concern about the effect that excluding social renters from shared parts of new developments can have on community mix. These have included examples of so-called 'poor doors', where social renters are given a separate entrance

within a joint block or are unable to access from other common spaces.⁶⁰ Attempts to minimise the service charges that social renters must pay are understandable.⁶¹ But designs that create a sense that social renters are excluded from shared facilities within a single building risks undermining the principles of mixed communities at the outset, by creating divisions and animosity between new residents. Developments should be designed to avoid contributing to a sense of exclusion. While local authorities, social housing providers, and developers will have primary responsibility for making sure that these principles are adopted, government could also act to promote this approach – for example, through the planning system or conditions on grants.

Recommendation

Anyone involved in delivering social housing should ensure that new social homes are delivered as part of tenure-blind, mixed-community developments. This includes avoiding design that will contribute to a sense of exclusion, e.g. avoiding separate entrances to the same building, which divide households based on tenure.

Footnotes

Chapter 8

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Recommendations

Recommendations

As a commission we were brought together by a sense of horror and injustice about what happened at Grenfell Tower. Though we came from different backgrounds, professions, and with different levels of knowledge about housing, through our exploration of the issues in the whole housing market today, we have agreed upon a clear and ambitious set of recommendations.

We need to stop ignoring social renters and to properly consider what the future of social housing should look like. Too many social renters feel powerless and without a voice, so we make recommendations to improve regulations and support tenant voice. Yet we also found that the whole housing market is broken. House prices are too high, so fewer and fewer will ever own their own home. The ballooning private rented sector provides insecure, lower quality, less affordable accommodation for renters on low incomes. Reforms are urgently needed to the private rented sector, but it is ultimately unfit to meet the needs of increasing numbers of people trapped renting privately. Only a good quality, reformed, and larger social housing sector can meet these needs. With high-quality design, proper investment over time, and good planning of mixed communities, social housing can be a key part of strong communities and improve standards across all housing.

We are currently wasting money on housing policies that don't help those in need. With challenges from changes in employment to the ageing society, in the shadow of the Grenfell Tower fire, ten years on from the financial crisis, and with the nation divided by a worsening housing crisis affecting more and more people, the time to act is now.

Throughout this report we have shown how the positive sentiment towards social housing, the residualisation, the lack of regulation, and the return on investment in social housing all point to one thing – a bigger and better social housing sector.

Reforming social renting

Complaints and regulation

- The government should create a **new consumer regulator to protect renters** and ensure their voices are heard. This should operate alongside the Regulator of Social Housing, focused on its core economic brief.
- Social housing residents need better protection. Government should require standards of social housing to be **proactively inspected, publicly reported, and strongly enforced** in order to hold failing landlords to account.
- If residents are to be protected and given a voice, there must be **clearer standards for social housing providers**. The government should direct the Regulator to make consumer standards more specific; setting clear, minimum expectations, like timescales for dealing with complaints.
- All groups of residents (whether recognised by their landlords or not) should be able to **refer their concerns directly to the new regulator** where they have common concerns they believe are caused by a systemic failing in the landlord's services.
- Residents should not have to prove they might be at risk of serious detriment for the Regulator to intervene. The government should **remove the 'serious detriment' test** for intervention in complaints about social housing, which is a barrier to proper enforcement of consumer standards.
- To make it easier for social renters to get redress on individual complaints, **barriers to complaining must be removed**. The government should remove the democratic filter for referral to the Housing Ombudsman.

Recommendations

- Residents must be given support to complain. The government should **extend the Legal Help scheme** to cover detailed advice and support to make a referral to the Ombudsman or the Regulator.

Tenant voice and involvement

- Tenant panels should be encouraged and taken seriously. The government and Regulator should urgently require landlords to **actively support the formation of tenant panels** and share good practice on how this should be done.
- Residents of social housing must have a voice with national, regional, and local government. Government should support establishment of an **independent tenants' voice organisation** or tenants' union, to represent the views of tenants in social housing within national and local government. It should involve as wide a range of tenants as possible.
- **Residents must have a leading voice in major works** to existing homes or neighbourhoods. The government's good practice guidance on estate regeneration should be revised to reflect this.
- The government should compile **good practice on cooperative and mutual social housing models**. Transfers of existing homes to such models should only happen if triggered by tenants, and if voted for by a majority of tenants.

Reforming private renting

- Government should **require all private landlords with over 25 homes to register with the new consumer regulator**.
- The new consumer regulator should set **consumer standards for all private rented housing**.

- The government should **increase resources for local enforcement** to tackle rogue landlords and poor conditions, in line with the growth in the number of private rented properties.
- The government should **protect private renters from no-fault eviction**. It should end Section 21 by changing the law so permanent tenancies are the legal minimum for all private renters. It should make sure they are protected from eviction by above-market rent increases. The government should explore how to introduce more detailed information about rent levels for different property types at a ward level.

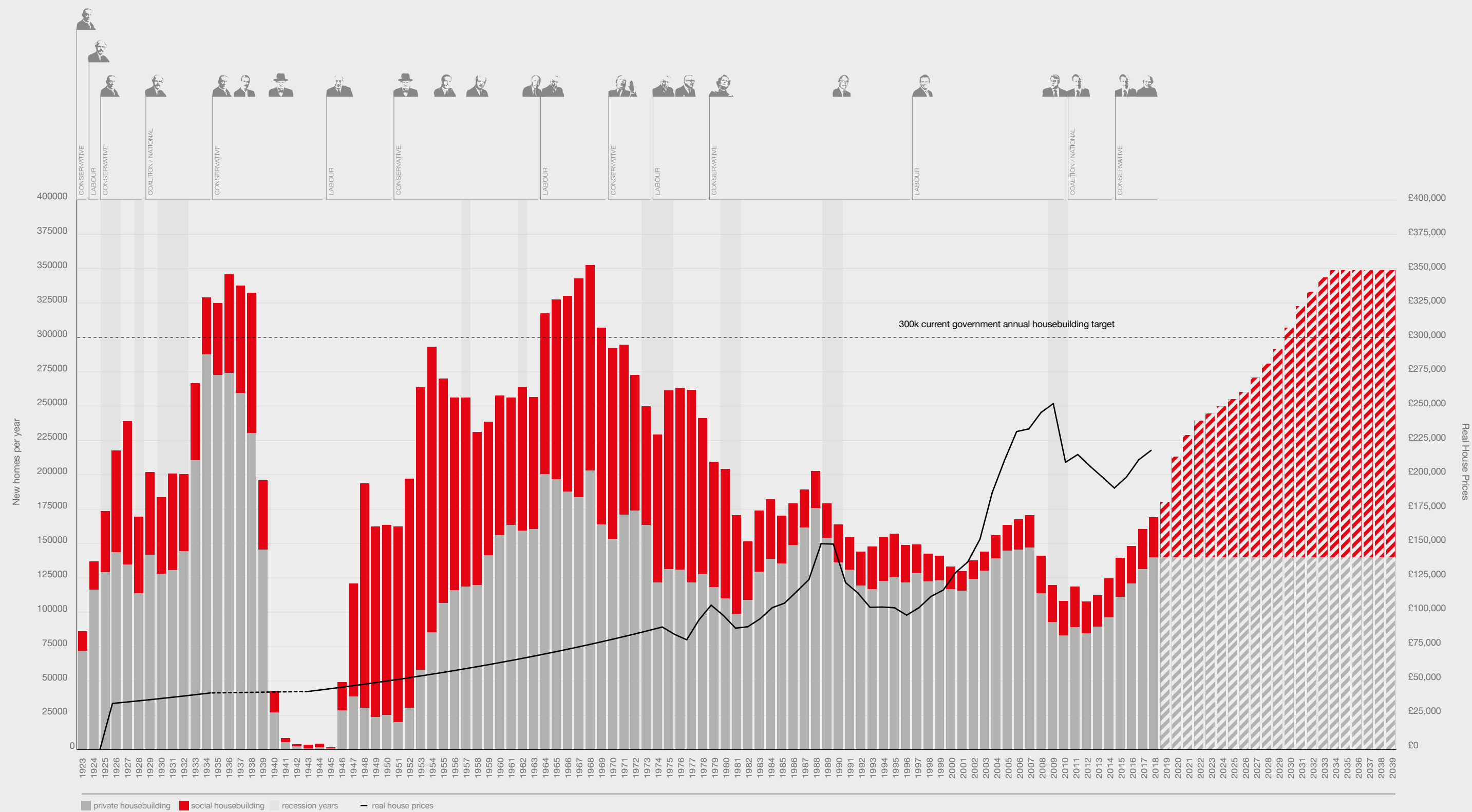
Building more social homes

- Government should deliver enough social homes over the next 20 years for the **3.1 million households who will be failed by the market**, providing both security for those in need, but also a step up for young families trying to get on and save for their future.
- Government should reform the Land Compensation Act 1961 so that **landowners are paid a fair market price for their land, rather than the price it might achieve with planning permission that it does not actually have**. It could do this most simply by:
 - Amending Section 14 so that no account is taken of any prospective planning permission in land designated by local authorities or city regions for infrastructure including housing.
 - Amending Section 17 so that Certificates of appropriate alternative development cease to apply in those areas designated by local authorities or city regions for development.

Recommendations

- In future assessments of housing need, government should specify the need for social housing.
- Government should remove the exemptions that mean Section 106 rules do not always apply to new developments and conversions.
- Government should ensure that any Right to Buy scheme(s) are sustainable, by replacing any social housing sold.
- Government should embrace modern methods of construction in a way that reduces risk and builds public confidence, using methods that are proven to work over the long term.
- Government should set a standard to ensure investment in maintaining and improving homes and neighbourhoods over their full lifetime.
- Anyone involved in delivering social housing should ensure that new social homes are delivered as part of tenure-blind, mixed-community developments. This includes avoiding design that will contribute to a sense of exclusion, e.g. avoiding separate entrances to the same building that divide households based on tenure.

Annual house building in England 1923-2039, including our modelled 20-year vision for social housing



Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

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Appendix JS14

Bleak Houses: Tackling the Crisis of Family Homelessness in England (August 2019)



Bleak houses

Tackling the crisis of family homelessness in England

AUGUST 2019

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Foreword from the Children's Commissioner for England



Growing up in a stable, healthy and secure home is so important for any child. Yet we know there are thousands of children in England who are living in homeless families, stuck in poor quality temporary accommodation, often with low prospects of finding something permanent. There are many others who are at risk of ending up homeless.

This report shines a light on this homelessness crisis and shares the experiences of some of those children.

Earlier this year, we visited children and families living in temporary accommodation, and spoke with them and some of the frontline professionals who work with them. We also carried out new data analysis to identify the scale of the problems.

As ever, I was struck by the resilience of the children we met, as well as being shocked by their stories. A nine-year-old girl told us 'we have to eat on the floor as there's not enough space ... when we sleep, water drips on us which we don't like'. A teenage boy described living in a hotel for 8 months alongside sex workers. We spoke with children who are spending hours every day having to get to and from school because they have been housed far away from where they are taught. Others told us that being homeless can lead to bullying and causes stress and tensions within their families. Some are unable to do their homework and feel cold, dirty, sad, embarrassed, worried and unsafe in the place they live.¹

The laws are already in place to make sure that children are protected from living in dangerous or unsuitable accommodation. Under section 11 of the Children Act, local authorities must act in a way that safeguards children and promotes their welfare. The homelessness code of guidance reminds local authorities of these duties and sets out what is expected from councils when housing homeless families in temporary accommodation. However, as we heard from children and families themselves, this guidance is not always met and doesn't go far enough.

Some of the places children are being forced into calling 'home', often for months or years at a time, are simply inappropriate places for a child to be growing up. It was sad, though not unexpected, to find that B&Bs continue to be used by some councils. It was more surprising, but just as sad, to learn about the growth of new developments which councils have turned to in recent years to deal with the continued flow of homeless families coming through their doors: office block conversions, in which whole families live in single rooms barely bigger than a parking space, and shipping containers which are blisteringly hot in summer and freezing in the winter months.

Most incidents of family homelessness in England are not the result of personal circumstances like mental health problems – primarily it is a result of structural issues, including the lack of affordable housing and welfare reform.² There is very little these families can do to escape the cycle of homelessness without outside help. The children growing up in B&Bs, shipping containers and

¹<https://www.childrenscommissioner.gov.uk/wp-content/uploads/2018/03/Childrens-Commissioners-Business-Plan-2018-19.pdf>

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793471/Homelessness_-_REA.pdf

converted office blocks have a right to a decent home to grow up in. In this prosperous country of ours, it is a scandal that many thousands of children are growing up without one.

A handwritten signature in black ink, appearing to read "Anne Longfield". The signature is written in a cursive style with a long horizontal stroke at the end.

Anne Longfield, OBE
Children's Commissioner for England

Lucy and Jake's story

"It's wrong how they treated me. I wouldn't like someone else to go through this."

Lucy is in her early twenties; her son Jake is 2. When she became homeless they were placed by her local authority in a converted office block far from home. Although this was considered an emergency placement, they were there for 11 months.

On the day Lucy was offered the flat, she was given one hour to travel across London to collect the keys by 5pm. The flat had no basic furniture: Lucy had to borrow a blow-up mattress and a cot.

"They put me in a small room in an office block which had been converted into flats. It was in an industrial estate in the middle of nowhere. The cars and lorries would whizz round really fast. It was very noisy and it felt unsafe to walk to the shops."

"There were a lot of people congregating at the entrance who didn't live there and I felt unsafe. I was approached to buy drugs during the day on the way to the shops with my son."

It took six months and a formal complaint before Lucy's local authority completed its assessment and found that it had a duty to find the family a permanent home – but that did not mean she got one straight away.

Far from it: she was placed on a waiting list and asked to express an interest in properties she wanted to live in by "bidding" online, even though she was too low on the list to be offered any of them any time soon. And she couldn't even start bidding until a dispute about her temporary accommodation, which was clearly inadequate in Lucy's view, was resolved – a process that took months.

"No one in the council replies to my emails and I couldn't bid on permanent properties for six months while they were assessing my case."

This experience began to take its toll on Lucy and her son. When she was in her previous place Lucy's mum would come and help her with Jake, but moving away meant she was isolated and she struggled to cope. Lucy had to go to her GP for treatment for stress. One of the main worries Lucy faced was concern about Jake's living conditions. By now Jake was crawling and he didn't have much space to play inside the small studio flat. She couldn't gate off the kitchen and was worried he'd burn himself on the oven.

Playing outside wasn't possible as there was nothing appropriate nearby and she wanted to limit the number of times she had to walk past the people congregating at the entrance.

Lucy then had to submit yet another complaint in order to be moved back to her local area. This took a further three months.

Eventually Lucy was able to move back to her local area, where she was offered a self contained flat with its own bathroom and kitchen. But the flat is up 3 flights of stairs with no lift. That being said, she prefers carrying the buggy up the stairs than avoiding drug dealers on her doorstep. She still does not know when she and her son will be offered a permanent home, what it will be like or where it will be.

"They need a higher standard of care; they failed me in so many ways. The fact that they get away with it is so, so bad."

*“We have to eat on the floor as there’s not enough space.
(Daisy, aged 9)*

*“The journey to school takes too long and I’m tired.”
(Ruby, aged 6)*

How big is the problem?

The government statistics show that there were 62,000 homeless families living in temporary accommodation in England at the end of 2018. Among these families were 124,000 children. This means that there are 80% more children living in temporary accommodation than in 2010.³

This increase has caused widespread concern. Stability and security at home is crucial to children’s education, health and wellbeing – all things which must be protected if children are to go on to lead happy and successful lives. The fact that more than a hundred thousand homeless children are living in unstable and often poor quality housing amounts to a crisis. But the true scale of the problem is even greater than these official figures suggest.

Firstly, the government statistics are an underestimate of the number of homeless children in England today. They do not include hidden homeless families who are “sofa surfing” rather than living in temporary accommodation – staying with friends or family, often in cramped conditions. New analysis conducted for the Children’s Commissioner’s Office using the English Housing Survey estimates that in 2016-17 there were 92,000 children living in sofa surfing families. It says a lot about the state of temporary accommodation that for these families, the prospect of living in such overcrowded conditions can be better than turning to the council for emergency help, which may be a poor quality single room in a B&B miles from home.

Official figures also fail to capture a small but highly vulnerable group of homeless children who have been placed in temporary accommodation by children’s services rather than by the council’s housing department. This includes families who have been deemed to have made themselves “intentionally homeless”, and therefore are not entitled to a permanent home from the housing department, and those ineligible as a result of their immigration status. There is no publicly available data on how many families are being housed in this way.

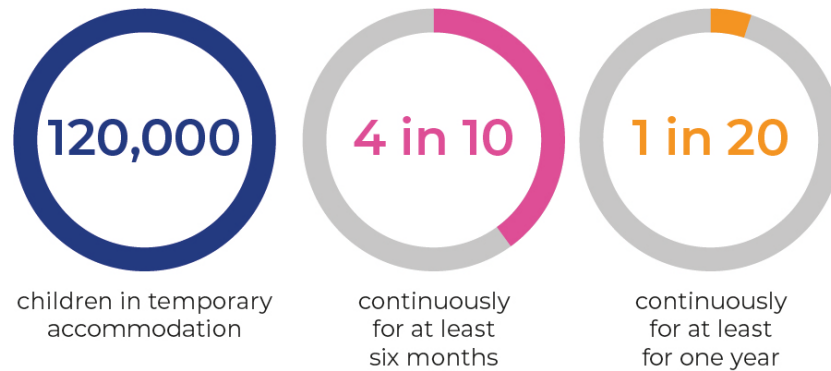
“Temporary accommodation” is too often a misleading term – many children end up living in their temporary accommodation for months, if not years. The longer the child is in the accommodation, the longer they must live with the insecurity and the more impact this has on their childhood.

Until very recently the temporary accommodation figures were just a snapshot – they simply showed how many children were in temporary accommodation on a particular date. They could not be used to tell how long children had been in temporary accommodation for. This will gradually change with the introduction of a new data collection system,⁴ but in the meantime, the Children’s Commissioner’s Office commissioned analysis to create national estimates of the numbers of children living in

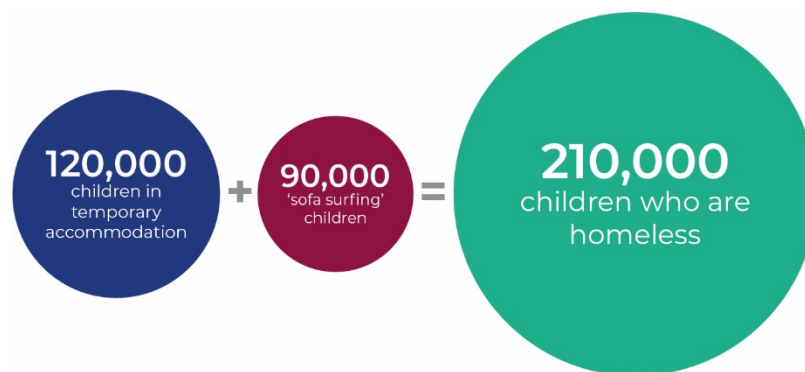
³ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

⁴ On 1 April 2018 the Homelessness Case Level Information Collection (H-CLIC) data system was introduced. Under H-CLIC, local authorities are required to collect more detailed data on households, including the ages and gender of household members and their employment and benefit status.

temporary accommodation for extended periods.⁵ This analysis suggests that in 2017 around 2 in 5 children in temporary accommodation – an estimated 51,000 children – had been there for at least 6 months. Furthermore, around 1 in 20 – an estimated 6,000 children – had been there for at least a year. For children in these situations, it would be difficult to describe their accommodation as “temporary”.



Taken together, the data suggests that there could be more than 210,000 homeless children in England. This consists of the more than 120,000 children who are officially homeless and living in temporary accommodation, and the roughly 90,000 children in sofa surfing families; there is also an unknown number housed by children’s services, for which no data is available.⁶



Finally, the government figures say little about the number of families *at risk* of becoming homeless.⁷ Analysis for the Children’s Commissioner’s Office suggests that around 375,000 children live in households that have fallen behind on their rent or mortgage payments, putting them at financial risk of becoming homeless in the future.⁸

⁵ The analysis used Housing Benefit databases from a sample of LAs (c. 20-25), which includes data about all the families in temporary accommodation in those areas and tracks their housing status over time. For more information, see technical appendix.

⁶ This calculation assumes that there are presently around 90,000 children living in ‘sofa-surfing’ families – i.e. that the level has not changed significantly since 2016/17 (to which the estimate of 92,000 applies). It also assumes no overlap between these children and those currently living in temporary accommodation.

⁷ The Government statistics give only the number of households threatened with homelessness within 56 days.

⁸ Estimates based on new analysis of Wealth and Assets Survey 2014-16. For more information, see technical appendix.

Based on the figures on the previous page, we estimate that there could be between 550,000 and 600,000 children in England who either are homeless, or at risk of becoming homeless.⁹



⁹ This calculation uses the previously-calculated figure of 210,000 children (at least) who could presently be homeless. It adds on to that the estimated 375,000 children living in households that are behind on rent or mortgage payments, assuming that this number has not changed significantly since 2014-16 (the date of the most recent data). Finally, the calculation assumes no overlaps between these groups.

Temporary accommodation is frequently not fit for children

The government requires that temporary accommodation must be “suitable”.¹⁰ As set out in guidance for local authorities, suitability depends on “the relevant needs, requirements and circumstances of the homeless person and their household”.¹¹ Key factors include space, arrangement and affordability to the household.

But our findings show that despite the guidance around suitability, many families are forced to stay in accommodation that is wholly inappropriate to their needs. Due to the level of demand and shortage of permanent council accommodation, families frequently spend long stretches living in this “temporary” housing, suffering desperately poor conditions for months if not years.

At one end of the spectrum, temporary accommodation can be a conventional self-contained flat or house, with its own kitchen and bathroom – the same kind of place that a family could eventually be offered as permanent housing. If the family is lucky then it will be well-maintained and spacious, giving children the room they need to play, study and grow up.

Unfortunately, good quality, self-contained temporary accommodation is costly and in short supply. As a result, many families are placed in accommodation which is poor quality and simply too small. Some types of accommodation are particularly concerning:

> B&Bs

For many years families have been placed in B&Bs. This type of housing is not self-contained – the bathroom is shared with other residents in the building, along with the kitchen (if there are any cooking facilities at all). The other residents might be families, but might also be vulnerable adults, such as those with mental health or drug abuse problems, creating intimidating and potentially unsafe environments for children.

This practice has been eradicated in some areas but lingers on in others. This is despite the introduction of a legal limit in 2003 which means that families can only be housed in a B&B in emergencies when no other accommodation is available, and even then for no longer than six weeks, after which the family must be moved on to suitable accommodation.

In December 2018 there were 2,420 households with children living in B&Bs according to government statistics. Of the 2,420 families known to be living in B&Bs last December, a third had been there for more than 6 weeks, meaning that the councils involved were breaking the law. The National Audit Office (NAO) have heard of families being housed illegally in this way for as long as 30 months.¹²

Once again, the government statistics do not tell the full story. The six week legal limit on B&B use applies only to families housed in private B&Bs, not council-owned B&Bs.¹³ In 2018, CRAE found through FOI requests to councils that 1,641 families were living in council-owned B&Bs.¹⁴ Of these, nearly two thirds had been there more than 6 weeks – a much higher proportion of families than in private B&Bs. Furthermore, these figures are likely to be a significant underestimate as only 58% of

¹⁰ Section 206 of the Housing Act 1996

¹¹ <https://www.gov.uk/guidance/homelessness-code-of-guidance-for-local-authorities>

¹² <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/462/462.pdf>

¹³ The Children’s Commissioner’s Office was unable to identify the reasons for the limit applying to private B&Bs only and not council-owned B&Bs.

¹⁴ http://www.crae.org.uk/media/126985/B3_CRAE_POVERTY-WEB.pdf

councils responded to the FOI request.

> Office block conversions

A more recent and deeply worrying development has been the conversion of former office blocks and warehouses into temporary accommodation. In 2013, the Government changed planning rules so that under permitted development rights, developers no longer need to seek planning permission from the council in order to convert office blocks to residential use. Councils can only object on limited grounds including environmental issues and flooding problems, not on the basis of the size or quality of the accommodation.

Some areas have become hotspots for conversions like these, in particular Harlow, where more than half of all new homes being created are office block conversions.¹⁵ The council has identified at least 13 office blocks that have been converted, creating more than 1,000 individual flats. There is high demand for temporary accommodation in these blocks from central London councils seeking alternatives to higher cost rents within their own boroughs. This has led to accusations that areas such as Harlow are being used to “socially cleanse” the capital, with families being required to move far from home.¹⁶

Many of the flats are small, single rooms which do not come close to meeting national space standards. For example, it has been reported that some of the flats in Templefields House in Harlow measure as little as 18 square metres – a space which may be shared by a whole family, with parents and children living and sleeping in the same single room also containing their cooking facilities.¹⁷ The cramped conditions are in stark contrast with the Government’s own “Nationally Described Space Standards”, according to which the minimum size for a one bedroom, one person home should be 37 square metres.¹⁸ In Newbury House in East London, the flats reportedly measure even smaller at just 13 square metres – barely larger than a standard car parking space.

Crime and antisocial behaviour is a constant problem. As with B&Bs, homeless families may find themselves living in close proximity to vulnerable adults also being housed by the council, including people recently released from prison, exposing children to possible harm. The Children’s Commissioner’s Office has heard from children that they are sometimes afraid to go home at the end of the day. Terminus House in Harlow, a large office block located above a car park, was converted in April 2018. In the first 10 months after tenants moved in, crime in the area rose by 20% to more than 500 incidents, including violence, burglary, arson and drug-related incidents. Within the block itself, crime rose by 45%.¹⁹

Office block conversions are often located on or near industrial estates, presenting even more risks. These are often far away from shops and other amenities. Siobhain McDonagh MP has drawn attention to Connect House in her constituency of Mitcham and Morden – located adjacent to an industrial estate. Families have been affected by heavy dust and fumes which have caused breathing problems for some. Lorries and machinery are continually navigating the same roads where children walk and play, and which parents have to use to pick up basic supplies as there are no shops on the

¹⁵ <https://www.local.gov.uk/about/news/one-10-new-homes-was-former-office>

¹⁶ <https://www.yourharlow.com/2019/01/29/harlow-mp-robert-halfon-calls-to-meet-minister-of-office-block-s-turned-in-to-homes/>

¹⁷ <https://www.theguardian.com/society/2019/mar/16/is-harlow-being-used-to-socially-cleanse-london>

¹⁸ Note that the standards are currently applied only to new-build homes and are not compulsory – they apply if they are adopted by councils as part of their local housing plans.

¹⁹ <https://www.bbc.co.uk/news/uk-england-essex-47720887>

estate itself.

Living in the developments can also be a stigmatising experience for children and families. There are reports of children being referred to “office block kids”, compounding their sense of isolation and difference to their peers.²⁰

The quality of accommodation built under permitted development rights was recently criticised by the Public Accounts Committee, with particular concerns raised about office block conversions. The Ministry of Housing, Communities and Local Government accepted that there can be problems with these blocks, with inadequate space standards and build quality. It has committed to a review of permitted development rights, and it is vital that this review addresses these issues. It has also been suggested that new legislation which gives tenants additional rights if they believe their property is not fit for human habitation could be used to challenge the growth of office block conversions.²¹

> Shipping containers

Some councils are even using shipping containers as temporary accommodation for families, including Brighton, Cardiff, Ealing and Bristol. Often they are located on “meanwhile sites” – land that is earmarked for future development but currently not in use.

An advantage of the units is that they are self-contained – they each have their own front door, kitchen and bathroom facilities.

However, the units are typically one or two-bedroom and small in size, meaning that overcrowding can be an issue. The containers become very hot in summer - one mother told us she had to sleep with the front door wide open and that her baby got heat rash - but are too cold in the winter. They are often not properly designed with children in mind. Ovens and other dangers can be too close to the ground so that they are in reach of very young children.

As with some office block conversions, antisocial behaviour has been a problem, leaving some parents worrying about letting their children play outside, forcing them to stay in cramped conditions inside instead.

Despite the problems posed to families housed in these containers, they continue to be an attractive option to councils. They are less costly than repeatedly paying for B&Bs, with a one bedroom shipping container costing approximately £35,000 to set up. Anecdotally the Children’s Commissioner’s Office has heard of increasing numbers of councils looking to install shipping containers as temporary accommodation within their areas.

Some families are forced to move away

In addition to quality, a big problem with temporary accommodation can be its location, with many families forced into temporary accommodation away from their local area. That can mean moving to different jobs, schools and being isolated from friends and family, with a deeply disruptive impact on children’s lives when they have already lost their former home.

The government’s guidance on homelessness addresses the issue of moving homeless households

²⁰ <https://www.bbc.co.uk/news/uk-england-esssex-47720887>

²¹ <https://hansard.parliament.uk/Lords/2019-07-23/debates/69580106-62F9-489E-B7F2-707A7F86C075/HousingPermittedDevelopmentRights>

away, stating that they should be housed within the local area “so far as is reasonably practicable”. But with such large numbers of people needing temporary accommodation and so little housing available, it is routine for some local authorities to require families to move away. In December 2018, over 23,000 households in temporary accommodation had been moved to a different area²² – the vast majority from London, who might have been sent to a neighbouring borough, to the outskirts of the city, or even as far away as Birmingham.

Sometimes when a council moves a family away to a different area, they do little to ensure that the move is a success and that the family settles. Sometimes they do not inform the new council that the family has moved in, meaning that the new council cannot provide the support the family might need. This is despite the fact that when a family moves to a new area, it is their new council that is responsible for providing them with the education, health and social services they need. Vulnerable children in need of help can begin to fall through the gaps under these circumstances.

It appears that certain families could be more likely to be moved to a different area than others. For example, government guidance states that when considering location, councils should minimise the disruption to children’s education, “particularly (but not solely) at critical points in time such as leading up to taking GCSE (or their equivalent) examinations”. It also requires councils to consider the impact on the family’s employment. In effect this means that workless families with very young children, below school age, are often those who are required to move away – such as single mothers with toddlers, who are often placed far away from family and become isolated as a result.

²² Note that this number is not specific to families but to all homeless households, as the data specific to families is not publicly available

Poor quality temporary accommodation presents serious risks to children

To shed light on the impact of homelessness on families, the Children's Commissioner's Office visited three local areas to speak to children and parents about their experiences (note that names have been changed to protect the anonymity of participants). We also spoke to frontline professionals including a specialist health visitor team working exclusively with families in temporary accommodation.

Our research found that when children are denied their right to adequate housing this has a significant impact on many aspects of their lives, as set out below.

Too far from home

Many families face the double problem of poor temporary accommodation and no choice but to move out of their local area. Moving away from an area can have a deeply disruptive impact on family life. For children, moving area might mean a new school, no longer being able to see their friends or go to the places they are used to.

*"I don't like it here"
(Susie, aged 3)*

Friends and family can be an important source of support for parents. Grandparents or others who might have been able to help with childcare might no longer be able to due to the distances involved. In addition to increasing loneliness and isolation, parents might be forced to pay for childcare.

One mother told us she became so stressed and isolated after moving away from home that she had to see her GP about it. Some councils offer support when they place a family in accommodation away from home, such as helping to sort a new school place or connecting parents with employment opportunities, but some offer very little or no help.

*"They left me to deal on my own with no support or updates"
(Alexa, mother of two year old son)*

*"We have had no support from the council since being put in TA... [the council] moved us to [another area] for 8 weeks, this was very isolating as it is quite far from where we were used to living"
(Mila, mother of 4 year old)*

Travel costs might increase as children have to travel further if they stay at the same school.

*"We are spending 80 quid per week for travel to get the kids to and from their school"
(Anne, mother of four children)*

Problems can arise when families are placed out of area and the new council is not made aware of this. The specialist health visitors we spoke to said that they were at the will of building owners letting them know that a new family had moved in. This meant that they had no background knowledge of any issues within the family:

"Last week we walked into a family with disruptive teenagers and a family on a child protection plan" (Specialist health visitor)

Education

Unsurprisingly, a child's education can suffer, even if they stay at the same school. The cramped, noisy and sometimes disruptive environments children find themselves in can make it difficult to do homework and to get a good night's sleep, impacting directly upon their school results – especially if they have to travel far the next morning.

“My daughter has to take two buses to school. By the time I am home it's time to leave and pick her up again.

“My eldest daughter has to read her school books in the toilet so she doesn't wake the little one.”
(Chinwe, mother of two children)

There is also an impact in the lead up to critical times, such as GCSEs – as recognised in the government's guidance. But the impact on younger children is just as important. Their initial educational development might be delayed, risking them falling behind at the very beginning of their education and finding it difficult to catch up.

There can also be practical challenges. Teachers have told the Children's Commissioner's Office that they have done laundry for some children who would otherwise be forced to attend school in dirty clothes, owing to the lack of facilities at their accommodation.

Children tell us that bullying can be an issue for those affected by homelessness.

“If people who are homeless go to school they'd be bullied for what they are.”
(Priya, aged 14)

Research from Shelter has found that particularly in areas of mixed levels of affluence and deprivation, children from homeless families can stand out compared to their peers – e.g. if they arrive late or not in the correct uniform, adding to their sense of isolation.²³ Children can experience extreme emotional trauma, resulting in stress and anxiety. Younger children become withdrawn, while older children can be angry or aggressive. These problems can lead to deteriorations in a child's behaviour which may impact upon their ability to participate at school if the causes of their behaviour are not identified and addressed.

Health, wellbeing and safety

Temporary accommodation can present serious risks to children's health and safety. This was particularly the case for families living in B&Bs, who were often forced to share facilities with adults engaged in crime, anti-social behaviour or those with substance abuse issues.

“I used to open my door to find drug dealers and men just standing there. People would cook up crack in the kitchen so I could never eat there. I had to eat out all the time.
(Mia, a pregnant young woman speaking of her time in a B&B)

“I lived in a hotel for 8 months ... it's like where all the prostitutes live.”
(Matthew, aged 14)

²³https://england.shelter.org.uk/data/assets/pdf/file/0011/1474652/2017_12_20_Homelessness_and_School_Children.pdf

*“I was next to an alcoholic neighbour who would scream all night.”
(Arabella, mother with baby under 1 year old)*

*“Cigarette smoke would come in under my door and a man threatened to kill me when I asked him about it.”
(Danielle, mother of 3 year old)*

*“There can be a lot of teenagers hanging around at night playing loud music. Around firework night we cannot go out at night as there are always teenagers throwing fireworks below our flat. I have had to call the police a few times as it has been quite close and scary.”
(Alina, mother of 4 year old)*

Families have to adapt to minimise the risks involved in these situations, by not using certain facilities or spending more time away from the accommodation and treating it only as a place to sleep.

*“I’d hold in needing the toilet till morning because the toilet was down the corridor and I didn’t want to leave my child alone in the room”
(Amaya, mother of 1 year old)*

The Children’s Commissioner’s Office visited a shipping container site and was told by one mother that she much preferred living in the container than a B&B, where she had previously been placed, simply because the unit was self-contained. However, many families were much more critical of the accommodation. One family said that condensation dripped down the walls of their container and had to be collected. As the containers are made out of metal, noise travels very easily which means that the children find it difficult to sleep at night.

*“When we sleep water drips on us which we don’t like”
(Daisy, aged 11)*

As the specialist health visitor team we spoke to made clear, there can be an extremely significant impact on children’s development arising from poor quality temporary accommodation. The team described one case in which a mother was afraid to allow her daughter to play on the floor of their accommodation:

*“We’ve been working with a mum who won’t put her 18 month old baby on the floor to play because of a mice infestation so she spends a lot of time in her high chair. But children need floor play. As she’s been placed out of borough the mum has to do the school run with her older child which takes 2 hours, and so her baby is in the push chair for much of the day. Her baby can stand up and balance but has only really been standing up in her cot.”
(Specialist health visitor)*

The team have also seen the impact on children’s emotional development. They spoke of a three year old whose play space was the size of a cot in the main walkway of the room, so that she was never out of view of her mother. The child had formed an insecure attachment – she became extremely upset whenever she could not see her mother, and had not developed the confidence to be out of reach, leading to concerns as to how she would cope when starting nursery.

Unable to play

The cramped, overcrowded conditions (particularly in B&Bs where families often share one room) leave little room for furniture and possessions, let alone space in which children could play.

“It’s hard for my brother to run around.”

(Max, aged 8, whose brother has special educational needs)

“There is no space to play.”

(Jade, aged 4)

Many children want to escape the conditions inside and get out to play, but are forbidden by their parents as it is not safe to do so – whether because of the environment they are in or the people they might encounter. As a result, families can find themselves cooped up inside. The school holidays can be challenging as families lack space inside, are reluctant to play outside and may be miles away from friends or leisure facilities. Even if there are activities close by for the children to attend, the prices can be prohibitive.

“School holidays are very tight. It’s very scary allowing the children to play downstairs in the communal playground – it is risky because of drug dealers, it is very hard to let my children out”

(Sophia, mother of children aged 14, 11 and 8)

Lack of security and stability

Even when a family is provided with decent temporary housing in the right location, the threat of being moved on somewhere else always hangs over their heads, depriving children of a sense of stability and security. There is a lack of data on the number of times children living in temporary accommodation are forced to move, but the Commissioner has heard of cases of families being pulled from pillar to post: one family in Cornwall with 4 children under 8 were rehoused by the council 13 times in 18 weeks.²⁴

“Day to day can be quite stressful for me as we could get a call any day telling us that we need to move again. My daughter is too young to understand most of what has happened but she has been in temporary accommodation for most of her life and knows we will have to move from the home she has known for most of that time soon...”

“Life has been pretty difficult as when we were put into a hostel we lost most of our furniture and possessions... We could not afford storage for all our furniture when we moved from our previous property so we had to leave it behind... We had to contact a charity that provided beds, wardrobes and other furniture items.”

(Chloe, mother of 4 year old)

Temporary accommodation is tough on children and families but it is also costly. Councils spent nearly £1 billion on temporary accommodation in 2017-18.²⁵ The social costs associated with homelessness put pressure on other public services, including healthcare. Homelessness can also be a barrier to a child’s parents being able to work, leading to further costs to the state in the form of welfare benefits.

²⁴ <https://www.bbc.co.uk/news/uk-england-cornwall-46152587>

²⁵ <https://www.theguardian.com/society/2019/jan/01/councils-ripped-off-by-private-landlords-experts-warn>

Not all homeless families have a right to accommodation from the Housing Department

Many families who are homeless are placed in temporary housing by the housing department while they wait for permanent accommodation, which is provided under the Housing Act. However not all families are eligible for accommodation under the Act. Families with No Recourse to Public Funds (those subject to immigration control) are not eligible for housing – only advice and information.

Families might also be judged to be “intentionally homeless” if they left their home when they could have stayed, if they failed to pay their rent despite it being judged affordable, or if they were evicted because of their behaviour. The line between intentional and unintentional homelessness can be blurred: a case was brought to the Supreme Court in January 2019 after a single mother was treated as intentionally homeless because she could not afford to use her non-housing benefits to cover the £35 weekly shortfall between her Housing Benefit and her rent²⁶. Families found to be intentionally homeless are also not entitled to long term housing under the Housing Act.

When a family is found ineligible for accommodation under the Housing Act, the housing department is required to provide emergency accommodation for a reasonable period (normally a few weeks) to give the family time to find somewhere to go, and to provide advice and assistance with this process.

If the family is still homeless after that point, their case will likely be referred to children’s services. Under section 17 of the Children Act 1989, it is the general duty of a local authority to safeguard and promote the welfare of children within their area who are in need. Children’s services can therefore assist families with housing problems in order to fulfil section 17 of the Act and ensure that children do not end up on the streets.

In theory the Children Act provides an important safety net for homeless families, but whether it operates as such in reality is another question:

- > Councils are not required to report on families housed by children’s services, so there is no central data to monitor whether the numbers of children in this group are increasing or what type of accommodation they are housed in.
- > The regulations setting out the kind of accommodation homeless families should be housed in do not apply to families accommodated by children’s services, so councils can decide what counts as suitable housing.²⁷ For example, there is no legal limit on the length of time a family can be housed in a B&B.
- > Children’s services lack expertise in housing, and some do not work closely with housing departments. Without this expertise and contacts with local landlords children’s services are more likely to place children in substandard (and often expensive) accommodation such as B&Bs.
- > Some councils are reportedly ignoring their duty to help and only complying when

²⁶<http://www.cpag.org.uk/content/single-mother-forced-homelessness-housing-benefit-shortfall-goes-supreme-court>

²⁷https://england.shelter.org.uk/legal/housing_options/young_people_and_care_leavers/social_services_duties_to_children_in_need/accommodation_under_section_17#_edn3

forced by legal action.²⁸

- > Although the Department for Education is responsible for Children in Need, there is not a clear focus at a national level on children whose needs are housing-related. There is no central collection of data about these children and there was no mention of housing or homelessness in the Department's recent Children in Need review.

²⁸ London charity Project 17 found that of the families they assisted who had been denied support from the council, 90% were then offered accommodation once legal action was taken citing the Children Act. In the meantime families found themselves sleeping on the streets, in A&E waiting rooms, night buses and police stations

The housing shortage and welfare reform are driving the crisis

A family can become homeless for many reasons, whether they be personal circumstances such as mental health problems or because of wider economic issues which affect people's opportunities. Family homelessness in England today is primarily a result of these structural factors, including the lack of affordable housing and recent welfare reforms.²⁹

A lack of affordable housing

It is no secret that England is facing a housing crisis. The social housing sector has been in decline for many years: between the early 1980s and early 2010s, the proportion of Britons living in social housing halved – a result of Right to Buy and a drop in the amount of social housing being built.³⁰

The decline in social housing has forced many households, including families, into the private rented sector. High rents are a major problem: between 2011 and 2017 rents in England grew 60% quicker than wages.³¹ Simply put, many families cannot afford their rent. It is telling that over half of homeless families in England are in work.³²

The point at which a family leaves one tenancy and tries to secure a new one is a critical time. There has been an explosion in the proportion of homelessness cases caused by the end of an assured shorthold tenancy (AST)³³: from 15% in 2010/11 to a peak of 31% in 2016/17.³⁴ Families may be unable to find another property in their local area that is affordable given how quickly rents are rising. In addition, landlords frequently discriminate against Housing Benefit claimants – half say they would not let to someone in receipt of Housing Benefit.³⁵

The Government recently announced that section 21 no-fault evictions³⁶ are to be banned, which will mean greater security for families who are able to afford their rent and stay in their home. However, for families who are unable to keep up with their rent payments or tolerate rent hikes, the financial costs of moving will remain, putting them at risk of homelessness.

Welfare reform

As the NAO noted, the rise in family homelessness is likely to have been driven by the Government's welfare reforms.³⁷

In 2017 around 1 in 4 private tenants were receiving Housing Benefit to help them meet the cost of

²⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793471/Homelessness_-_REA.pdf

³⁰<https://www.ifs.org.uk/uploads/publications/bns/BN178.pdf#page=9>

³¹<https://blog.shelter.org.uk/2018/08/flatlining-wages-surg-ing-rents-and-a-national-affordability-crisis/>

³²https://england.shelter.org.uk/media/press_releases/articles/over_half_of_homeless_families_in_england_are_in_work_shock_new_figures_show

³³ An AST is the most common type of tenancy for people renting from a private landlord or letting agent.

³⁴<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06856>

³⁵<https://www.moneywise.co.uk/news/2019-03-01/half-landlords-wouldnt-let-to-tenants-housing-benefits-the-government-plans>

³⁶ Section 21 notices allow landlords to evict renters without a reason after their fixed-term tenancy period ends.

³⁷<https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf>

renting.³⁸ The amount received in Housing Benefit (or the housing costs element of Universal Credit) is determined by the Local Housing Allowance (LHA), which varies by area to reflect local rent levels. In 2011 LHA rates were capped, and a four year freeze in LHA began in 2016. This has meant that as private rents have continued to rise, the amount of Housing Benefit families access has not risen accordingly.

Another factor has been the benefit cap, which limits the overall amount a household can claim in benefits each year. Research has shown that tenants on the benefit cap are two-thirds more likely to be in rent arrears than all other tenants receiving Housing Benefit.³⁹

Further challenges are being posed by Universal Credit. The delay experienced by claimants before they receive their first payment is pushing some into arrears. Analysis for the Children's Commissioner's Office shows that the 5 week wait for their first UC payment pushes 70% of families from a cash surplus to cash shortfall.⁴⁰

³⁸ <https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf>

³⁹ <https://www.theguardian.com/society/2018/nov/03/benefit-cap-leaves-poor-families-with-mounting-debt-study-shows>

⁴⁰ [https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20\(FINAL\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20(FINAL).pdf)

Prevent families from becoming homeless in the first place

What more needs to be done

The best outcomes for children, families and wider society are achieved when families are prevented from becoming homeless in the first place and councils do not have to place them in expensive temporary accommodation.

Recent action by government

A cross-government Ministerial Taskforce was created in 2017, focusing initially on rough sleeping. It has been stated that the remit will be expanded to drive progress across all forms of homelessness and homelessness prevention.

The Homelessness Reduction Act 2017, includes:

- > A stronger prevention duty - councils must help a household threatened with homelessness within 56 days, regardless of their priority need status, local connection or intentionality.
- > A new relief duty – requiring councils to take reasonable steps for 56 days to relieve homelessness, regardless of whether the household is in priority need.
- > A duty to provide advice and information about homelessness to everyone within the area.
- > A Duty to Refer - a range of public bodies (including children’s services and youth offending teams) must notify local authorities of people they think are homeless or at risk of homelessness.

What more needs to be done

In the medium and long term the Government must invest properly in house-building so that there are more affordable homes. Shelter has called for 3.1 million new social homes to be built over the next 20 years, including 1.27 million for homeless households and others in the greatest need.⁴¹ Analysis shows that the economic benefits of this programme would outweigh the initial costs, through recouped Housing Benefit and increased tax revenue.

8 in 10 councils have seen an increase in homelessness presentations since the Homelessness Reduction Act came into effect. 6 in 10 said it had increased the number of people in temporary or emergency accommodation, and the same proportion said it had increased the length of time spent in that accommodation.⁴² Although it is positive that more households are receiving homelessness support, it is yet to be seen whether the ultimate aim of the reforms to reduce the number of people needing support in the first place will be achieved. Structural forces such as welfare reform and the housing shortage mean there are very few levers for councils to pull in order to prevent a family from becoming homeless.

In the short term, the Government should provide more funding to help councils to fulfil their stronger

⁴¹https://england.shelter.org.uk/media/press_releases/articles/three_million_new_social_homes_key_to_solving_housing_crisis2

⁴²<https://www.local.gov.uk/about/news/lga-councils-warn-rise-temporary-accommodation-use-homelessness-reduction-act>

prevention duties.⁴³ It should immediately address welfare changes which are tipping too many families into rent arrears. LHA rates must be unfrozen and increased to match rising rents and the benefit cap lifted. Families on Universal Credit should receive their first payment straight away, not after 5 weeks.

Although funding is a crucial piece of the puzzle, more needs to be done to make homelessness prevention for families a success:

- > As the key cross-government body charged with reducing homelessness, the Ministerial Taskforce should undertake a specific programme of work focused on children and families.
- > A formal target for government to reduce the number of children in temporary accommodation should be introduced.
- > The Duty to Refer, which requires certain public bodies to notify local authorities of people they think are homeless or at risk of homelessness, should be extended to schools and GPs. The duty should also be triggered earlier than 56 days before homelessness is anticipated as often that is too late for anything meaningful to be done.
- > Frontline staff across family care and support agencies should be given the training and resources they need to spot the early signs of homelessness.

Good practice by councils

- > **Using data to target prevention services at the local level**

Some councils, including Bristol, are using predictive analysis to target prevention services. An evaluation of this work indicates it is cost-effective,⁴⁴ but that some councils are unable to access the necessary data.

It has become increasingly difficult to access Housing Benefit data as DWP is now responsible for this data under Universal Credit. DWP should review its approach to these requests and MHCLG should help councils to access data from additional sources to further improve the analytics, e.g. the prison and probation service.

- > **Working with other agencies to prevent homelessness**

Many Trailblazer areas helped families receive support from a range of different local authority teams and external partners, like charities, reflecting the often complex causes of homelessness. For example, Newcastle launched a multi-disciplinary team consisting of a Jobcentre Plus work coach, a welfare rights advisor and a debt advisor. Southwark have also increased access to independent advice and information through co-locating Shelter within their Housing Options service reception area to improve residents' access to advocacy. More housing authorities should try to work with other agencies in this way.

⁴³ In the first three years of the Homelessness Reduction Act, a total of £72.7 million is being provided to councils to help them deliver on the new stronger duty to prevent homelessness, but two-thirds of council chiefs think it is insufficient to meet the requirements. So far there has been no guarantee that further funding will be made available after 2020. <http://www.nlgn.org.uk/public/2019/new-survey-on-the-one-year-anniversary-of-the-homelessness-reduction-act-councils-reveal-they-lack-the-funding-to-fulfil-their-new-statutory-duty-to-prevent-homelessness/>

⁴⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/791585/Evaluation_of_Homelessness_Prevention_Trailblazers.pdf

Develop better housing solutions for homeless families

What more needs to be done

The Localism Act 2011 allows councils to fulfil their duty to provide long-term housing to a family by finding them a private tenancy with a landlord, rather than adding them to the list for social housing and placing them in temporary accommodation in the meantime. With temporary accommodation and long-term social housing in short supply, placing families in the private sector through PRSOs can be an attractive solution to local authorities seeking to ensure that all homeless families have roofs over their heads. However, they are too often a short-term fix: the instability and unaffordability of the private rented sector means that many families offered a PRSO simply become homeless again after their 12-month tenancy expires. The Government should increase the minimum tenancy that can be offered under a PRSO from 12 to 24 months to give children more stability. More local authorities could introduce measures to ease access to the private sector, such as acting as a guarantor for families and maintaining lists of landlords who meet good standards and accept tenants in receipt of Housing Benefit.

The Government must use its review of permitted development rights, which allow office blocks to be converted to residential use without planning permission, to reverse the policy with immediate effect.

The current guidance on suitability does not go far enough. The Nationally Described Space Standards should be made compulsory, and should apply to all new temporary accommodation – new-build or otherwise. There should be new requirements on councils to inspect the quality of accommodation before they place families there so they can be assured of its suitability, and new funding provided to councils for them to do so. The guidance needs to be clear that the needs of all children must be considered paramount when determining suitability – not just the educational needs of children about to sit their GCSEs. Children should not be housed in the same accommodation blocks as vulnerable adults if kitchen and/or bathroom facilities are shared.

Finally, bed and breakfast accommodation is never an appropriate place for children to call home – not even for 6 weeks. Some councils have all but eliminated the use of B&Bs to house families altogether. Now is the time for all councils to put children first and do the same, and the Government should extend the current regulations limiting the use of private B&Bs to council-owned B&Bs too.

Good practice by councils

> Eliminating B&B use

Some councils have been able to reduce their use of bed and breakfast accommodation by developing alternative sources of accommodation. Southwark Council also emphasise the importance of cultural change, whereby booking a family into a B&B is understood by staff at all levels as a matter of last resort.

13 London boroughs have launched Capital Letters – a not-for-profit company which will procure temporary accommodation and private sector tenancies on behalf of all member boroughs. Joining forces reduces competition between boroughs, which helps contain costs as competition drives up prices.

PLACE Ltd is a not-for-profit company created by a group of London boroughs to deliver modular temporary accommodation on meanwhile sites. It is building on the success of Place/Ladywell in Lewisham: a pop-up village of 24 modular homes, created in 2016 to house homeless families who would have otherwise been accommodated in B&Bs. In contrast to most shipping containers, the two-

bedroom homes exceed the London space standard, are brightly lit and well insulated. The development incorporates shops and community spaces, including a café, providing a positive environment for children.

> **Enabling families placed in the private sector to access long term social housing – not just those in temporary accommodation**

Sometimes the way a local authority allocates its social housing can incentivise families to become statutorily homeless and enter temporary accommodation in the hope that they will eventually be offered a council house. This can result in worse outcomes for children, who experience the negative impacts previously described for months or years.

Camden has removed the incentives to enter temporary accommodation. Families doing so receive 100 points, whereas families who accept a homelessness prevention offer in the private rented sector and stay there for 6 months receive 200 points, meaning they have a better chance of accessing social housing than families who simply become statutorily homeless.

Improve the support available to children housed by children's services, who are often the most vulnerable

What needs to be done

Firstly, these children need to be made more visible to government. Local authorities should be required to report the number of children being housed by children's services, just as they are required to report the number being accommodated by the housing department. Similarly, the numbers being housed in B&Bs (including for longer than 6 weeks) and the numbers being housed out of area should be reported. Unless the Government begins to collect this data, the Children's Commissioner's Office will use its powers to collect it ourselves.

The standards of protection for these children also need to be strengthened. The requirements around suitability should mirror those applicable to children being housed under homelessness legislation, including the limit on using B&B accommodation only in emergencies and for a maximum period of 6 weeks.

The Department for Education must pay specific attention to children whose needs are housing-related, as a distinct group within its responsibility for Children in Need. It should work in close collaboration with MHCLG and additional relevant government departments such as DWP to ensure they receive the support they need.

Summary of recommendations

The crisis of family homelessness can no longer be ignored. Taken together, the recommendations made in this report would not only improve the state of temporary accommodation for families who need it, but reduce the number of families becoming homeless in the first place, ultimately delivering the best outcomes for children. Below is a summary of the recommendations.

Prevention

1. In the medium and long term the Government must invest properly in house-building.
2. Councils must be given clarity on future funding for the implementation of their new duties under the Homelessness Reduction Act after current funding runs out in 2020.
3. LHA rates must be unfrozen and increased to match rising rents and the benefit cap lifted.
4. Families on Universal Credit should receive their first payment straight away, not after 5 weeks.
5. The Ministerial Taskforce should undertake a specific programme of work focused on children and families.
6. A formal target for government to reduce the number of children in temporary accommodation should be introduced.
7. The Duty to Refer, which requires certain public bodies to notify local authorities of people they think are homeless or at risk of homelessness, should be extended to schools and GPs. The duty should also be triggered earlier than 56 days before homelessness is anticipated.
8. Frontline staff across family care and support agencies should be given the training and resources they need to spot the early signs of homelessness.
9. DWP must make it easier for councils to acquire the data they need to identify families at risk of homelessness in their area. MHCLG should help councils to acquire data from other sources.
10. Local authorities should improve their joint working arrangements, whether through greater contact between the housing department and other service providers (benefits teams, third sector organisations, Jobcentre Plus, etc.) or by the creation of multi-disciplinary teams.

Improving experiences in temporary accommodation

11. The Government should increase the minimum tenancy that can be offered under a PRSO from 12 to 24 months.
12. More local authorities could introduce measures to ease access to the private sector, such as acting as a guarantor for families and maintaining lists of landlords who meet good standards and accept tenants in receipt of Housing Benefit.
13. The Government must use its review of permitted development rights, which allow office blocks to be converted to residential use without planning permission, to reverse the policy

with immediate effect.

14. The Nationally Described Space Standards should be made compulsory, and should apply to all new temporary accommodation – new-build or otherwise.
15. Local authorities should be required to inspect the quality of accommodation before placing families and be given new funding to do so.
16. Guidance on suitability needs to be clear that the needs of all children must be considered paramount, not just the educational needs of children about to sit their GCSEs.
17. Children should not be housed in the same accommodation blocks as vulnerable adults if kitchen and/or bathroom facilities are shared.
18. Local authorities must eliminate the use of bed and breakfast accommodation for housing children and families – not even in emergencies. The Government should extend the current regulations limiting the use of private B&Bs to council-owned B&Bs too.

Families housed by children's services

19. Local authorities should be required to report the number of children being housed by children's services, just as they are required to do so for children housed by the housing department. Unless the Government begins collecting this data, the Children's Commissioner's Office will use its powers to do so.
20. The standards of protection for these children should be brought in line with the protections for children housed under homelessness legislation.
21. The Department for Education must pay specific focus to children whose needs are housing-related, as a distinct group within its responsibility for Children in Need. It should work in close collaboration with MHCLG and additional relevant government departments such as DWP to ensure they receive the support they need.

Technical appendix

1. Tracking the numbers of children and families who are officially homeless longitudinally

New analysis we commissioned provides an indication of what levels of homelessness – as measured by numbers in temporary accommodation (TA) – look like when measured longitudinally. The analysis used monthly Housing Benefit records⁴⁵ from a sample of 25 local authorities, which provide information on every household in that local authority who is claiming Housing Benefit in that month, as well as a flag for whether that household is living in TA at that point in time.⁴⁶ Importantly, these monthly snapshots can be stitched together, thereby showing how many families spend how long in TA.

Using records from the 2017 calendar year, the analysis found that across the 25 local authorities:

- > Roughly 55,000 children (in 28,000 households) were in TA at a specific point in 2017.⁴⁷ This is equivalent to 2.7% of the dependent children in those LAs.
- > Around 62,000 children (in 30,000 households) had been in temporary accommodation at some point in the last 12 months. This works out to 3% of the dependent children in those areas.
- > Around 23,000 children (in 11,000 households) had been in TA for period of at least 6 months, and 2,700 children (in 1,300 households) had been in TA for at least 12 months.

These figures are from a small sample of local authorities (around 1 in 6), but can be extrapolated to provide an indicative sense of how many children in England as a whole ever lived in TA in the last 12 months, or have done so continuously for at least 6 or 12 months. This is done by scaling up the above figures in proportion to the snapshot number of children living in TA in those 25 local authorities. Thus this analysis assumes that the *ratios* between the numbers of children living in TA any point / continuously and the number living in TA at a point in time, can be applied across England more generally.

The table below shows these potential national estimates.

Dependent children who have lived in TA:	Estimated national total of:	
	Children	Households with children
At any point in last 12 months	137,000	65,000
Continuously for at least 6 months	51,000	25,000
Continuously for at least 12 months	6,000	3,000

Note: Estimates are for 2017 and are rounded to nearest 1,000.

⁴⁵ Specifically, the data were combined Single Housing Benefit Extract records along with Council Tax Reduction records

⁴⁶ All households in temporary accommodation who claim support for housing costs will do so via Housing Benefit. Therefore this data source, while not the official source of statistics on TA, should capture all households in TA in a given local authority.

⁴⁷ This is an average of the monthly snapshots in 2017.

From this analysis, we learn that a potential total of around 137,000 may have been living in temporary accommodation at some point in the last 12 months (based on data from 2017). If so, then this represents roughly an extra 10,000-15,000 children in temporary accommodation, over and above the snapshot number who are living there at a given point in time.

The estimates also suggest that a potential national total of around 50,000 children in 2017 had been living in TA for six consecutive months – this works out to around 2 in 5 children in TA at a given point. And a smaller group of around 6,000 children in 2017 had lived in TA for 12 consecutive months – this works out to around 1 in 20 children in TA at a given point.

These estimates are extrapolations from a sample of 25 local authorities, so they are only an informed guess about what the actual national figures could be. The analysis would be improved by using Housing Benefit records from a wider sample of local authorities.

Despite that, it is also likely that some of these figures could actually be an underestimate, due to underlying data quality issues (namely an issue with how TA status was recorded in the Housing Benefit databases). This particularly affects the estimation of how many children were continuously in TA for 6 or 12 months. Those figures should therefore be treated as lower bounds: they could be considerably higher, although the exact magnitude of the bias is unknown.

2. Children facing homelessness risks

Other analysis we commissioned looked at the numbers of children and families not officially homeless, but perhaps hidden homeless, or at risk of becoming homeless in future.

The analysis used surveys of households – namely the Wealth and Assets Survey or the English Housing Survey – so the numbers presented below are effectively best guesses by extrapolating from those samples, rather than official exact figures. There will be margins of error around all of these estimates, which (for brevity's sake) are not shown here. Nevertheless we believe these to be the best available estimates.

2.1 Children and families who may be hidden homeless

This analysis used the English Housing Survey 2016-17.⁴⁸ It considered how many children and families in England might show signs of being homeless, or at risk of being homeless, without being officially homeless and living in temporary accommodation.

The analysis indicated that in 2016-17:

- > 1.1% of households with children reported that were living in another household's accommodation as an additional family, and could not afford to buy or rent their own housing. We describe these families as 'hidden homeless'. Across England as a whole, this would equate to 71,000 households with children, containing 92,000 children.
- > 3.2% of households with children reported that they had approached the local council with concerns about becoming homeless. Across England as a whole, this would equate to 217,000 households with children, containing 414,000 children.
- > 2.9% of households with children reported that they had asked the local council to accept them as homeless. Across England as a whole, this would equate to 193,000 households

⁴⁸ For more information about this survey and its findings, see <https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report>.

with children, containing 369,000 children.

- > Around 23% of these households that their homelessness application had not been accepted by the council. Across England as a whole, this would equate to 45,000 households with children, containing 74,000 children.

It should be borne in mind that these figures come from analysis of the English Housing Survey 2016-17, and therefore are not current (but are the most recent available).

2.2 Children in families at financial risk of becoming homeless in future

This analysis used the Wealth and Assets Survey 2014-16.⁴⁹ It considered how many children and families in England faced significant financial risk of becoming homeless in future, by estimating how many children are in households which are struggling to keep up with housing or living costs.

The analysis indicated that over this period:

- > 2.7% of households with children had reported having fallen behind with rent or mortgage payments. Across England as a whole, this would equate to 184,000 households with children, containing 375,000 children.
- > 3.0% of households with children reported that they spent at least 60% of their income on rent or mortgage payments. Across England as a whole, this would equate to 199,000 households with children, containing 336,000 children.
- > 2.2% of households with children reported that they had applied for insolvency proceedings in the last year. Across England as a whole, this would equate to 147,000 households with children, containing 265,000 children.
- > 6.3% of households with children reported that they had applied for insolvency proceedings in the last year. Across England as a whole, this would equate to 422,000 households with children, containing 816,000 children.
- > 7.3% of households with children reported that they “always ran out of money before the end of the week or month”. Across England as a whole, this would equate to 491,000 households with children, containing 913,000 children.
- > 11.7% of households with children reported that they “would last for less than a week if their income dropped”. Across England as a whole, this would equate to 841,000 households with children, containing nearly 1.6 million children.

It should be borne in mind that these figures come from summary analysis of a survey carried out between 2014 and 2016. These estimates are not current, therefore, but they are the most recent available.

⁴⁹ For more information about this survey and its findings, see <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016>



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Appendix JS15

House of Commons Debate on a Motion on the British
Housebuilding Industry (August 2019)





DEBATE PACK

Number CDP-0205, 19 August 2019

Debate on a motion on the British house building industry

By Wendy Wilson
Cassie Barton
Federico Mor
Michael O'Donnell

Summary

There will be a Backbench Business debate on the British housebuilding industry on 5 September 2019. The debate will take place in the main Chamber and will be led by Siobhain McDonagh MP.

The debate is expected to be wide-ranging and will cover issues including:

- Housing supply and the contribution of the largest housebuilders.
- Homelessness and families in temporary accommodation.
- Rough sleeping.
- Housing affordability.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

1. Background

1.1 Housing supply

Estimates have put the number of new homes needed in England at between 240,000 and 340,000 per year, accounting for new household formation and a backlog of existing need for suitable housing. In 2017/18, the total housing stock in England increased by around 222,000 homes. This was 2% higher than the year before – and the amount of new homes supplied annually has been growing for several years – but is still lower than estimated need.

The 2015 Government set out an ambition to deliver **1 million net additions** to the housing stock by the end of the Parliament, which was expected to be in 2020. Net additions include, 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.”

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). The Autumn Budget 2017 set out an ambition “to put England on track to deliver 300,000 new homes a year.”

There is 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 several policy areas. The [2017 UK Housing Review Briefing Paper](#) (September 2017) argues that **while supply is of critical importance, “so is the rather more neglected issue of affordability, in both the private and social housing sectors.”** The Resolution Foundation has said that a greater proportion of genuinely affordable homes to rent and own will be needed “to make housing less of a living standards burden for families.” In the foreword to the June 2017 IPPR report, [What more can be done to build the homes we need?](#) Sir Michael Lyons said: “We would stress that it is not just the number built but also the balance of tenures and affordability which need to be thought through for an effective housing strategy.” This is echoed in [research](#) commissioned by the National Housing Federation (NHF) and Crisis from Heriot-Watt University, which has identified a

need for 340,000 homes each year to 2031 of which 145,000 “must be affordable homes”.

[Research](#) published in April 2019 by housing consultancy Savills on behalf of the National Housing Federation (NHF), the G15 and Homes for the North, records that completions of new homes in England are set to reach 260,000 a year by 2021. However, Savills warn that longer-term delivery “remains decidedly uncertain”, with a slowing private market and the potential impact of Brexit set to deepen the housing shortfall.

Commenting on the [findings](#), Kate Henderson, chief executive of the NHF, said:

This research shows that relying on private developers to end the housing crisis is fatally flawed.

Without government investment in affordable housing, it just won't be possible to build enough homes to ensure that everyone can have somewhere stable and affordable to live.

More detailed information on housing supply issues, including Government initiatives to increase supply, can be found in these Library papers:

- [Tackling the under-supply of housing in England](#)
- [Stimulating housing supply - Government initiatives \(England\)](#)

Planning reforms are covered in:

- [What next for planning in England? The National Planning Policy Framework](#)

1.2 Homelessness

There were 83,700 homeless households living in temporary accommodation in England at the end of December 2018, a 74% increase compared with December 2010. According to counts and estimates from local authorities, there were 4,677 people sleeping rough in England on a given night in Autumn 2018, 165% higher than in 2010.

There are several Library papers on this topic which provide further background and statistics:

- [Statutory Homelessness in England](#)
- [Households in temporary accommodation \(England\)](#)
- [Rough sleeping \(England\)](#)
- [Local Authority Homelessness Statistics \(England\)](#)

Further statistics on rough sleeping in London are also available from the [CHAIN Annual Report for 2018/19](#), which reports that 8,855 were seen sleeping rough in London at some point during the year.

See also [The Homelessness Monitor: England](#) by Crisis (May 2019). [Research by WPI Economics](#) for St Mungo's and Homeless Link, which was published in April 2019, concluded:

In 2017/18, nearly £1bn less was spent on single homelessness than was spent in 2008/9 – a fall of more than 50%. This was

entirely accounted for by reduced spending for Supporting People activity – which includes a wide range of types of support to help people maintain tenancies and keep their lives on track. Overall, more than £5bn less has been spent on single homelessness between 2008/9 and 2017/18 than would have been spent had funding continued at 2008/9 levels.

1.3 Affordability

As noted above, there is an increased focus on the need for new housing to be affordable, as opposed to simply focusing on overall supply. When giving evidence to the Public Accounts Committee in February 2017, Melanie Dawes, Permanent Secretary at DCLG (now the Ministry of Housing, Communities and Local Government), 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.¹

This Library paper discusses definitions of affordable housing and trends in supply in some detail:

- [What is affordable housing?](#)

The independent Affordable Housing Commission has gathered together [a series of Government announcements and other reports on housing affordability issued between March and June 2019](#).

The Commission has published a literature review which examines why housing affordability has worsened: [Why is housing unaffordable?](#) (2019). There is also a report on how best to define and measure housing affordability: [Defining and measuring housing affordability: an alternative approach](#) (2019).

¹ [HC 958, 22 February 2017, Q132](#)

2. FTSE 350 housebuilding companies

2.1 Contribution to housing supply

Housebuilding companies will usually include information in their annual reports on how many homes the company has completed that year, and the average selling price of homes sold on the private market.

The table below shows the total housing completions reported by each of the FTSE 350 housebuilding companies in 2018. Where available, information is also shown on the number of these completions that were affordable housing units, and the average selling price of homes on the private market.

Barratt Developments reported the highest number of housing completions in 2018. The highest proportion of affordable housing completions were reported by two companies with lower numbers of total completions – Countryside Properties (35%) and Bovis Homes Group (32%).

Housing completions and supply at FTSE housebuilders				
Housing completions and sales during 2018				
	Total housing completions	Affordable housing completions	% of completions affordable	Average private selling price
Barratt Developments	17,579	3,241	18%	£328,800
Persimmon	16,449	3,333	20%	£238,800
Taylor Wimpey	14,933	3,416	23%	£301,800
Bellway	10,307	£323,400
Galliford Try ^a	6,193	£367,000
Redrow	5,913	1,102	19%	..
Countryside Properties	4,295	1,491	35%	£402,000
Bovis Homes Group	3,759	1,192	32%	£337,400
Berkeley Group Holdings ^b	3,698
Crest Nicholson Holdings	3,020	637	21%	£393,000

Source: Library calculations from data in companies' annual reports and accounts.

Notes:

^a Average private selling price is for homes sold by Linden Homes, the main private housing development business in the group.

^b Data is for financial year 2018/19 rather than calendar year 2018.

.. indicates data is not available

2.2 Land banks

Land banking describes the practice of land owners who retain land while its value grows until it can be built on more profitably, sold on at an increased price, or is simply retained as an asset.

Several studies have considered whether land banking takes place. 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.²

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.

Shelter has also published analysis of land banking in two 2016 blog posts: [the first part is available here](#), and [the second part is here](#).

The table overleaf shows the number of plots in land banks reported by FTSE 350 housebuilding companies in their annual reports for 2018. Dividing this figure by the number of homes completed by the company in 2018 allows for an estimate of how many years' supply of housing each land bank holds.³

Comparisons between companies should be made with caution, however, as companies may report on their land banks in different ways. The numbers in the table below are intended to reflect companies' short-term land banks – the pipeline of land that they intend to develop in the relatively near future, which may have planning permission or be close to getting it. Companies also hold 'strategic' land banks, which might not hold planning permission or be likely to be developed soon. For example, Crest Nicolson reports an additional 16,837 plots in its strategic land bank – almost as many as are in its short-term land bank.

² Shelter and KPMG (2015), [Building the homes we need: a programme for the 2015 government](#), p37

³ Companies may also use different methodologies to estimate the years' supply of housing in their land banks in their annual reports, but this method is used here for consistency.

Short-term land banks at FTSE 350 housebuilders		
As reported in 2018		
	Land bank (plots)	Years' supply of housing
Barratt Developments	79,432	4.5
Bellway	41,077	4.0
Berkeley Group Holdings ^a	41,639	11.3
Bovis Homes Group	17,328	4.6
Countryside Properties	43,523	10.1
Crest Nicholson Holdings	19,291	6.4
Galliford Try	14,700	2.4
Persimmon	75,793	4.6
Redrow	27,630	4.7
Taylor Wimpey	76,000	5.1

Source: Library calculations from data in companies' annual reports and accounts.

Notes:

^a Data is for financial year 2018/19 rather than calendar year 2018.

2.3 Pay ratios

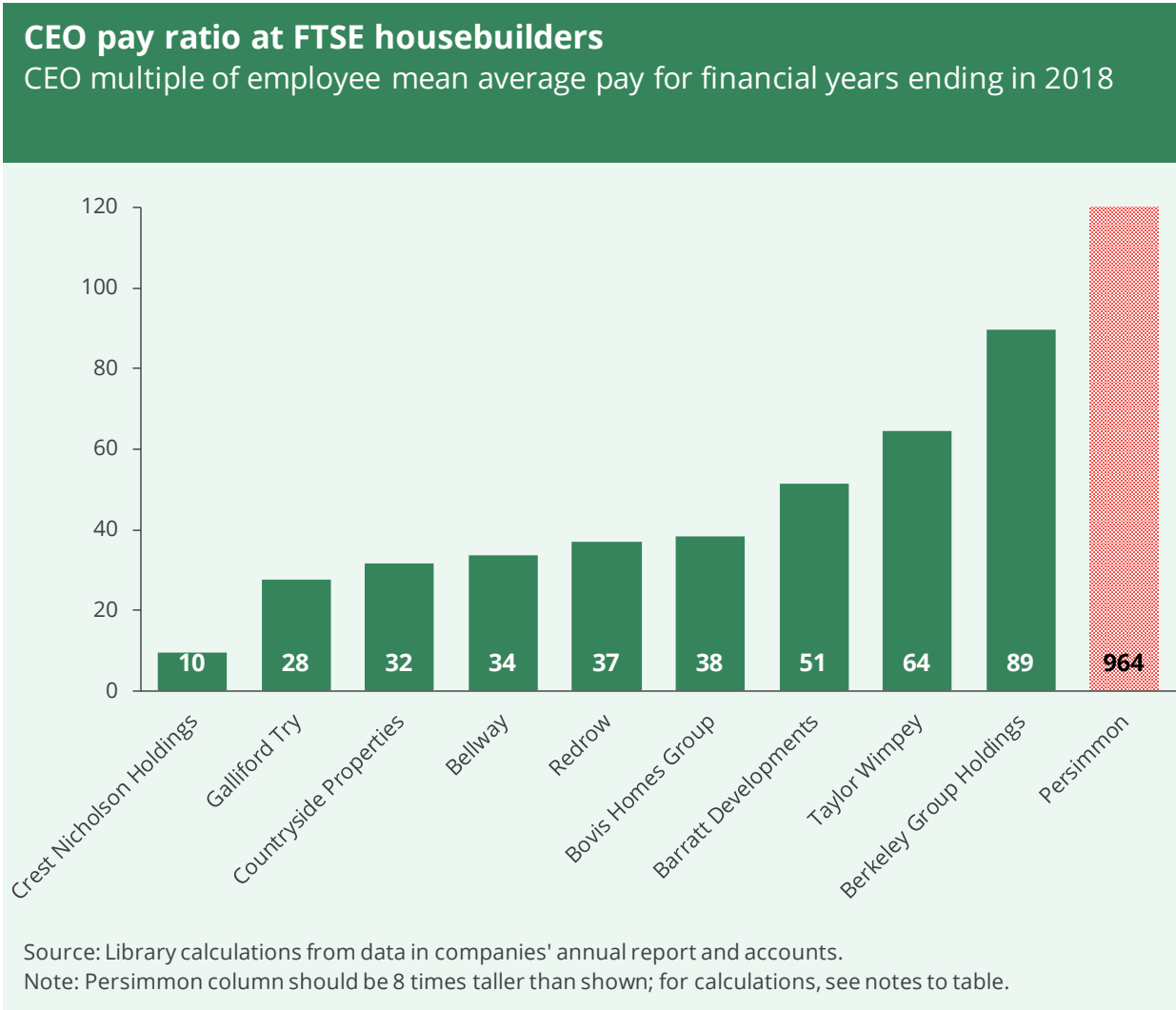
The Government now [requires](#) public companies with more than 250 UK employees and listed on the stock exchange to report annually the ratio of CEO pay to the median pay, 25th-percentile and 75th-percentile pay of their UK workforce, along with a narrative explaining changes to that ratio from year to year.⁴ To illustrate, a median pay ratio of 50 means that the CEO is paid 50 times the median pay in the company.

However, the requirement applies to financial years starting on or after 1 January 2019. Therefore, pay ratios will only be mandatory for annual reports published from 2020 onwards. In the meantime, it is possible to use available data to calculate mean average pay (instead of median pay, which is not available) and compute pay ratios on that basis. These calculations include all types of remuneration (e.g. bonuses, pension contributions, benefits in kind, share incentive schemes, etc), not just wages and salaries.

A note of caution is that **ratios can fluctuate a lot from year to year**. These fluctuations are due to the high volatility of CEO pay, while pay in the wider workforce is more stable.

The chart below shows pay ratios at FTSE 350 housebuilders. In 2018, the highest ratio was as high as 964 at Persimmon and as low as 10 at Crest Nicholson.

⁴ [The Companies \(Miscellaneous Reporting\) Regulations 2018](#)



The data on CEO pay and mean employee pay for 2017 and 2018 is shown in the table below. As remarked earlier, ratios can fluctuate wildly from year to year. Berkeley's is a good example, going from 292 in 2017 to 89 in 2018. The change is explained by the CEO's remuneration going from £29 million in 2017 to £8 million in 2018, whereas mean employee pay did not change much between these two years.

CEO pay ratio at FTSE housebuilders						
CEO multiple of employee mean average pay for financial years ending in 2017 and 2018						
Company	CEO pay £000s		Mean employee pay £000s		Ratio	
	2018	2017	2018	2017	2018	2017
Barratt Developments	2,811	3,602	55	53	51	68
Bellway	1,815	3,468	54	52	34	66
Berkeley Group Holdings	8,256	29,192	92	100	89	292
Bovis Homes Group	2,180	1,376	57	48	38	29
Countryside Properties	2,265	1,418	72	70	32	20
Crest Nicholson Holdings	595	2,150	61	63	10	34
Galliford Try	1,448	1,043	53	48	28	22
Persimmon	38,967	45,740	40	41	964	1,124
Redrow	1,961	2,463	53	49	37	50
Taylor Wimpey	3,152	3,697	49	49	64	76

Source: Library calculations from data in companies' annual report and accounts.

Notes:

1. CEO pay is the total single figure in the remuneration report, which includes all forms of pay such as bonus, long-term incentive plan, pension, etc.
2. Mean employee pay is total employee costs (which also include bonuses, pensions, etc) minus social security contributions and minus the pay of executive directors, divided by the number of employees.
3. The companies have different year ends, ranging from 30 April to 31 December.

It is also worth noting that the use of mean averages results in lower ratios than if the median had been used. That is because means are sensitive to outliers, so that a small number of highly-paid staff pushes up the mean average, whereas medians are unaffected by the size of the pay gap between the top and the rest. Data for Taylor Wimpey illustrate this difference. Taylor Wimpey voluntarily published their 2018 median pay ratio, ahead of the disclosure becoming mandatory. The table below, taken from their 2018 annual report⁵, shows that the median pay ratio was 77, whereas the mean-based figure in the table above is 64. The pay figures used for the CEO are the same, but the median employee pay figure is lower than the mean, at £41k vs £49k.

CEO Pay Ratios (unaudited)

Year	Method	CEO single figure	All UK employees	Lower quartile	Median	Upper quartile
			Ratio	103:1	77:1	41:1
2018	Option B	£3,151,748	Total pay	£30,745	£41,135	£76,575
			Salary	£26,412	£26,873	£52,458

For more information about pay ratios and wider corporate governance issues, see our briefing, [Corporate Governance Reform](#) (CBP 8134).

⁵ Table in: Taylor Wimpey plc, [Annual Report and Accounts 2018](#), p113

3. News

[Sutton completes first council housing in 30 years](#), LocalGov, 15 August 2019

[British public tells new government: don't stop talking about the housing crisis](#), Chartered Institute of Housing, 12 August 2019

[Housebuilder Barratt expects record profits despite Brexit blues](#), City A.M., 10 July 2019

[House price growth cools in May, Nationwide finds](#), Telegraph, 31 May 2019

[Japanese developer enters UK housing market](#), Financial Times, 14 May 2019

[Housebuilding in England flat – despite Theresa May's 'mission'](#), Guardian, 28 March 2019

[Ministers urged to halt right-to-buy scheme](#), Guardian, 19 January 2019

[Ministers urged to back huge UK housebuilding programme](#), Financial Times, 8 January 2019

[This has been the worst decade for house-building since World War Two, and it's all our fault](#), Telegraph, 1 January 2019

[Public housing projects boost profits at Countryside Properties](#), Financial Times, 21 November 2018

[Housebuilding report criticised over high price of farmland](#), Financial Times, 5 November 2018

[Theresa May lifts borrowing cap on local councils to help 'solve housing crisis'](#), Independent, 3 October 2018

[Housebuilder Barratt reports record profits](#), Financial Times, 5 September 2018

[Britain's housing market is broken. Here's how Labour will fix it](#), Guardian, 19 April 2018

4. Parliamentary Material

4.1 Oral PQs

[Help to Buy: Housebuilders' Profits](#), HL, 796 cc232-4, 27 February 2019

Asked by: Lord Shipley | **Party:** Liberal Democrats

To ask Her Majesty's Government what steps they will take to restrict the profits being made by housebuilders through the Help to Buy scheme.

Answered by: The Parliamentary Under-Secretary of State, Ministry of Housing, Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con) | **Party:** Conservative Party

Schemes such as Help to Buy equity loan have helped to deliver 222,000 new homes in 2017-18, the highest level since 2007-08. However, we expect builders to act responsibly. We expect all housing developers to deliver good quality housing, to deliver it on time, and to treat purchasers of new-build homes fairly.

[Help to Buy: Housebuilders' Profits](#), HL, 796 c234, 27 February 2019

Asked by: Baroness Thornhill (LD) | **Party:** Liberal Democrats

My Lords, it is important to state for the public record that the figures provided by my noble friend Lord Shipley are from research done by the Times. Is the Minister aware that in 2018, the largest housebuilders declared dividends amounting to £2 billion? On hearing this, does he have any sympathy for the many council planning officers who regularly do battle with those developers who are still exploiting the Government's viability loophole to avoid paying the community infrastructure levy and Section 106 money rightly owed to councils, thus depriving communities all over the country of millions of pounds that should be spent on roads, schools and much-needed social housing? When will the loophole finally be closed for good?

Answered by: Lord Bourne of Aberystwyth | **Party:** Conservative Party

My Lords, the figures are right, to the extent that they stack up mathematically. I accept that the figures set out by the noble Lord, Lord Shipley, featured in the press, but they are simply an exercise in looking at the profit and then dividing it by the number of houses built, without any attempt to isolate those in the Help to Buy scheme. It is very much a back-of-a-fag-packet exercise and does not bear mathematical analysis.

I hope the noble Baroness will accept that her more detailed questions have slightly blindsided me because they are not on this specific point. However, I will write to her and ensure that a copy of the letter is placed in the Library.

[Help to Buy: Housebuilders' Profits](#), HL, 796 c233, 27 February 2019

Asked by: Lord Best (CB) | **Party:** Crossbench

My Lords, the Minister is suggesting that the oligopoly of major-volume housebuilders has let us down on quantity, affordability,

design, workmanship and quality of product. Could he update us on the arrival of a new homes ombudsman, who can deal with a good number of the complaints that, justifiably, people are making about the appalling quality they experience when they buy some of these properties?

Answered by: Lord Bourne of Aberystwyth | **Party:** Conservative Party

My Lords, most of the suppliers of homes under the Help to Buy scheme are small and medium-sized enterprises, although I accept that the larger players are delivering the volume. I agree with the noble Lord about the need for a new homes ombudsman and he will know that, when legislative time allows, we will introduce that. In the meantime, with the Home Builders Federation we are looking at the possibility of a voluntary homes ombudsman, to make sure we have the qualities he and I are keen on and that they are enforced.

[Help to Buy: Housebuilders' Profits](#), HL, 796 c233, 27 February 2019

Asked by: Lord Bassam of Brighton (Lab) | **Party:** Labour Party

Will the Minister return to the point made by the noble Lord, Lord Shipley: that the vast profits Persimmon is making would be far better invested in bricks and mortar and new council houses?

Answered by: Lord Bourne of Aberystwyth | **Party:** Conservative Party

My Lords, I leave it to the Labour Party to have an assault on profits; there is nothing wrong with profit itself. It is inappropriate when the money is not being invested properly and providers are not taking proper account of their duties; that is unacceptable. The noble Lord will know that the lifting of the cap on local authorities will help with an issue on which he and I agree: the need for more social houses.

[Help to Buy: Housebuilders' Profits](#), HL, 796 c233, 27 February 2019

Asked by: Lord Kennedy of Southwark (Lab Co-op) | **Party:** Labour Party

My Lords, does the Minister accept that the Government should set a framework for space standards, quality of design and energy efficiency so that, no matter if the home is for sale or rent, it will provide a quality dwelling for many years to come? It is disappointing that many of the homes benefiting from the Government's scheme fail in these respects.

Answered by: Lord Bourne of Aberystwyth | **Party:** Conservative Party

My Lords, I do accept that standards are important. The noble Lord will be aware that the National Planning Policy Framework tightens up some of these quality and design requirements, and there are also rules relating to safety. These will be at the forefront of the Government's mind when we have the new Help to Buy scheme. We will look at all of the providers, not just Persimmon, to make sure that they are delivering value for money for the consumer and the taxpayer.

[Help to Buy: Housebuilders' Profits](#), HL, 796 c232, 27 February 2019**Asked by:** Lord Shipley (LD) | **Party:** Liberal Democrats

I thank the Minister for his reply. He will be aware that yesterday, the housebuilder Persimmon declared annual profits of over £1 billion, having built 16,449 homes. That is £66,000 per house built, with half the sales funded through Help to Buy. That represents almost a trebling in profit per house since Help to Buy was introduced in 2013. Does the Minister accept research concluding that Help to Buy has led to house prices being 15% higher than they would be compared to similar properties that were not eligible—in turn, fuelling profits? What plans do the Government have to clamp down on huge bonuses arising from the increased profits, made from the public purse under Help to Buy?

Answered by: Lord Bourne of Aberystwyth | **Party:** Conservative Party

My Lords, I should point out to the noble Lord that the Help to Buy scheme was initiated under the coalition Government. Some of the figures he has quoted were made by his leader, the right honourable Member for Twickenham, Vince Cable, who is in a much better position than I am to know how successful the scheme has been in delivering houses. It has delivered over 190,000, and he was a Cabinet Minister when it started. Ensuring we get value for money is of course important, and we are focused on that. Regarding directors' salaries, there are provisions in the Companies Act 2006 relating to directors' duties. Section 173 includes a complex corporate code that governs listed companies. Persimmon, which he has referenced, realised how unacceptable the situation was and the chairman, the chairman of the remuneration committee and the chief executive resigned. That is an indication of the realisation, which I share, that it was inappropriate.

[New Housebuilding](#), HC, 653 c471, 28 January 2019**Asked by:** Helen Hayes (Dulwich and West Norwood) (Lab) | **Party:** Labour Party

The Government's expansion of permitted development rights has caused multiple problems across the country. Such developments make no section 106 contributions towards new social housing. There are reports of homes of appalling quality, with children forced to play in car parks on industrial estates, and of homes in some areas being used only for short-term holiday lets, while developments in other areas are causing the loss of valuable employment space. Last week, the permanent secretary confirmed to the Housing, Communities and Local Government Committee that the Government had undertaken no evaluation of this policy. Will the Secretary of State call time on the policy, so that a full evaluation of the impacts can be undertaken?

Answered by: Kit Malthouse | **Party:** Conservative Party | **Department:** Housing, Communities and Local Government

We will not call time on a policy that has produced tens of thousands of homes for people who need them. We are aware that there have been some difficulties with properties converted under permitted development rights, but we are not entirely sure that local authorities are using the tools at their disposal to make

sure that standards are maintained. However, as I said earlier, we keep all our policies under constant review and I would be more than happy to look at specific situations if the hon. Lady wishes to raise them.

4.2 Written PQs

[Prefabricated Housing](#), HC, PQ 276545, 18 July 2019

Asked by: Fletcher, Colleen | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, what assessment he has made of the (a) cost, (b) environmental and (c) build-time benefits of modular housing build.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

My Department has not carried out a comprehensive assessment on these issues.

Research into particular topics may include consideration of modern methods of construction if relevant to the subject of the research.

It is however well recognised that new technology and innovation has improved productivity, quality and choice across a range of sectors and we are keen to see the same happen in housing. The Government is aware of numerous industry reports which indicate that the use of Modern Methods Of Construction (MMC) in housebuilding, including modular construction for, has the potential to deliver a range of benefits.

There is an opportunity for housebuilders to embrace MMC and take advantage of new technologies to deliver good quality new-build homes more quickly, with the potential to deliver more energy efficient homes to buyers, improve site efficiencies and reduce waste.

That is why the Housing White Paper specifically talks about specific measures to stimulate the growth of modern methods of construction, including modular construction and smart techniques. For instance, on top of providing financial support to builders, we are creating a pipeline of opportunities in the sector and have set up a MMC working group to look at addressing barriers to assurance, insurance and finance for MMC homes.

The group has been exploring a range of opportunities to increase confidence in homes manufactured using these methods to support the uptake of off-site manufacturing technologies across the housing market.

[Buildings: Construction](#), HC, PQ 275741, 16 July 2019

Asked by: Smith, Henry | **Party:** Conservative Party

To ask the Secretary of State for Housing, Communities and Local Government, what steps he is taking to (a) increase (a) building and (b) build quality throughout the country.

Answering member: Kit Malthouse | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

The Government has set out an ambitious package of long-term reform to make the housing market work. We are taking end-to-end action across the housing system with measures to: release more land for homes where people want to live, build the homes we need faster, get more people building homes, and support people who need help now. We have committed more than £44 billion of financial support over five years to 2022/2023 to boost the delivery of housing and unblock barriers to more housebuilding.

We are also committed to ensuring that new homes are of good quality. In 2018, we announced a dedicated ombudsman for buyers of new homes and we intend to introduce legislation to require developers of new build homes to belong to a New Homes Ombudsman. The revised National Planning Policy Framework places a strong emphasis on design and makes clear that developments should be visually attractive and add to the overall quality of the area.

Our interventions are making a difference. Last year 222,190 homes were delivered, the highest in all but one of the last thirty years. This year numbers are expected to rise again, representing the 7th consecutive year of growth.

[Housing](#), HL16925, 15 July 2019

Asked by: Lord Taylor of Warwick | **Party:** Non-affiliated

To ask Her Majesty's Government what steps they are taking to increase growth in the UK housing market after Brexit.

Answering member: Lord Bourne of Aberystwyth | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

We are committed to delivering safe, secure and affordable housing to people across the country, and Brexit will not change this. After we leave the EU, as now, we will work closely with industry and all levels of government and take end-to-end action across the housing market to deliver the right homes in the right places and achieve our ambition of delivering 300,000 homes a year by the mid 2020s.

We set out our plan for long-term reform to make the housing market work better in our Housing White Paper, and have since built on this with further measures, including planning reforms, lifting Housing Revenue Account borrowing caps, and progressively increasing the Government's 2016-21 Affordable Homes Programme in England to more than £9 billion, as well as more than doubling the Housing Infrastructure Fund to £5.5 billion to unlock up to 650,000 homes. We've committed over £22 billion Help to Buy Equity Loan funding to 2021, and announced at last year's Autumn Budget a new scheme with £7.2 billion funding to 2023. The measures we have announced will boost the delivery of housing and use funds flexibly to unblock the barriers to more housebuilding.

[Housing: Construction](#), HC, PQ 275671, 15 July 2019

Asked by: Cunningham, Mr Jim | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, what steps he is taking to ensure that housebuilders take account of (a) heatwaves, (b) flash flooding and (c) other effects of climate change in building new homes.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

We have built into the planning system, through the NPPF and its accompanying guidance, clear expectations on adaptation and resilience to climate change impacts. All plans should take account of a changing climate, including implications for flood risk, coastal change, water supply, biodiversity, landscapes and rising temperatures.

When considering new development in areas which are vulnerable (e.g. to increased flood risk), care should be taken to ensure that risks can be managed through suitable adaptation measures, including through the provision of green infrastructure such as multi-functional sustainable drainage systems

In the Government's response to the Environmental Audit Committee's enquiry into heatwaves we set out our intention to consult on a method for reducing overheating risk in new homes. This will be done alongside the Government's review into the energy efficiency standards of the Building Regulations.

[Community Housing Fund](#), HC, PQ 271343, 8 July 2019

Asked by: Drew, Dr David | **Party:** Labour Party - Cooperative Party

To ask the Secretary of State for Housing, Communities and Local Government, what plans the Government has to extend funding for the Community Housing Fund beyond 2020.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The Community Housing Fund is currently scheduled to close in March 2020. Decisions on funding for 2020-21 onwards are a matter for the Spending Review, which will take place this year.

The Government recognises that the community-led housing sector offers significant potential for helping to meet housing need across England. In addition to helping increase the rate of delivery of new housing, it will help deliver a range of benefits including diversifying the housebuilding sector, improving design and construction quality, developing modern methods of construction, and sustaining local communities and local economies. The support and close involvement of the local community enables the community-led approach to secure planning permission and deliver housing that could not be brought forward through speculative development.

[Derelict Land](#), HL15485, 15 May 2019

Asked by: Lord Shipley | **Party:** Liberal Democrats

To ask Her Majesty's Government what assessment they have made, through data collected from brownfield land registers, of the number of homes that could be built on brownfield sites.

Answering member: Lord Bourne of Aberystwyth | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

All local planning authorities have now published a local register of brownfield land suitable for housing, bringing many more sites to the attention of house-builders, self-builders and investors.

The information published by local planning authorities suggests that across England as a whole there are over 18,000 sites and over 26,000 hectares of land suitable for development, with capacity for one million homes.

15 May 2019 | Written questions | Answered | House of Lords |

Date tabled: 01 May 2019 | **Date for answer:** 16 May 2019 |

Date answered: 15 May 2019

[Community Land Trusts](#), HC, PQ 249886, 13 May 2019

Asked by: Wiggin, Bill | **Party:** Conservative Party

To ask the Secretary of State for Housing, Communities and Local Government, what plans he has to support Community Land Trusts in making homes more affordable.

Answering member: Kit Malthouse | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

The Government supports the community-led housebuilding sector – of which community land trusts are an important part – through the annual £60 million Community Housing Fund. The Fund is delivered outside London by Homes England and within London by the Greater London Authority. Capital and revenue grants are available to community-based groups wishing to take forward schemes to build locally affordable housing. Through the Fund, the Government is also supporting a consortium of the major stakeholder groups (including the National Community Land Trust Network) to develop a network of technical advisors to support community-based groups through the process of developing their housebuilding schemes.

The Community Housing Fund is currently scheduled to close in March 2020. Decisions on funding for 2020-21 onwards are a matter for the Spending Review, which will take place this year.

[Housing: Construction](#), HC, PQ 247002, 1 May 2019

Asked by: Morris, Grahame | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, if he will make an assessment of the quantity of land suitable for housing being left undeveloped due to land banking by private developers.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The Review of Build Out Rates chaired by the Rt Hon Sir Oliver Letwin MP reported on 29 October 2018. It found no evidence that speculative land banking is part of the business model for major house-builders, or that it explains slow build-out rates. The review concluded that greater differentiation in types and tenures of new homes would increase market absorption and stimulate an increase in build-out rates. This Government has put in place extensive incentives and assistance to encourage house-building, especially on brownfield land, to support the housing policies in our revised National Planning Policy Framework.

[Housing: Construction](#), HL14876, 4 April 2019

Asked by: The Lord Bishop of St Albans | **Party:** Bishop

To ask Her Majesty's Government, further to their commitment to "maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances" in Fixing our broken housing market (CM 9352), published in February 2017, what assessment they have made of the Campaign to Protect Rural England's report State of Brownfield 2019, published in March; and what plans they have to incentivise building on brownfield sites.

Answering member: Lord Bourne of Aberystwyth | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

We provide strong encouragement for re-use of brownfield land. The National Planning Policy Framework expects local authorities to give substantial weight to the value of using suitable brownfield land within settlements for new homes and other uses. We ask them to prioritise brownfield wherever practicable, and have provided support in the form of increased loan funding for site preparation, infrastructure and land assembly; new permitted development rights to put existing buildings to good use; and a reduction in the constraints on brownfield sites in Green Belt to allow more affordable homes. Local brownfield registers are bringing thousands of hectares of developable land to the attention of house-builders. Local authorities are also beginning to receive proposals regarding Permission in Principle for housing-led developments on land in brownfield registers.

Brownfield sufficient for hundreds of thousands of new homes exists, but it is for local authorities to use their plans to steer much-needed housing-led development and investment to brownfield sites available in viable and sustainable locations.

[Derelict Land](#), HC, PQ 236291, 28 March 2019

Asked by: Cunningham, Mr Jim | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, what assessment his Department has made of the feasibility of the use of brownfield sites as potential locations to build new homes.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The National Planning Policy Framework expects local authorities to give substantial weight to the value of using suitable brownfield land within settlements for new homes and other uses. We ask them to prioritise brownfield wherever practicable, and have provided support in the form of loan funding for site preparation, infrastructure and land assembly; new permitted development rights to put existing buildings to good use as dwellings; and the redevelopment of brownfield sites in Green Belt to allow more affordable homes. Every local authority has published a register of brownfield land suitable for new homes, bringing thousands of hectares of developable land to the attention of house-builders and self-builders.

Local authorities are also beginning to receive proposals regarding Permission in Principle for housing-led developments on land in brownfield registers. Brownfield sufficient for many hundreds of thousands of new homes is likely to be identified by local authorities, and it is they who must plan how and when to use available, viable and sustainable sites for the housing we so badly need.

[Community Housing Fund](#), HC, 229623, 14 March 2019

Asked by: Healey, John | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, what steps he is taking to ensure the full allocation of the Community Housing Fund is allocated.

Answering member: James Brokenshire | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

In July last year, a new Homes England programme was launched to deliver the Community Housing Fund outside London. My Department has also funded a similar programme in London, which was launched in January and will be delivered by the Greater London Authority. Community groups and local authorities in all parts of England are now able to apply for capital and revenue funding to bring community-led housing schemes forward.

My Department has also made available £6 million to a consortium of the leading stakeholder groups within the community-led housing sector to expand and develop a network of professional technical advisors who will help guide community-based organisations through the process of instigating and developing local housebuilding projects. An initiative was therefore launched in February under the brand name Community Led Homes. I expect this initiative to be an important factor in helping realise the potential of the community-led housing sector and supporting the delivery of the Community Housing Fund.

Work is underway within Homes England and Greater London Authority to understand the potential demand for the Community Housing Fund over the next few years.

[Housing: Construction](#), HC, PQ 228143, 11 March 2019

Asked by: Hollinrake, Kevin | **Party:** Conservative Party

To ask the Secretary of State for Housing, Communities and Local Government, what assessment he has made of the adequacy of current lending conditions to (a) large, (b) medium, (c) small and (d) micro house builders in England.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The Government fully recognises the important role small and medium sized house builders (SME) play in delivering much needed housing in this country. We have already put in place a number of initiatives to help SME builders overcome barriers, specifically access to finance through the provision of the £4.5 billion Home Building Fund. £2.5 billion of which provides short term loans to SME housebuilders, custom builders and innovators. £110 million of that funding has been used to set up The Housing Growth Partnership.

Launched in 2015, this is a £220 million partnership between Lloyds Bank and Homes England and is supporting the growth of SME house builders and expansion in the UK housing stock. It will deliver 3,400 homes. In addition, the Home Building Fund has also provided £125 million for the the Housing Delivery Fund launched by Barclays Bank and Homes England, in September 2018. The £1 billion development finance Fund will help build thousands of new homes across England. Of the £1 billion fund, Barclays is providing £875 million.

A key priority of The Housing Delivery Fund is to support small and medium sized businesses to develop homes for rent or sale including social housing, retirement living and the private rented sector, whilst also supporting innovation in the model of delivery such as brownfield land and urban regeneration projects.

The Chancellor announced at Budget 2018 that the British Business Bank will deliver a new scheme providing guarantees to support up to £1 billion of lending to SME house builders. My Department and Homes England are currently working with the British Business Bank to implement this scheme.

[Community Housing Fund](#), HC, PQ 226645, 7 March 2019

Asked by: Lucas, Caroline | **Party:** Green Party

To ask the Secretary of State for Housing, Communities and Local Government, what assessment he has made of the effect on the number of communities (a) bringing forward and (b) completing projects of the length of the period for which the Community Housing Fund is open to them; and if he will make a statement.

Answering member: Kit Malthouse | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The Government recognises that the community-led housing sector offers significant potential for helping to meet housing need across England. In addition to helping increase the rate of delivery of new housing, it will help deliver a range of benefits including diversifying the housebuilding sector, improving design and construction quality, developing modern methods of

construction, and sustaining local communities and local economies. The support and close involvement of the local community enables the community-led approach to secure planning permission and deliver housing that could not be brought forward through speculative development.

The Community Housing Fund aims to support an increase in housing supply in England by increasing the number of additional homes delivered by the community-led housing sector; to provide housing that is affordable at local income levels and remains so in perpetuity; and to deliver a lasting legacy for the community-led housing sector in the form of an effective and financially self-sustaining body of expertise within the house building industry in England. Through this fund, housing will be delivered where the mainstream market is unable to deliver and will be tailored to meet specific local needs. It will help sustain local communities and local economies and help raise the bar in design and construction standards.

The Community Housing Fund is currently scheduled to close in March 2020. While the programme was launched relatively recently, there is still time for many community-led housebuilding schemes to access funding and deliver housing, although we appreciate that this will be more difficult for very new schemes.

All proposals to extend the Fund beyond March 2020 will be given due consideration but decisions on funding for 2020-21 onwards are a matter for the Spending Review, which will take place this year. Factors that are likely to be taken into account include the value for money being achieved by the Fund and how successful it has been in increasing the number of community-led housing schemes either completed or in progress.

[Housing: Construction](#), HL13673, 26 February 2019

Asked by: Baroness Thomas of Winchester | **Party:** Liberal Democrats

To ask Her Majesty's Government what steps they are taking to support local authorities to meet housebuilding targets; and what guidance they provide to assist local authorities in their negotiations with developers.

Answering member: Lord Bourne of Aberystwyth | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

Government has already dedicated over £44 billion of investment to help local authorities to deliver the homes communities need. On 14 February, the Government announced nearly £250 million of housing deals which will deliver almost 25,000 more homes. As part of this, the government will be investing £157 million in infrastructure such as building roads and putting natural green space alongside developments.

Last year Government introduced a new approach to viability assessment through the revised National Planning Policy Framework and accompanying guidance. The new approach ensures that developers will have greater certainty about what they are expected to contribute, and that these costs can be reflected in the price paid for land. Local authorities will be better able to hold developers to account and will need to set out more clearly for communities what infrastructure and affordable housing has been delivered through developer contributions.

[Right to Buy Scheme](#), HC, PQ 213230, 7 February 2019

Asked by: Healey, John | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, whether he is meeting the Government's commitment to replace homes sold through the council right to buy scheme.

Answering member: James Brokenshire | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

The latest figures for the replacement of council homes sold under the Right to Buy can be found in the statistical release *Right to Buy Sales in England: July to September 2018*, and show a shortfall of 2,501 replacements against additional sales. This is despite an increase in council housebuilding, and an overall net increase in social housing of 79,000 units since 2010.

We have taken steps to help councils build more homes, by removing the Housing Revenue Account borrowing cap; providing long-term rent stability for social landlords; committing to repeal the legislation in the Housing and Planning Act which, if implemented, would have led to local authorities' selling off vacant, high value council homes; and, most recently, consulting local authorities on options to afford them greater flexibility in how they can use their Right to Buy receipts to help them build faster.

[Housing: Construction](#), HC, PQ 196102, 3 December 2018

Asked by: Healey, John | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, what contingency plans his Department has made to support the housebuilding industry in the event that the UK leaves the EU without a deal.

Answering member: James Brokenshire | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

My Department is working with other Government Departments on the implications that leaving the EU may have for delivering our housing objectives, including in relation to skills, labour, materials and methods of construction. We will continue to work closely with the housebuilding sector in the coming weeks and months to support our housing ambitions and to ensure that we are ready for every eventuality.

[Housing: Construction](#), HC, PQ 150717, 15 June 2018

Asked by: Chalk, Alex | **Party:** Conservative Party

To ask the Secretary of State for Housing, Communities and Local Government, what steps the Government is taking to (a) support and (b) incentivise local authorities to go further than their duty to hold a self-build register and actively bring forward sites for self-build properties.

Answering member: Dominic Raab | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

The Department has published comprehensive planning guidance to support authorities in taking forward their duties under the Self-build and Custom Housebuilding legislation. MHCLG is also providing a total of £95,850 new burdens funding to each relevant authority over 3 years to set up the register and deliver permissions suitable for self and custom build housing.

The Department is supporting the National Custom and Self Build Association's Right to Build Task Force which aims to help local authorities, community groups and other organisations across the UK deliver large, affordable custom and self-build housing projects. Officials have also delivered a programme of regional workshops for local authorities to assist them in discharging their duties and we will continue to assess what more the Department can do in this area.

[Housing: Construction](#), HC, PQ 130476, 9 March 2018

Asked by: Twigg, Derek | **Party:** Labour Party

To ask the Secretary of State for Housing, Communities and Local Government, pursuant to oral contribution of the Minister for Housing on 6 February 2018, Official Report, column 1461, whether a local authority with (a) no brownfield land to build on and (b) heavily contaminated land is classified as exceptional circumstances for enabling housebuilding on greenbelt land.

Answering member: Dominic Raab | **Party:** Conservative Party |
Department: Ministry of Housing, Communities and Local Government

I refer the Hon Member to chapters 11 and 13 of the draft National Planning Policy Framework published for consultation on 5 March.

<https://www.gov.uk/government/collections/national-planning-policy-framework-and-developer-contribution-consultations>

[Planning: EU Law](#), HL5634, 6 March 2018

Asked by: Lord Kinnock | **Party:** Labour Party

To ask Her Majesty's Government, further to the speech by the Foreign Secretary on 14 February, which current EU regulations or directives complicate planning and inhibit housebuilding in the UK.

Answering member: Lord Bourne of Aberystwyth | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

This Government is clear that building more of the right homes, in the right places, is central to our vision. My department is working hard with the house-building sector to understand the opportunities that leaving the EU has for our housing objectives.

[Housing: Cooperatives](#), HC, PQ 124756, 5 February 2018

Asked by: Thomas, Gareth | **Party:** Labour Party · Cooperative Party

To ask the Secretary of State for Housing, Communities and Local Government, how many homes that are in housing cooperatives were completed in each of the last 10 years; and if he will make a statement.

Answering member: Dominic Raab | **Party:** Conservative Party | **Department:** Ministry of Housing, Communities and Local Government

Co-operative housing is an important element of the community-led housing sector. The community-led sector offers significant potential for helping to meet housing need across England. In addition to helping increase the rate of delivery of new housing, it will help deliver a range of benefits including diversifying the housebuilding sector, improving design and construction quality, developing modern methods of construction and sustaining local communities and local economies. The support and close involvement of the local community enables the community-led approach to secure planning permission and deliver housing that could not be brought forward through speculative development.

In December 2016, the Government launched the Community Housing Fund to put local groups who know their area's needs best in the driving seat and help them deliver housing that is affordable to the local community. For the 2016/17 financial year, grants were awarded to 148 local authorities which were particularly affected by local affordability issues or high rates of second home ownership. That funding has been used to build capacity within local authorities and other organisations to support the development of community-led housing projects. It has also been used to directly contribute to the cost of schemes through capital subsidy.

We recently announced that a new programme to deliver the Community Housing Fund will be launched shortly and delivered by Homes England. We will be inviting any appropriate organisation – including community groups, registered providers and local authorities – to apply for capital and revenue funding. The new programme will run until at least 2019/20. The announcement can be found here:

<https://www.gov.uk/government/speeches/community-led-housing>

The department does not hold data on the number of homes delivered by housing cooperatives. We will be collecting data on the number of homes supported by the new fund.

[Help to Buy Scheme: Taxation](#), HL3845, 18 December 2017

Asked by: Lord Myners | **Party:** Crossbench

To ask Her Majesty's Government whether they intend to consider introducing a windfall tax on profits resulting from their Help to Buy Scheme.

Answering member: Lord Bates | **Party:** Conservative Party | **Department:** HM Treasury

The government has announced that the Help to Buy equity loan scheme will continue until March 2021 with an additional £10 billion of funding available. Help to Buy equity loan is intended to

help people who otherwise would not be able to afford a deposit to buy a home. It is restricted to new-build properties to ensure that it also helps to drive up the number of homes being built. The programme has played an important role in supporting the housing market since 2013 and the number of homes being built has reached its highest level since 2008.

All UK housebuilders will be liable to tax on their profits in the same way as other firms.

[Housing: Construction](#), HC, PQ 116728, 11 December 2017

Asked by: Healey, John | **Party:** Labour Party

To ask the Secretary of State for Communities and Local Government, for what reasons publication of the house-building statistics House building; new build dwellings, England: September Quarter 2017 has been delayed.

Answering member: Alok Sharma | **Party:** Conservative Party |
Department: Department for Communities and Local Government

As published in the National Statistics announcement, this release was delayed due to extra time being required for data production. This followed a switch to a new data collection system. The release is now scheduled for 19 December.

The new data collection system is delivering benefits including unified and efficient handling of the Department's data collections. This system is already working successfully with local government financial information which transferred earlier this year.

The National Statistics announcement can be found at the following link:

<https://www.gov.uk/government/statistics/announcements/house-building-new-build-dwellings-england-september-quarter-2017?cachebust=1511441945>

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Appendix JS16

Former Housing Minister's Speech to the RESI Convention
(September 2019)



Speech

RESI Convention 2019

Speech given by the Minister of State for Housing at the convention for the residential property sector.

Published 16 September 2019

From: [Ministry of Housing, Communities & Local Government](#) and [The Rt Hon Esther McVey MP](#)

Delivered on: 12 September 2019 (Speaker's notes, may differ from delivered version)



Well hello and it really is a pleasure to be here in the busiest week in politics, well that is since the last week in politics!

And it's wonderful to be here in Newport. Though I have to say I did ask as it's my very first speech as Housing Minister and it's a devolved matter, why am I in Wales?

And then when I got here and saw how magnificent the place was, I could see why you keep coming back here so I am delighted to be here with you today.

And, I am also the first female Housing Minister in a decade.

Now you don't come into politics as a woman to do 'housework', but when the Prime Minister asks you to do so on behalf of your country you make an exception!

And maybe, just maybe Boris thought the ask was so big, building 300,000 homes each year by the mid-2020s, only a woman could get that much 'housework' done!

Whilst I might be the first woman in a decade to do this job, you all know there has been 9 housing ministers in 9 years, so I want to say, that although we have been many in number, our collective commitment to deliver the homes this country needs has been constant and unwavering.

That working with yourselves, working with the industry, we have together delivered some significant achievements.

- We published the new National Planning Policy Framework scheme ironing out the planning process to help us deliver the houses we need. Our work on planning reform continues, as we focus on delivering an Accelerated Planning Green Paper.
- We've invested £9 billion in the Affordable Homes Programme and committed a further £2 billion in long-term partnerships that gives Housing Associations the certainty through funding up to 2029, nearly 10 years from now.
- And we have all focused on ensuring that our flagship Help to Buy programme has driven the supply in new homes and vitally, have helped a new generation of people onto the property ladder.

Progress together has been significant since 2010,

1.3 million more homes have been delivered.

430,000 affordable homes.

With 222,000 additional homes built in the last year alone.

Government is backing the industry with real investment and with interventions. And that is to make the dream of home ownership a reality. A dream that the vast majority of the public still have and continue to have.

And why is that? It's about having a stake in society, it's about having security, it is about aspiration, it is actually about freedom. It's about financial security, and it's about safety for you and your family and it provides people with a real stake in their community.

And whether you own your home or not, we all need a roof over our head.

I can say that because I've had many homes in my life, many experiences in my life.

I've been in a Barnardo's home, I've been in my grandparents' home, I've been in a council home, my first family owned home and now my own home.

Every single one holds an exceptional and significant experience for me.

So, providing these homes are essential; to provide homes for all people, from all walks of life, for the need they have at that moment in time.

In fact, it is a scandal, possibly the greatest scandal over the last 30 years that we've had a shortage in houses. And that has led, as we know, to a rise in renting and costs, and to a fall in home ownership which has destroyed the aspiration of a generation of working people.

We need to put that right.

And this government, with your help will put that right.

Since the mid-1990s, house prices have risen to 8 times, 10 times, 12 times, in some of the most expensive parts of this country 44 times the actual income of someone, that cannot be right.

Successive Conservative governments have sought to put a lid on that escalation, helping working people get on the housing ladder so they don't have to dip into the bank of mum and dad.

It still isn't enough, but we have cut stamp duty for 95% of first-time buyers and abolished it altogether for 80% of them.

We've introduced Help to Buy, loan and ISA, helping more than half a million have the security of home ownership.

And we've continued the hugely successful Right to Buy which has helped generations after generations onto the housing ladder.

But there is a limit to what government can do, for example, Help to Buy is precisely that. It is helping people to buy, it is not helping somebody to make a profit, it is not helping to increase the prices of property. It is about helping people to buy.

So this government will be vigilant about what is working, keeping an eye on our goal. That is a shared goal, helping people into a home and into home ownership.

Extending ownership schemes and building the homes the country needs.

And, we're doing that straight away, we've looked at ownership models, so making Shared Ownership more accessible for working families. We've started that already so buyers can have a staircase of 1% increases rather than 10% leaps.

We're going to look to expand Shared Ownership, supporting it in different ways, taking out what we hear to be the difficulties of it, the expense of it. It shouldn't be unfair for those trying to get onto the housing market.

And Rent to Buy, so people can rent knowing that they are going to buy, knowing that they've got a bit of breathing space, maybe it's in 5 years, maybe it's in 10 years, but they will get to own that property - so they can plan, knowing they have the certainty of getting a deposit and getting that house.

And Right to Build, so many places around the world have far more people building their own homes, so we're going to be there, whether its support for Right to Buy or Right to Build.

And also supporting communities, for Communities to Build.

Because there are so many houses to build - we need to open up all of those opportunities.

Too many people feel that vital link between hard-work and owning their own home is broken. And when that link is severed, social mobility and opportunity falls away.

For so many people in our public sector, like our nurses and our teachers, like our police, owning their own home feels like the dream that has been taken away from them.

This is not right, they are the backbone of our country. They deserve a home of their own and they are looking to us to see what we can do. They are looking to us to fix it like we look to them to teach our kids like we look to them when we need healthcare, to look after us. They're looking to us now to return that favour and look after them.

So, that's 300,000 more homes a year to build. Each and every year.

Now we're getting closer to that target – we're building more, more than before. In fact last year we built more homes than in every year bar one in the last 31 years.

In Greater Manchester, the number of extra homes built is rising by more than 12%.

In Birmingham, it's rising by 80%.

Only in London, [political content removed], have the number of new homes fallen.

While the trend is heading upwards, I've found there's still serious barriers stopping that progress unnecessarily, and we need to understand what those barriers are, understand what is getting in our way so we can remove them.

We also need to focus on Brownfield sites – what are we doing there? Are we doing enough there? Are we building enough homes there? Regeneration must be something we should be most proud of, turning round, I call it, unloved land.

And I know regeneration is a tough thing to do, I know that, that's what my family's business is in – demolition, excavation, regeneration, so we know that, and that is why government has put in billions of pounds in support to help with regeneration on Brownfield sites and that is what we must do.

Because greenfield land, greenfield sites, should not be what we turn to, not what we look at first.

Every blade of grass must be looked at before it is changed – and it is only in the most exceptional circumstances we turn there and I can announce today councils will receive a share of nearly £2 million to crackdown on illegal development, including in the green belt.

I'll be putting money there, to help with enforcement officers, new technology and legal costs.

And alongside that, there will be a cash boost, from our department too, we are teaming up with the Royal Town Planning Institute to overhaul the National Enforcement Handbook. These are the things that we are offering to do, and can do.

And I want to look at those 300,000 new homes, in a different way now, because I see that as enormous, absolutely enormous.

I just think of the opportunities, enormous opportunities, exciting prospects and I'm talking in design and type.

I'm talking in diversity of homes.

I'm talking in technology of the home.

I'm talking environmentally of the home - carbon zero homes.

I'm taking creativity, in the style of the home, the type of living, reflecting the needs of people, whichever part of the housing ladder, young single people, divorcees, elderly, disabled people, families – all kinds of partnerships.

Each one of these needs a different type of home.

Are we really reflecting those different types of homes and needs?

I speak to young people across the country and they say these homes don't really reflect what we'd like to see. Some want a family home, some want a bigger home, some want what they see as more like a future community - living in an exceptional space, maybe with a shared gym, maybe with a shared space downstairs, and within it an apartment as their own home, these would be much cheaper in price, a smaller apartment that they could own.

Surely between us, looking across what's happening in the world, we can get the homes that different generations want.

And what about the jobs and the careers to build all these homes, we need to think about that. We need to be opening up this house building to SME's, bringing them onboard, bringing it to communities, bringing it to the self-build and bringing in modern methods of construction.

We are now at a transformational turning point where we can make homes by manufacturing them at a very high specification.

Cars, over the years, have gone smarter, faster, sleeker, leaner.

Phones are no longer about talking to one another, they are computers in your pocket, connecting you with the world.

TV's are bigger, are flatter, are high definition.

Our houses have to be exactly the same, replicate this change, so we can build them faster, sleeker, environmentally friendlier, cheaper and what people want.

Because that is what it's about, it is about the customer. What do they want?

And that is what we've got to be on the side of the person who needs that home, who knows they are putting pretty much all the money they earn into that home, and so it has to be what they want, and not what they are given and just have to accept!

And, we are going to strengthen up home owner's rights as well, as we consult on a future home owners Ombudsman.

Because now, (as we leave the E.U. and set about building 300,000 homes a year) we could become global leaders in the world of house building, of high end engineering, manufacturing, 3D specification, architecture and traditional build too.

And with that, I see clusters of excellence across the country, of where modular building is being developed - in the North East, Yorkshire, the North West, - I see in my mind's eye, just like you see homes in your mind's eye, I see, a Centre of Construction Excellence being established in the North of the country, combining all these things, so we can have a newly found industry. You're not just living in a home, you can prosper from having a job in creating those homes, when we are building at such a significant scale and pace, the career opportunities are huge.

And we can set new housing standards for the rest of the world.

You talked about Brexit before because yes, we are moving into a world post the EU. With the government's help we are getting ready for Brexit, helping UK businesses get geared up for the challenges and opportunities ahead. We will be carrying over EU product requirements as valid for sale, to ensure smooth transition for the construction industry. And we're making sure we've got the skills here in the UK to deliver what we need for that next generation of homes, through our technical hubs, through our, as I see it, Centre of Excellence, which will be industry led, which can deliver training, right up to high end degree apprenticeships.

So we will be bold, we will be visionary, we will be setting the world alight as we go forward with what we can do. I remember somebody said to me, which made such a huge impact on me as a child, you know everything you see, was created within someone's mind, it never existed until somebody thought of it and then thought of a way to do it.

You are those people.

You are those architects, those visionaries, who set the scene.

Together we will do it.

We will do it together, and please know, the government will support you.

We have supported you.

Together we have to tackle this Great British housing building problem. Thank you.

Appendix JS17

National Housing Federation Research (September 2019)



Briefing:

How many people need a social rented home?

September 2019

- 8.4m people in England are in some form of housing need
- 3.6m of these would have their needs best met by social rented homes.

1. Introduction

There is currently no recognised official measure of housing need in England. The closest thing we have are local housing registers – colloquially known as the ‘waiting list’. Local housing registers, maintained at local level by local authorities, are part of the mechanism by which social housing is allocated to people in need. Households wishing to obtain a social rented property must join their local register in order to be able to bid on properties. However, registers are generally felt to be inadequate as a measure of housing need, particularly since the introduction of the Localism Act in 2011. Simply put, there is now no consistent set of criteria for allowing households to join a register. Additionally, as these registers are not necessarily cleaned on a regular basis, it is very difficult to arrive at a robust national figure.

However, it is imperative to understand the scale of need in order to plan appropriate policy responses, and to humanise and better inform the debate around the scale and dynamics of the need for new housing.

2. Approach

This briefing outlines the headline findings of analysis carried out for the National Housing Federation by Professor Glen Bramley of the Institute for Social Policy, Housing, Equalities Research (I-SPHERE) at Heriot Watt Universityⁱ. This analysis builds on work commissioned by the Federation in partnership with Crisis, as part of a wider study evaluating housing requirementsⁱⁱ.

The previous study included an estimate of the backlog of need for new homes based on analysis of the Understanding Society survey carried out by the Institute for Social and Economic Research (ISER) at the University of Essexⁱⁱⁱ. For this new exercise, we commissioned Professor Bramley to explore these backlog figures in more depth, looking at:

- an estimate of the number of households and people affected by different housing problems
- an estimate of how many of those affected would be best served by different types of sub-market housing provision, in particular social rented homes
- how these issues are distributed across broad regions of England.

The analysis identified how many households are affected by each of the housing issues identified in the list below, subsequently estimating how many people live in the households affected by:

- overcrowding (as measured by the bedroom standard)
- concealed households (including adult children who wish to move out of their parental home, lone parents living with other families, etc.)
- affordability issues
- accommodation unsuitable due to health, age or family type of household
- poor condition of property.

Affordability constraints were also applied to assess which sub-market tenure – if any – would be most appropriate for the affected households.

In addition, an assessment of other data sources was carried out to identify the scale of need related to homelessness which would not be picked up by the Understanding Society survey. This was based

on the definitions of core and wider homelessness developed by Crisis in conjunction with I-SPHERE^{IV}. It is reasonable to assume that all of the households identified in this way would be best served by social rented homes.

These figures were then added to those identified from Understanding Society to produce the following results.

Table 1 – Elements of need, England

Housing need issues	Households	People
Overcrowded (bedroom standard)	789,754	3,648,645
Concealed households	1,785,929	2,542,502
Affordability issues	924,283	2,514,219
Accommodation unsuitable due to age, health or family type	526,686	1,669,570
Poor conditions	515,689	1,381,988
Any need (i.e. any of the above)	3,709,685	7,988,356
Any need, where social rent would be the most appropriate tenure	1,855,241	3,201,071
Homeless or at risk of homelessness	251,814	406,009
Any need (incl. homeless)	3,961,499	8,394,365
Any need (incl. homeless) where social rent would be the most appropriate tenure	2,107,055	3,607,080

Note that as households can experience more than one type of need, the headline totals for the different types of need do not add up to the total identified as being in need.

The headline need figures break down regionally as follows:

Table 2 – Overall need by region

	Any need (incl. homelessness)	Any need (incl. homeless) where social rent would be the most appropriate tenure
North	2,225,751	1,017,375
Midlands	1,574,859	676,105
South	2,497,827	1,015,724
London	2,095,929	897,875
England	8,394,365	3,607,080

3. Caveat

It is important to note that the numbers in this study are estimates of the backlog of existing need. As such, they do not take newly arising need into account. It is thus not robust to use these figures as proxies for the numbers of new homes that need to be provided. We know from wider analysis that we need to be building 340,000 new homes a year, of which 145,000 should be affordable, including 90,000 for social rent. For a discussion of the much more complex modelling which sits behind these figures, see [Housing supply requirements across Great Britain](#).

ⁱ Technical note of this analysis will be available soon

ⁱⁱ [*Housing supply requirements across Great Britain*](#)

ⁱⁱⁱ www.understandingsociety.ac.uk

^{iv} These definitions are discussed in [*Everybody In – How to end homelessness in Great Britain*](#) (Crisis, 2018)

Appendix JS18

BBC Housing Briefing (February 2020)



B B C Briefing: Housing



“The strength of a nation derives
from the integrity of the home”

Confucius

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BBC Briefing - Housing

Part 1/10

The UK's Housing Crisis

The UK is experiencing what many describe as a housing crisis. Millions of households are living in sub-standard or overcrowded conditions. Many are on local council waiting lists. Some individuals are sleeping rough. House prices and rentals are becoming unaffordable for many. Today's young are living at home for longer, and some are struggling to buy a home.

At the same time, we are building fewer homes than in many periods in the past.

What can be done to resolve Britain's housing crisis? BBC Briefing assesses the evidence and the options.

There are 320,000 homeless people in the UK

The scale of homelessness in the UK

- Homelessness affects 140,000 families, including an estimated 120,000 adults and 200,000 children
- The number of people sleeping rough – more than 5,000 - has almost tripled since 2010
- Most homeless people are not living on the street but in temporary accommodation or shelters, or are sleeping on friends' sofas
- In England, 85,000 households are in temporary accommodation, such as short-term private rentals; temporary social housing stock; and B&Bs and hostels - with an additional 10,000 on the waiting list for such accommodation
- The rate of homelessness is significantly greater in Northern Ireland than in the rest of the UK



More than one million UK households are on council-housing waiting lists

Waiting lists

- In April 2018, there were 1.11 million households on English local authority waiting lists, down from a peak of just over 1.8 million in 2012
- These are low-income households who are eligible for accommodation provided by councils or in homes managed by housing associations – sometimes (but not always) not-for-profit bodies, which are subsidised and regulated by the relevant government
- However, the stock of social housing has declined substantially in recent decades

Note: There are some limitations with waiting lists as a measure of need. Some people register in more than one place; local criteria vary; there may be some double-counting; and some people stay on the list even if their needs have been met elsewhere



1960s flats in Leeds

More than four million people in the UK live in sub-standard or inappropriate accommodation

Categories of sub-standard housing

- **“Non-decent”**: A home is defined as “non-decent” when it is not in a reasonable state of repair, does not have reasonably modern facilities and services, or has ineffective insulation or heating
 - According to the English Housing Survey, 4.3 million households in England were living in “non-decent” homes in 2018 - about one-sixth of all households
- **Unfit for human habitation**: Housing charity Shelter estimates that around one million homes in England, affecting 2.5 million people, are unfit for human habitation
 - These are homes that under a government rating system pose “a serious and immediate risk to a person’s health and safety”. This can include structural weakness, dampness, pest infestations, or fire hazards
- **Overcrowding**: On average, an annual 788,000 of the 23 million households in England were estimated to be overcrowded in the period between 2016 and 2019
- **“Inappropriate” housing**: This category includes council tenants housed, for example, in unsuitable converted office blocks, or elderly residents in homes that do not meet, for example, their mobility needs. Research by Heriot-Watt University found that 326,000 households in Great Britain lived in such conditions

Many households would like their own homes but cannot afford either to buy or rent

The 'hidden households'

- People who cannot afford to own or rent – the so-called hidden households – include:
 - young adults who are still living at home with their parents
 - 27% of 20-34-year-olds are still at home
 - this category of 20-34-year-olds increased by one million between 1999 and 2019
 - couples living with other family, such as in-laws
 - couples who have divorced but are forced to keep living together because they cannot afford to live apart
 - young adults sharing with groups of other young adults
 - families sharing a dwelling with other families (multiple occupancy)
- In 2018 the average age of a first-time-buyer was 30 – only a slight increase on 40 years ago partly because poorer people, who are unlikely to get on the property ladder, are not reflected in the figures
- The problem of hidden households is largely driven by unaffordable housing: house prices relative to income have nearly doubled since 1978
- Rent prices are high compared with incomes in most regions of England

There are significant variations in the price of housing and rentals across the UK

Determinants of regional variations

- Both property and rental prices are much higher in London and south-east England than in other parts of the UK
 - As a result, young Londoners seeking to own their first home are at a significant disadvantage compared with first-time buyers elsewhere in the UK
- Population density and local economic performance are critical to determining property prices: urban prices are generally higher, though there are big variations between towns and cities
 - Edinburgh's property prices, for example, are significantly higher than Glasgow's - reflecting the different economic conditions in the two cities
 - Similarly, property prices in Manchester are higher than in nearby Liverpool



Woman looking at properties in an estate agent's window





BBC Briefing - Housing

Part 2/10

Britain's Housing Heritage

How have history, innovation and government intervention affected the nature and ownership of the UK's housing stock?

And how do we compare with other European countries?



“A man's house is his castle”

The Institutes of the Lawes of
England, Sir Edward Coke, 1628

Industrial change had a profound impact on the development of Britain's cities and housing stock

Long-term trends and their effects on housing needs

- Pre-1800: The Industrial Revolution
 - Millions left rural areas and moved into towns and cities
- 1800-1900: The Victorian Transformation
 - Rising earnings and better health led to a population explosion: from 11 million in 1800 to 37 million in 1900
 - However, population growth soon outstripped housing supply: the result was overcrowded tenements and slums in many of our major cities
 - In the late 1800s, a new burgeoning middle class looked for ways of escaping from crowded urban centres, and began moving to leafy outer-city areas - "the suburbs"



Wentworth Street, Whitechapel, 1870s



LS Lowry's 'Going to Work'

Crowded urban conditions encouraged social reformers to campaign for green spaces and better housing for the urban poor

Octavia Hill

- Octavia Hill was a campaigning social reformer in the late 19th and early 20th Century
- She was a driving force behind the idea that people in cities needed access to green spaces
- She helped to save Hampstead Heath and Parliament Fields in north London from being built on, and to preserve them for the enjoyment of Londoners
- She was one of the three founding members in 1895 of the National Trust, a body set up to preserve places of historic interest or outstanding beauty for the British public
- Octavia Hill was also a champion of social housing for the urban poor
- She started a number of housing projects for the London poor and spawned similar projects by others, both in the UK and abroad












Octavia Hill painted by John Singer Sargent, 1898

Rapid expansion of London's Tube network in the second half of the 19th Century powered suburban growth in south-east England

The London Underground in 1906



London's Tube network

- The evolution of the London Underground system closely mirrors the development of outer-London suburbs in the late 19th and early 20th Centuries
- | | |
|---|-------------------------|
|  | Metropolitan 1863 |
|  | Hammersmith & City 1864 |
|  | District 1868 |
|  | Circle 1871 |
|  | Northern 1890 |
|  | Waterloo & City 1898 |
|  | Central 1900 |
|  | Bakerloo 1906 |
|  | Piccadilly 1906 |
- Overground rail networks had a similar impact in South London and in other UK cities

Rising affluence in the 20th Century created demand for new kinds of housing

The rise of suburbia and the new “garden cities”

- The 20th Century saw a huge expansion of new housing in the suburbs in response to middle-class aspirations
- The advocacy of town planner Sir Ebenezer Howard, who started the garden-city movement, led to new “garden suburbs” being built. Letchworth, in 1903, was the world’s first “garden city”
 - A home with its own garden was a key attraction
 - Letchworth boasted the UK’s first roundabout (1909)
- A housing brochure from the 1920s proclaimed:
“It's the trees, the fairy dingles, and a hundred and one things in which dame nature's fingers have lingered long in setting out this beautiful array of wooden slope, trout stream, meadow and hill top sites”



The garden city of Letchworth

Other UK cities responded to the challenges of industrialisation in a range of ways

Suburban developments



Bournville

- Bournville is a model village, on the south side of Birmingham
- The Cadbury brothers built the tree-lined village for workers at their chocolate factory when it expanded on to a green field site
- The village had railway links to Birmingham and schools and sports facilities



Helensburgh

- The coastal town of Helensburgh, 30 miles from Glasgow, developed rapidly in the late 19th and early 20th Centuries as a suburban escape from the slums of the city
- Hill House in the town (pictured above), designed by architect Charles Rennie Mackintosh, is famous for its art deco interior

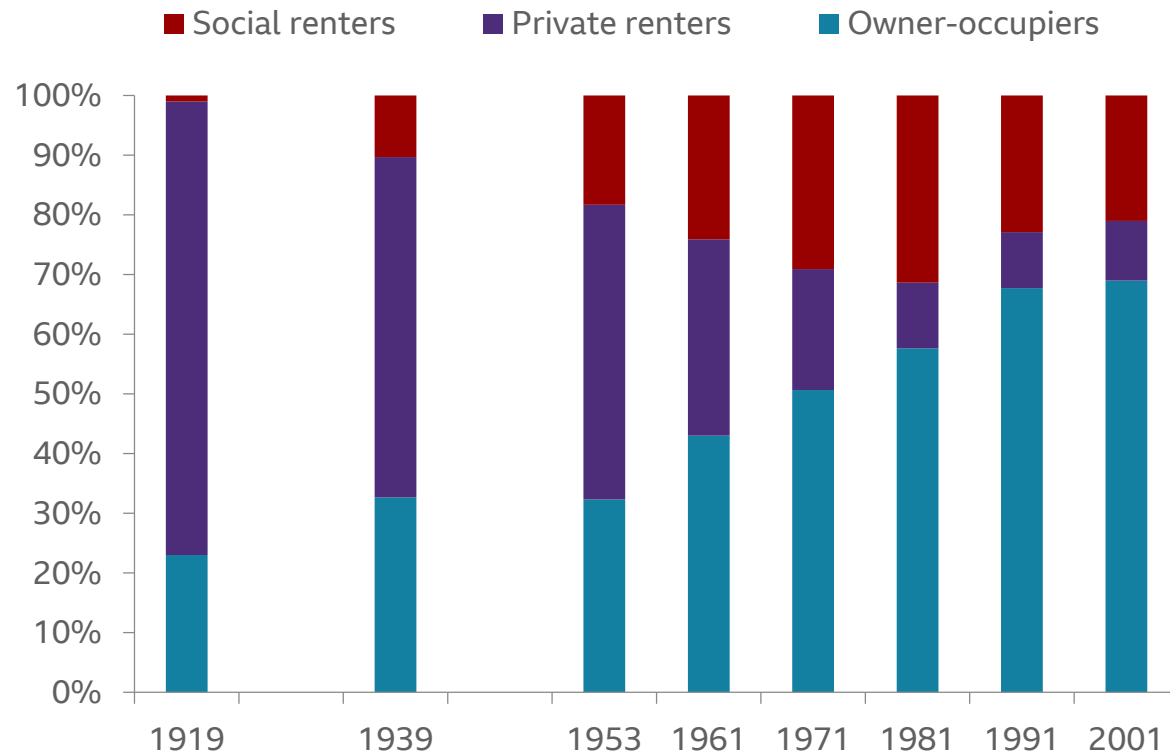


Didsbury

- The leafy suburb of Didsbury developed once it was connected in 1880 by the Midland Railway Line to Manchester, as part of the Victorians' expansion of the city
- Didsbury includes the 21-acre Fletcher Moss botanical gardens

Home ownership in England and Wales rose throughout the 20th Century

Proportion of households by tenure, England and Wales, 1918 to 2001



Source: [UK Government \(Gov.uk\)](http://www.gov.uk)

Increases in owner occupation

- Home ownership rose consistently throughout the 20th Century
- In 1918, only 23% of British people owned their own home: most people not owning a home lived in private rented accommodation
- During the 1930s, the suburbs mushroomed - with an average of 300,000 new homes built every year
- By the end of the 20th Century, home ownership had risen to almost 70%, and private rental had fallen to around 10%
- The decline of private renting over the 20th Century was the result of the increased availability of mortgage-financed owner occupation and the rise of social housing

The development of a pioneering British institution – the building society – helped fuel 20th-Century home ownership

The evolution of the building society

- The building society is a British institution. Similar bodies evolved in other countries but the UK institution led the way
- A building society is an organisation owned by members who contribute their savings and who can borrow from the collective pool. It is thus known as a mutual society
- The first building societies in the UK started in Birmingham in the 18th Century; hundreds sprang up over time until virtually every British town and city had its own
- Building societies specialised in providing long-term mortgages to its members, and thus enabled millions of British people to buy their own home
- From 1989 onwards building societies were allowed to demutualise, which meant they could become normal limited companies, like banks
- Most have now demutualised, closed down or been absorbed
- In January 2020 there were 43 building societies in operation. Nationwide Building Society remains the largest building society in the world, with more than 15 million members



Building societies are a common sight on Britain's High Streets

In the first half of the 20th Century, social housing evolved to provide for those unable to afford private accommodation

The rise of social housing

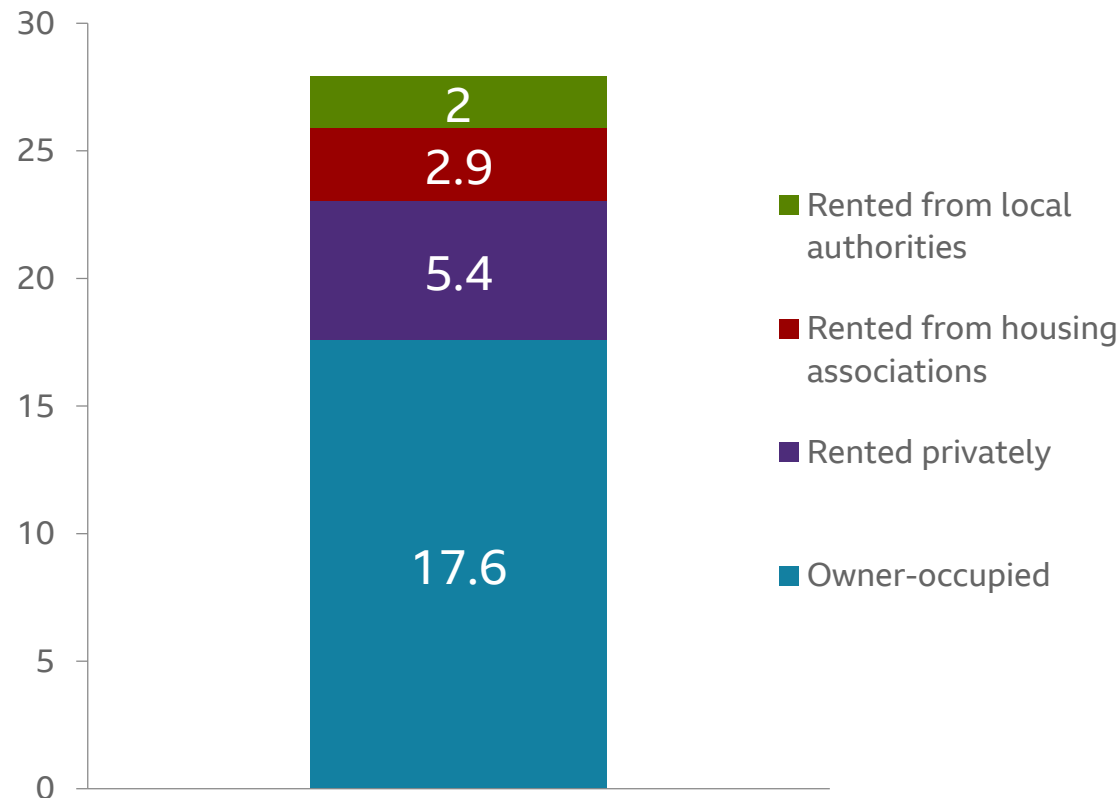
- In the late 19th Century, the housing needs of the urban poor were met mainly by philanthropists, charities and the Church
- From 1919, the government, began to build homes for soldiers returning from World War One. This was popularly referred to as “Homes Fit for Heroes”
- This development marked the effective beginning of council housing, aimed at providing homes for those who could not afford private rentals or to buy their own
- Extensive slum clearance in the 1930s made way for more council house building - half a million council homes by 1933
- The provision of council housing was further extended after World War Two when bomb-damaged properties had to be replaced and further slum clearances were undertaken: 1.5 million council homes were built in the decade from 1945
- Modernisation of high-rise building techniques allowed more people to be housed in flats
- Council housebuilding peaked under the Conservatives in 1953, when 220,000 new social homes were built



Housing estate in Poplar, east London

Most homes are now owner-occupied and little more than a third rented

Number of dwellings by tenure, millions (2017)



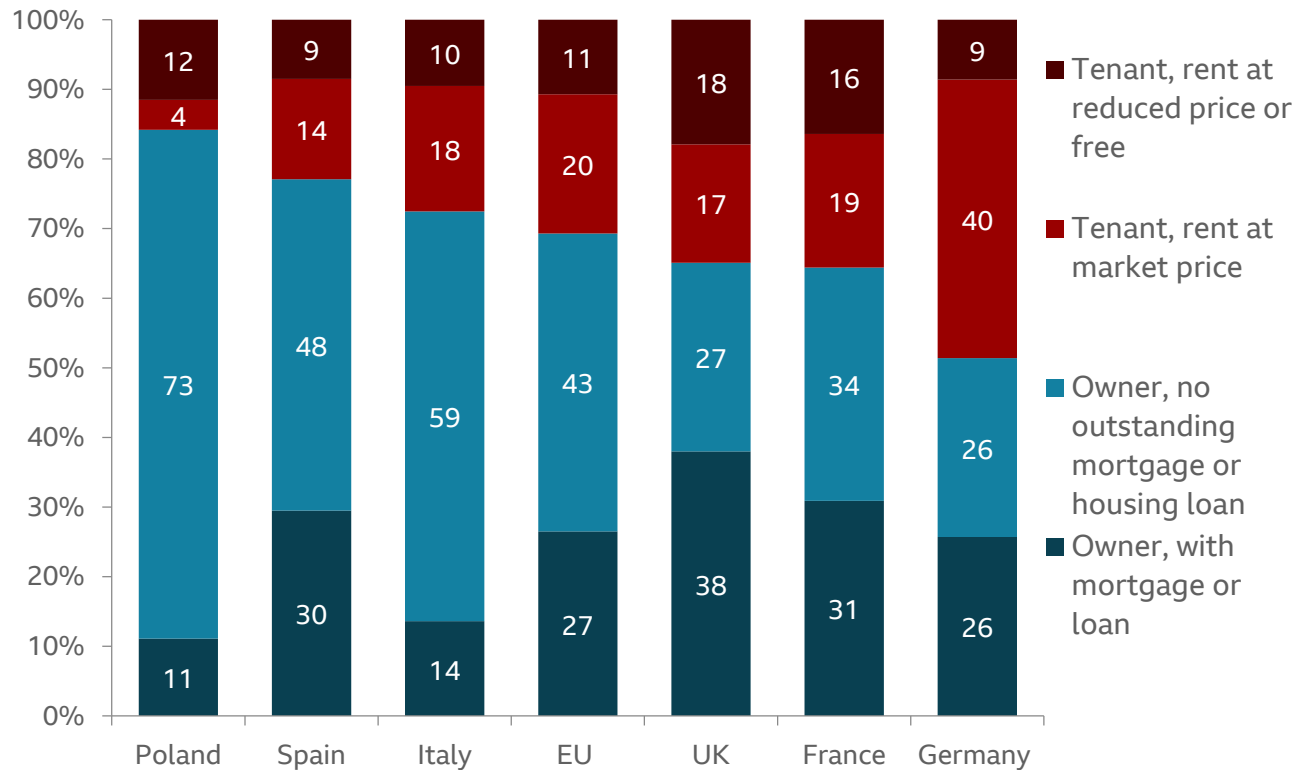
Source: [UK Government \(Gov.uk\)](https://www.gov.uk)

Dwellings by tenure

- The majority of homes in Great Britain, almost two-thirds, are owner-occupied
- The remainder are rented, with ownership split between the public and the private sectors. The private sector is now almost twice the size of the public sector
- A small number of dwellings - 56,000 - are other public sector homes, including nursing homes and army barracks

The level of home ownership in the UK is close to the average for the EU

Population distribution by tenure status 2016



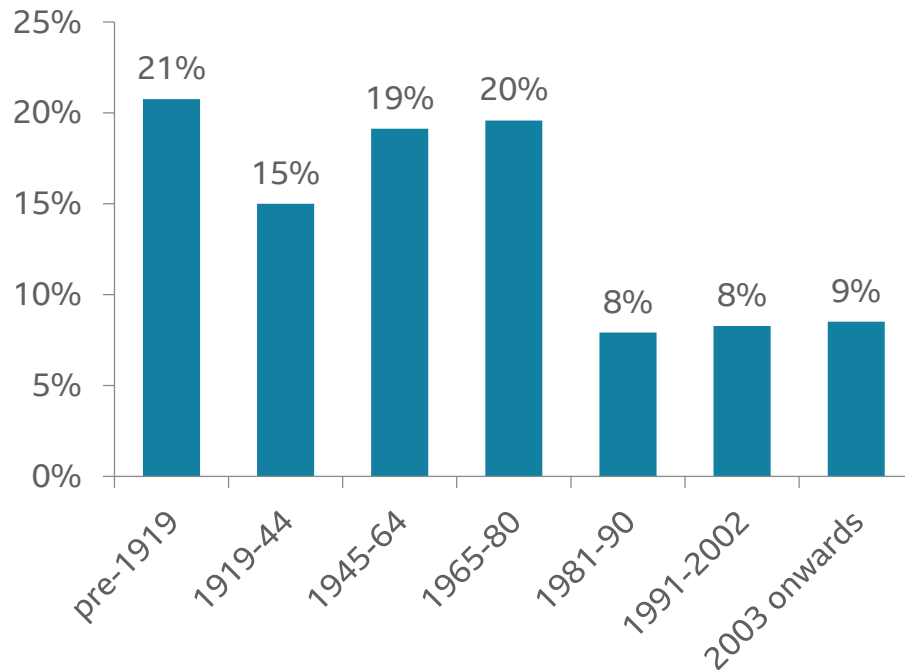
EU patterns of home ownership

- Many EU countries have higher owner occupancy than the UK because of lower property prices, and in some cases because of relatively undeveloped rental markets
- The UK has a higher-than-average proportion of owners who bought their properties with a mortgage or loan
- The home ownership rate in France is virtually the same as the UK's.
- Germany's is lower, but because of differences in tenure status, private renters have similar levels of security to social tenants in the UK

Source: [Eurostat](#)

The UK's housing stock is the oldest in Europe

When were England's homes built?

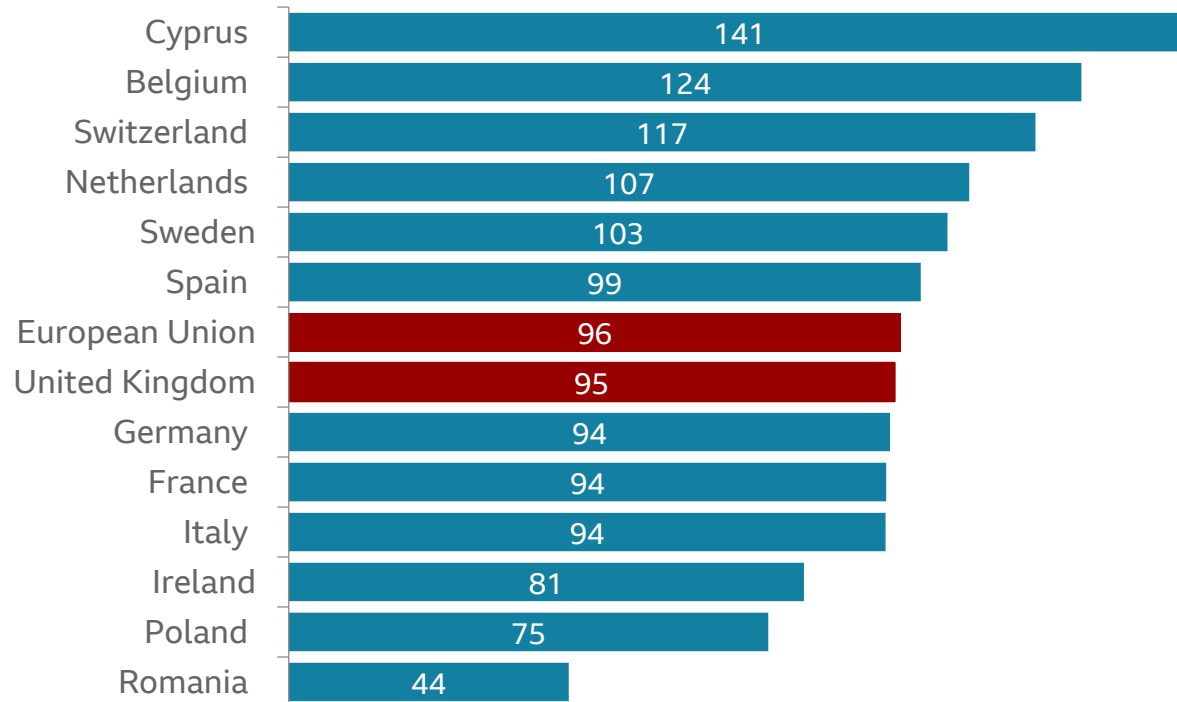


Age characteristics of the housing stock across the UK

- Compared with other European countries, the UK:
 - has the largest proportion of homes built before 1970
 - and the second-highest proportion built before 1919
- Northern Ireland has the newest housing stock of the four nations:
 - only 10% of its dwellings were built before 1919, compared with 21% in England and Scotland, and 26% in Wales
- Older housing stock is more likely to:
 - cause health hazards
 - have higher maintenance costs
 - be less energy-efficient, leading to higher energy bills for occupants and more environmental damage

The size of UK homes is close to the European average

Average dwelling sizes in selected European countries, sq m

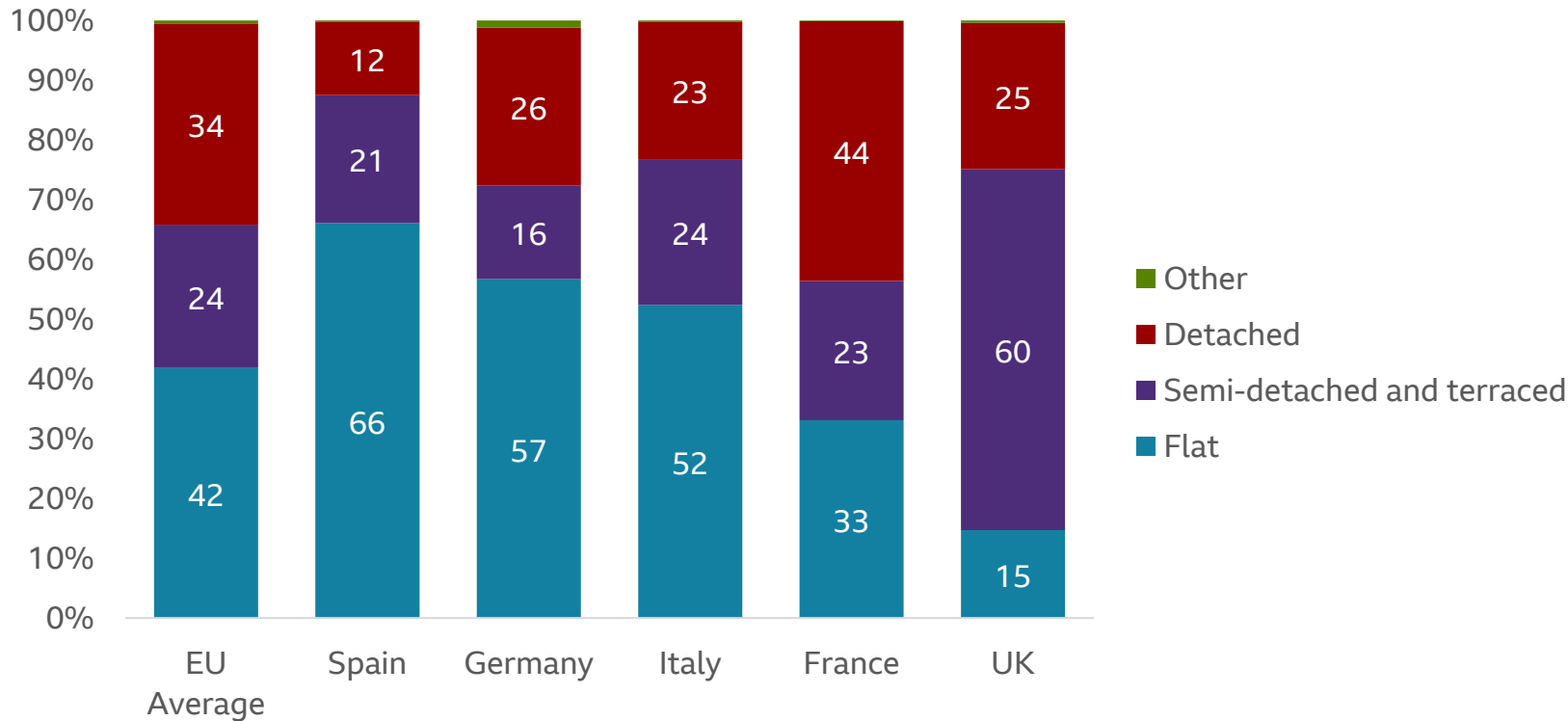


Average dwelling size

- The larger European countries (Germany, France, Italy and Spain, along with the UK) all have similar sizes of dwelling
- The Eastern European countries have significantly smaller homes
- Romania's homes are less than half the size of the European average

Semi-detached and terraced houses are the staple of the UK housing stock

Population distribution by type of dwelling, 2017



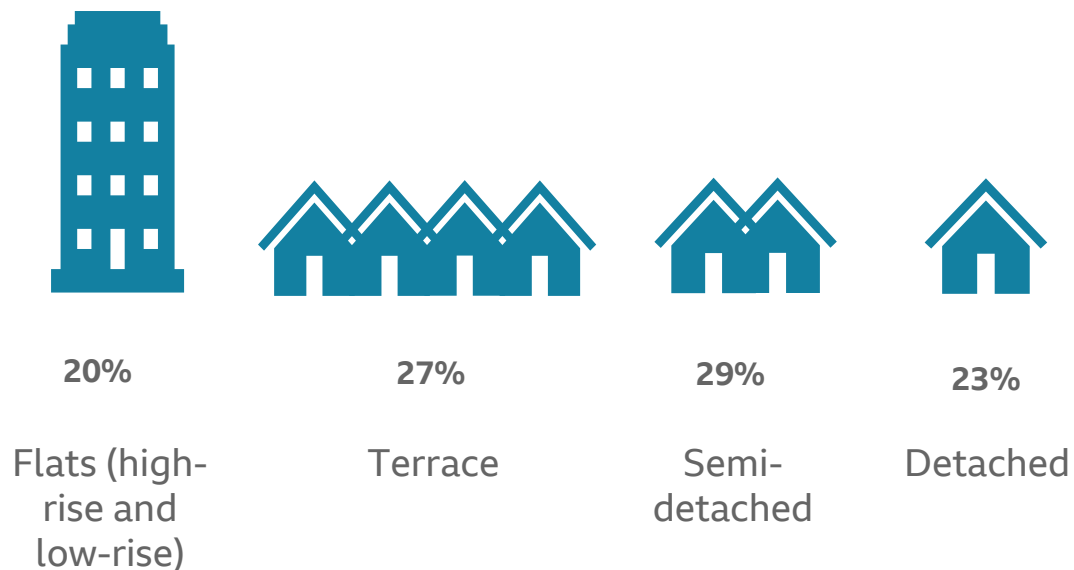
Types of dwelling by country

- The UK has a far larger proportion of semi-detached and terraced housing than the EU average
- The UK is one of only three countries in Europe where more than half of residents are living in a semi-detached or terraced house - the others being the Netherlands and Ireland

Source: [Eurostat](#)

The UK has a very low proportion of flats compared with other European countries

UK housing stock by type, 2017



The number of flats

- Houses account for 80% of the UK's housing stock and flats just 20%
- 42% of EU citizens lived in flats in 2016 - more than double the percentage in the UK
- Scotland has the highest proportion of flats in the UK, with 36%
 - This is largely due to the prominence of tenements in Scotland, which make up 23% of the housing stock



Summary

Britain's Housing Heritage

The Industrial Revolution helped drive the development of Britain's cities and towns. Poor living conditions prompted slum clearance and encouraged governments to build social housing. The spread of the railway network boosted more suburban living. The arrival of the building society led to high levels of home ownership.

Britain's legacy in the 21st Century is the oldest housing stock in Europe, and by far the largest proportion of people in Europe living in houses as opposed to flats.





BBC Briefing - Housing

Part 3/10

Homelessness

How many families, children and lone individuals in the UK have no home of their own and are living in temporary accommodation or sleeping rough? And why?



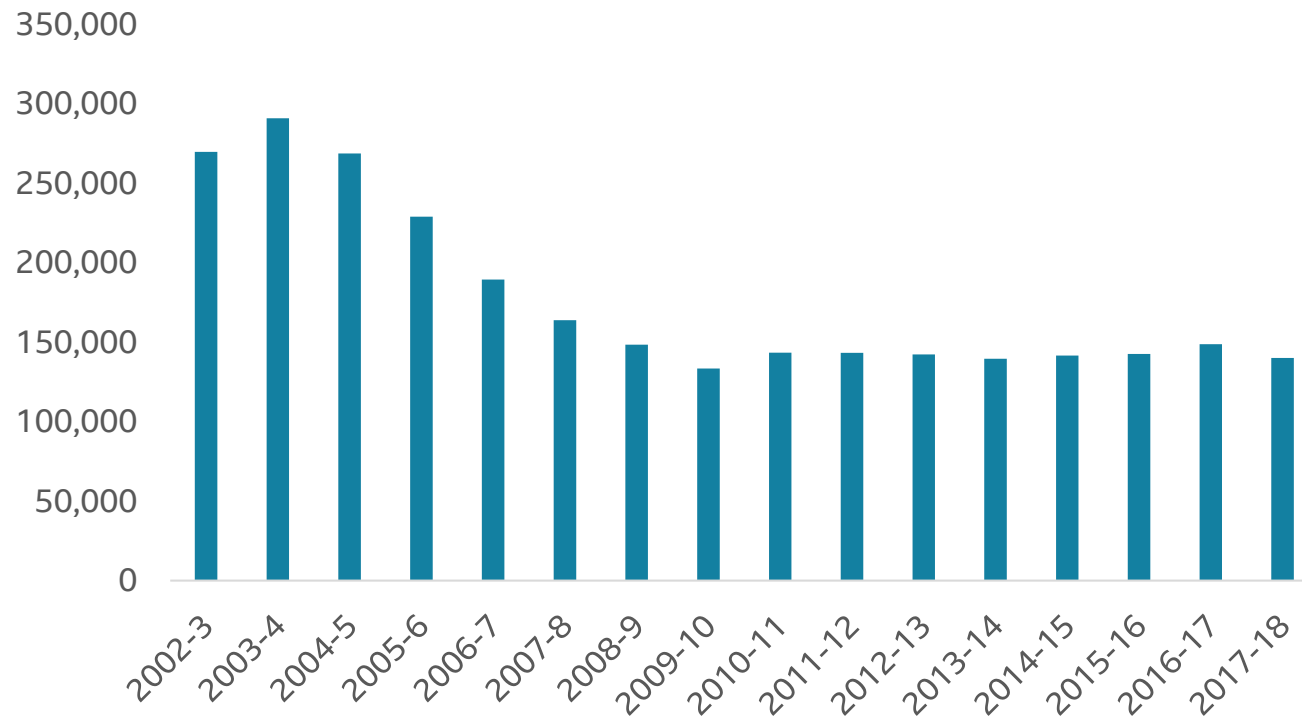
BBC Briefing - Housing

“This Christmas as many as 25,000 young people will be at risk of homelessness. And remember this: behind that appalling statistic is a human being not much older than many of our children and grandchildren who is alone, frightened and confronted with impossible choices. The scale of youth homelessness...is shameful.”

Prince William, 2016

There are 140,000 families officially deemed homeless in the UK

Number of officially homeless households, UK, 2002-2018



Source: [Shelter](#), [UK Government \(Gov.uk\)](#), [Gov.scot](#), [Gov.wales](#)

Homelessness

- Homelessness peaked in 2003-04 at 291,000 households but reduced rapidly in the following five years
- The main reasons for this rapid reduction were:
 - an improving economic environment
 - high expenditure from the Labour government on helping people back to independent living
- Since the financial crisis of 2008, homelessness has remained fairly constant at an average of around 140,000 households, representing some 320,000 people
- This figure does not include types of homelessness that are not officially recorded, such as people sofa surfing with friends

Homelessness is not confined to people living on the streets

UK housing charity Shelter's definition of homelessness

- Staying with friends or family
- Staying in a hostel, night shelter or B&B
- Squatting (because there is no legal right to stay)
- At risk of violence or abuse in the home
- Living in poor conditions that affect health
- Living apart from family because there is no place to live together



Many homeless families in the UK are living in temporary accommodation



Mary Smith

- Mary Smith lives in temporary accommodation in Watford with her three sons
- She struggled to hold on to her job in a shoe shop because of her housing situation
- "We've lived in three different places in two years, and it's been really tough on the children."



Carly Stutter and her children

- Carly Stutter, 30, from Croydon, has been living in hostels and B&Bs for more than two years with three children aged six, 10 and 11
- Miss Stutter shares a bed with Archie, her six-year-old son, and says she turns everything off and lies in the dark at about 8.30pm so the children can sleep
- They left their privately rented home after the landlord put up the rent from £1,200 to £1,500 a month, which Miss Stutter could not afford

More than 200,000 children in England are officially deemed to be homeless

Child homelessness

In August 2019, the children's commissioner for England said more than 210,000 children in England were estimated to be homeless:

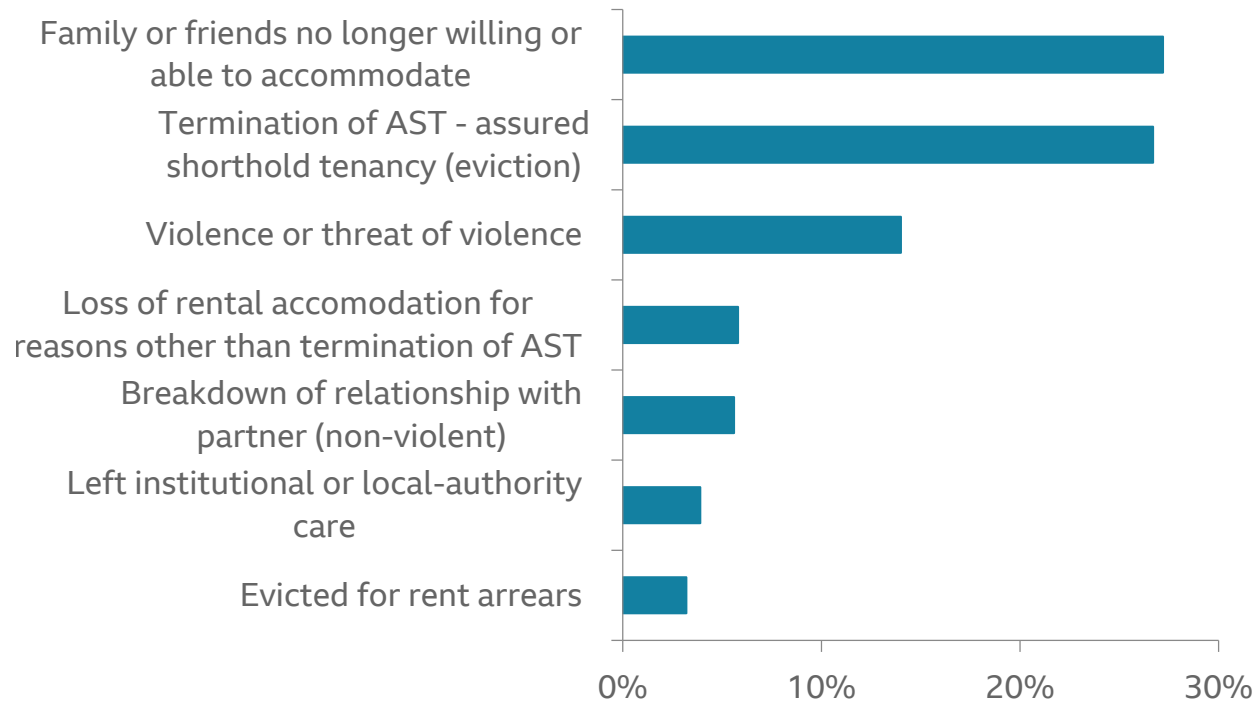
- 120,000 are deemed officially homeless, and are living in temporary accommodation
- 90,000 are “sofa-surfing” with family or friends
- Of the 120,000 children in temporary accommodation in 2017:
 - 51,000 had been in the accommodation for more than six months
 - 6,000 had been living in temporary accommodation for more than a year



Bristol, Cardiff and London are among the cities where shipping containers are used to house homeless people, including families with children

There are many causes of homelessness

Reasons for homelessness (%), England
Q3 2017- Q1 2018

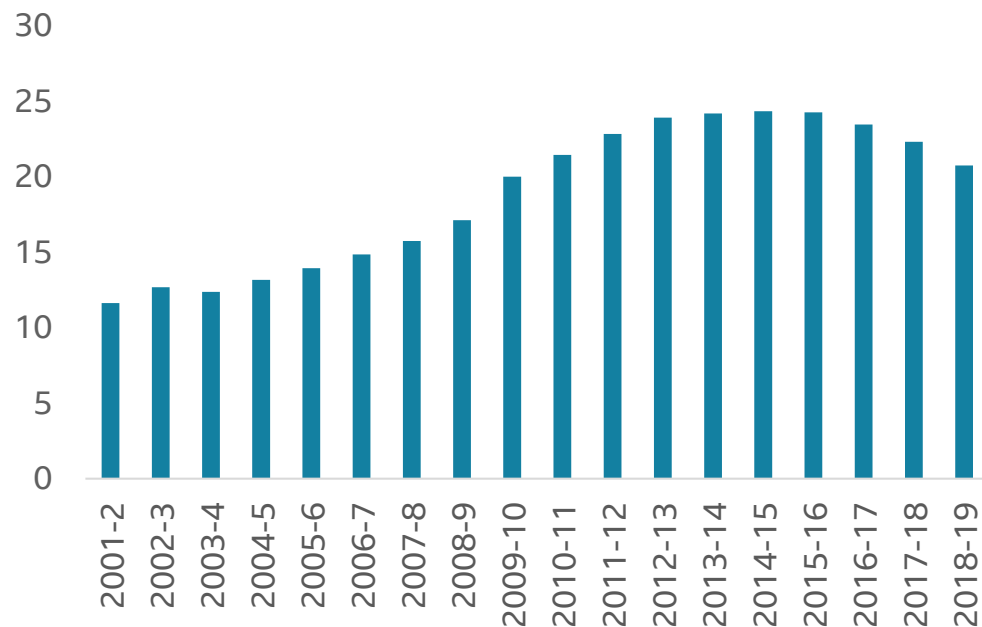


The causes of homelessness

- The most immediate causes of homelessness are:
 - being asked to leave by friends or family
 - domestic violence or breakups
 - being evicted by a landlord
 - leaving prison or other institutions with no home to go to
- Common reasons for eviction by a landlord are:
 - lease violation
 - rent arrears
 - property damage
- In all these situations, inability to pay, mental health and drug or alcohol addiction can be contributory factors

Continuing homelessness since the financial crisis may in part be due to changes in public policy

Housing benefit expenditure totals for countries and regions of Great Britain (£bn)



Some of the public policy shifts since 2008

- Since 2013, after three decades of growth, housing benefit has been flat or falling. Reductions or delays in benefit payments may contribute to evictions and rent arrears
- Councils, affected by public spending cuts, have also reduced investment in activities relating to homelessness - from nearly £3bn in 2008 to just over £2bn in 2017
- Due to Right to Buy and low levels of social housebuilding, the number of social homes currently available is very low
 - The proportion of the available homes that are allocated to the homeless is also now slightly lower (23%) than it was before the 2008 recession (26%)
 - As a result, 18,000 fewer social homes were provided to the homeless in 2017-18 than 10 years previously

Homelessness is far higher in London than in the rest of England

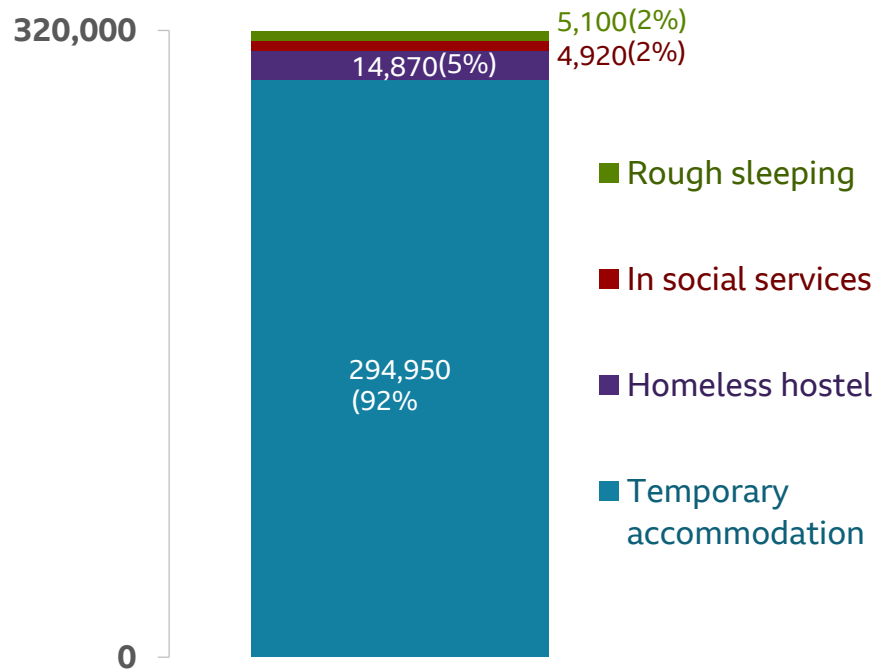
Region	Homelessness rate
London	1 in 53
West Midlands	1 in 246
East	1 in 306
South East	1 in 307
South West	1 in 522
East Midlands	1 in 655
North West	1 in 681
Yorkshire and the Humber	1 in 962
North East	1 in 1163

Homelessness around the UK

- In London as a whole, the rate of homelessness is one in 53 people, high compared with the next highest regional rate, of one in 246 in the West Midlands
- According to Crisis, a national charity for homeless people, Newham in east London is the worst area for homelessness in the UK: an estimated one in 24 people are homeless
- In some other major cities such as Newcastle (one in 1,168) and Leeds (one in 8,794) the homeless rates are significantly lower
- Although direct comparisons are difficult, estimates suggest that homelessness is worst in Northern Ireland, with around one in 40 individuals identified as officially homeless by the Northern Ireland Housing Executive

Of the 320,000 homeless people in the UK, just over 5,000 are rough-sleepers

Composition of the official homeless population, UK



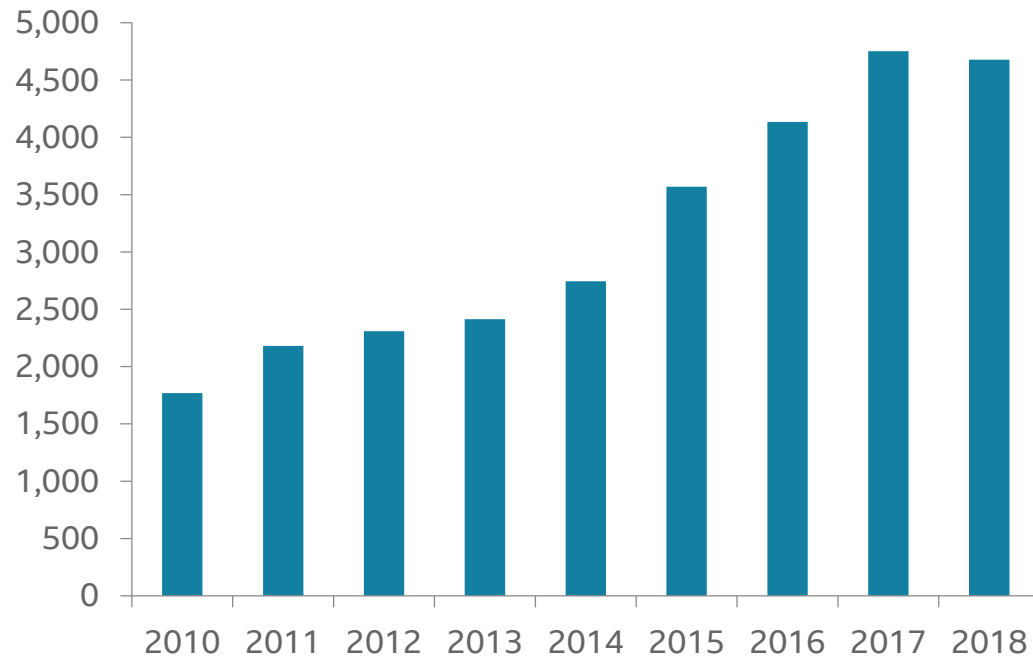
Rough sleeping

- 92% of all homeless people are housed in temporary accommodation, around 5% in homeless hostels and the remainder are in social-services accommodation or sleeping rough
- Official homeless statistics do not include those who are sofa surfing
- Rough-sleeping is defined by the government as “people sleeping, or bedded down, in the open air; people in buildings or other places not designed for habitation”
- There are many possible causes of rough-sleeping, including family conflict, mental-health problems, financial difficulties and substance misuse
 - These issues sometimes mean rough-sleepers cannot obtain access to temporary accommodation
 - Foreign nationals and asylum seekers sleeping rough may not be eligible for public funds and facilities, thus exacerbating their problems

Source: [Shelter](#)

The number of rough-sleepers in England and Wales has more than doubled since 2010

Number of people sleeping rough,
snapshot,
England and Wales



Rough-sleeping trends

- The number of rough-sleepers recorded in official figures in England and Wales in 2018 was more than 2.5 times larger than in 2010
- Rough-sleeping has levelled off in the last two years
 - with official estimates recording a 2% decrease nationally,
 - and a 19% reduction in those areas targeted by the Rough Sleeping Initiative, between 2017 and 2018
- These figures estimate the number of rough-sleepers on a particular night, and therefore do not necessarily illustrate the full scale of rough-sleeping
- For example, more detailed research by the Combined Homelessness and Information Network found that there were 8,655 people sleeping rough in 2018 in London alone

People end up sleeping rough for different reasons



Samantha Bird

- Samantha, 30, has been sleeping on the streets of Birmingham for two years
- She grew up in foster care and has been sectioned for mental-health issues
- Ms Bird said life on the streets was dangerous
- "A friend of mine was asleep and he got kicked in the face. People go, 'Look at her, she's a druggy, she's an alcoholic'. We're not all like that"



Anthony

- Anthony was living on the streets of Lincoln in 2019 - the second time he had been homeless that year
- "It's down to drugs and coming out of jail. I got out of prison five weeks ago"
- Anthony was sleeping in the doorway of House of Fraser with other homeless people
- "I get woken up about 7am by the staff at House of Fraser, pack my stuff, get breakfast, get my meth and go and sit under a bridge all day"



Dirk Holding

- Dirk, 51, has slept rough most of his life and spent four months living in a sewer in Brighton in 2019
- He ran away from children's homes as a teenager and became addicted to prescription drugs
- He got clean in prison but on release was housed with drug addicts – so left and slept rough
- "There's stabbings and there's fights and there's abuse and there's a lot of horrible things happen when you're homeless"

Finland is the only EU country to have seen a substantial reduction in homelessness

Finland's Housing First policy

- Finland's Housing First initiative is aimed particularly at rough sleepers: in Helsinki, there used to be thousands of people sleeping rough in the streets, whereas today there are virtually none
- The Finnish government has been operating Housing First since 2007. Under the policy, homeless people are provided with their own permanent accommodation with no questions asked or rules imposed
 - For example, people with addictions can continue to drink or to take drugs in the accommodation provided
 - They are also given mentoring and constant human support



Thomas Salmi

Thomas Salmi, 24, was an alcoholic. He became homeless at 18 and lived on the streets of Helsinki for three years, often in sub-zero temperatures. Recently, he has been living in his own apartment under the Housing First policy. Thomas now drinks only at weekends

Pilot projects based on the Finnish Housing First approach are being trialled around the UK

UK Housing First pilot schemes

- UK Housing First pilots - based on the Finnish model of providing rough sleepers with accommodation without any preconditions attached - were first tried in Glasgow and Camden, north London, in 2010
- In 2018 the government provided £28m for three Housing First pilots in Greater Manchester, Liverpool and the West Midlands
- In London there are small-scale Housing First programmes running in 11 boroughs; In Scotland five cities are trialling Housing First schemes
- The success of the schemes is still being assessed but international evidence from other Housing First pilots suggests they are having similar beneficial results to schemes in Finland
- Nevertheless, any success is conditional
 - “There’s a lot of cheerleading around Housing First but not a lot of examination of it,” says Tony Cain, policy manager at the Association of Local Authority Chief Housing Officers. “It requires a co-ordinated and consistent high-level support response. If there’s a concern at the moment, it’s that the support is not there.”



Jeff Aulton and Martyn Matthews

Jeff Aulton (left), 48, was a heroin addict who lived rough on the streets of Walsall. In 2018 he was one of the first people to benefit from the town’s Housing First scheme. He is now clean and has made his flat his own

Martyn Matthews, 33, was a drug addict sleeping rough, until Jeff offered him a home and helped him kick his habit

“I can’t thank him enough,” says Martyn

Summary

Homelessness

The scale of homelessness in the UK reduced significantly after 2003 but has been at a constant level in recent years, as housing benefit has remained flat or fallen; as less social housing has been available, and as there has been a substantial drop in local-authority investment in services for the homeless.

Currently, 140,000 families - including 200,000 children - live in temporary accommodation - or live in hostels or B&Bs. An estimated 5,000-8,000 individuals sleep rough - figures which have risen substantially in the past decade.





BBC Briefing - Housing

Part 4/10

A Home of Your Own

Why is it becoming harder to afford a home of your own?

And what is the impact?

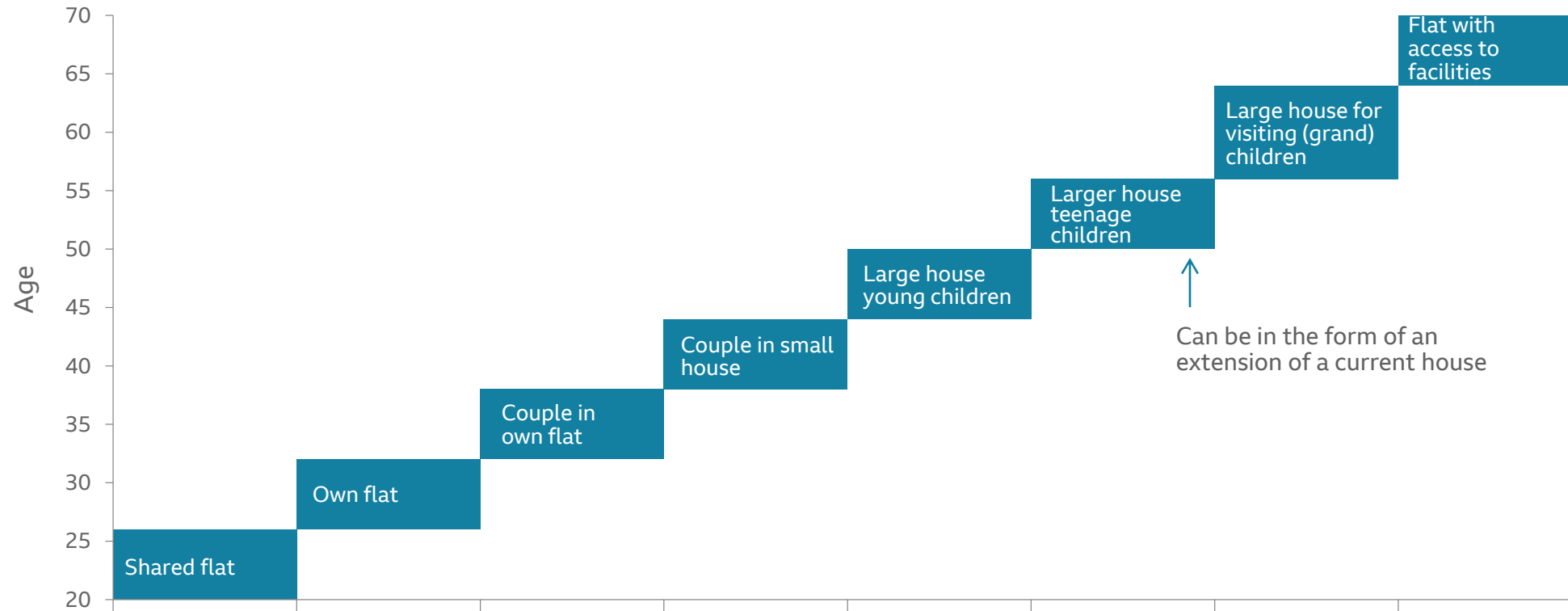


“Be it ever so humble, there's no place like home
A charm from the skies seems to hallow us there
Which seek thro' the world, is ne'er met elsewhere
Home! Home!
Sweet, sweet home!
There's no place like home!”

John Howard Payne / Sir Henry Bishop, popular song, 1823

The 'housing ladder' is a popular term to describe the aspiration to progress through different levels of housing at each life stage

Charting the housing ladder



An enduring factor in driving property ownership has been its value as an investment

“The wise young man or wage earner of today invests his money in real estate.”

Andrew Carnegie, Scottish business leader and philanthropist, 1835-1919

“Buy land, they're not making it anymore.”

Mark Twain, author, 1835-1910

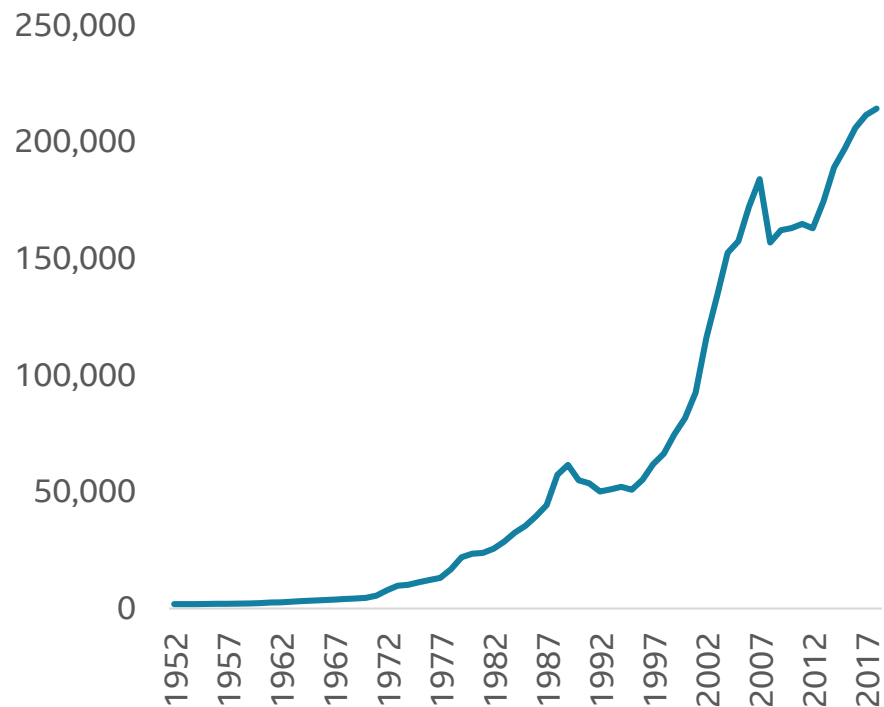
Buying property in the UK has generally been more financially beneficial than renting

The relative advantages and disadvantages of buying and renting

- The rental costs of a given property are 30-50% higher than buying the same property over, say, a 10-year period
- Those renting a property pay 3.5% - 4% of its value each year, but end up with no asset, and tend to pay more in rent as the value of the property increases
- Those buying the same property with a deposit and a 90% mortgage end up paying 3-4% of the value of the property per year in interest and repayments, plus maintenance costs, but end up with an asset and therefore benefit from any increase in the value of the property
- Ownership of one's own property is also a hedge against future housing requirements (particularly in retirement)
- If interest rates are low and property prices are rising, buying is a more beneficial option than renting – though property prices can fall, and periodically do
- The financial benefits of home ownership have also been encouraged in the 20th Century by government policies such as credit-market deregulation and tax relief on mortgage interest (until 2000)

Rising house prices have enhanced the appeal of home-ownership over the past half-century

UK average (nominal) house prices (£),
1952-2018



Source: [Nationwide](#)

House prices and income

- House prices have risen in the UK over the last half-century, though there are marked regional differences, and there have also been significant periods of flat or negative growth
- UK house prices have grown faster than incomes: between 1997 and 2017 house prices rose 260% on average, while average income grew only 70%
- In 1968 the average UK house price was £3,600; in 2019 it was £229,000. If grocery prices had increased at the same rate as house prices, a four-pint carton of milk would cost £10.45 today and a chicken £51.18
- Rising house prices have a two-fold effect:
 - people want to buy before prices rise even higher
 - property is likely to be a good long-term investment
- Home-ownership as an investment has been less volatile than the stock market and produced slightly higher returns
- Property now represents over a third of personal wealth in the UK

Differences in tenancy laws may explain why home-ownership is more popular in the UK than in some parts of Europe



Comparisons between the UK and Germany

- Owner-occupation in the UK accounts for 65% of the housing market; in Germany it is 52%
- In the 20 years to 2017, UK house prices grew 259%, and German house prices rose by 27% on average
- Renting in Germany offers greater security of tenure
 - in the UK, tenancy contracts tend to be 12 months; in Germany they can be indefinite
 - the average tenancy length in the UK is two-and-a-half years; in Germany it is 11 years
- German rent control legislation and taxation are much stricter than in the UK
- Scotland has tightened renters' security of tenure significantly since 2018, while the landlord right to 'no fault evictions' is being removed in England and Wales, where a number of other changes are underway

The UK's love affair with home-ownership is mirrored in today's popular culture



Property programmes

- The number of property and interior design programmes on television reflect an audience appetite for this topic
- There are currently around 40 different property programmes on UK television
- Channel 4 had 12 regular such programmes in 2016 alone
- Its flagship Grand Designs has run to more than 200 episodes over 20 seasons



Property magazines

- There are more than 100 property and interior-design magazines in circulation in the UK
- Good Housekeeping – a general-interest publication featuring many different aspects of keeping home – was read by more than two million individuals in Great Britain in 2018

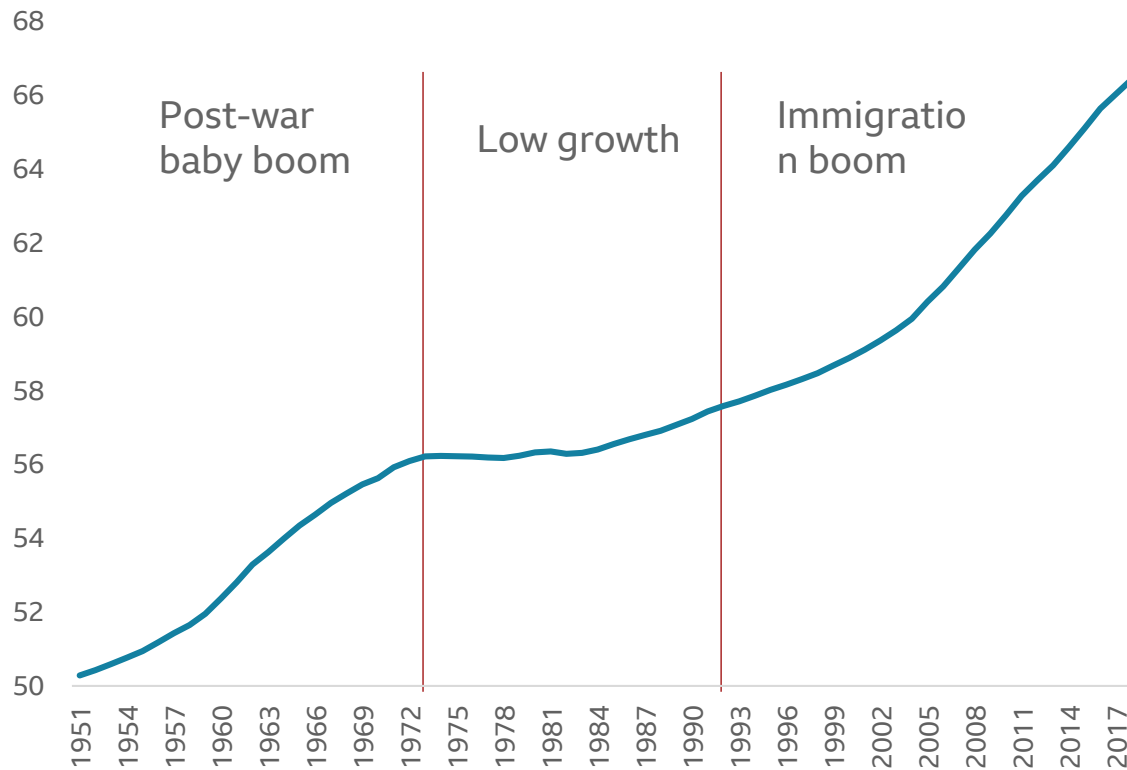


The British love of gardens

- Garden design has been part of British tradition for centuries, with designers like Capability Brown and Gertrude Jekyll as famous as architects
- The National Trust, which maintains historic homes and gardens for public enjoyment, now has more than five million members
- In 2018, historic properties and houses in the UK received 180 million visits – five times more than the total attendance at league football matches for 2017

Rapid population growth has been a key factor in driving recent demand for housing

UK population 1952-2018



UK Population Growth

- Between 2006 and 2016 the UK population increased by 8% - the fastest 10-year growth for a century
- 60% of UK population growth since 2000 has been due to net migration (including descendants of migrants)
- Population growth has been much faster in urban and suburban areas than in rural areas
- The UK's population growth is projected to slow down, but is nevertheless expected to reach nearly 70 million by 2028, fuelling further housing demand

Changing household patterns have led to increased housing demand

Categories of UK households (millions)

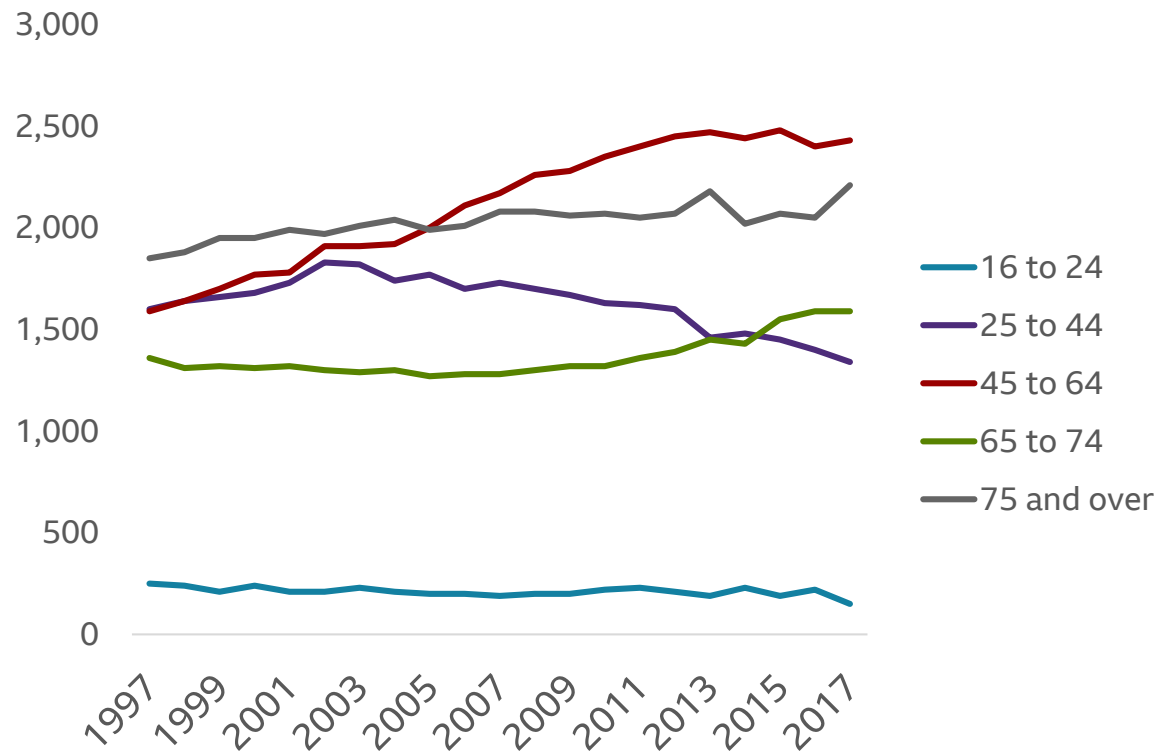
	1999	2009	2019
Married / civil partnership couples households	12.4	12.3	12.8
Single-adult households	6.7	7.4	8.1
Single-parent households	2.5	2.9	2.9
Co-habiting couple households	1.9	2.7	3.5

Effects of social change

- There has been a significant increase in the number of households composed of single adults and couples without children over the last 20 years
- The increase in single-adult households has been driven not only by people living longer, but also by the growth in the number of single men aged 45-64 living alone. This may be explained by their having divorced, and their wives and children retaining the family home
- The effect of these long-term demographic changes has been to increase the number of households by 3.3 million in 20 years, and thus in the process to increase demand for housing
- However, other social trends, such as the increase in the number of young adults living with their parents and the increase in multi-family households, has meant the average household size has remained at about 2.4 over the last 20 years

People living longer puts additional pressure on the housing stock

People living alone by age (thousands), UK, 1997 - 2017



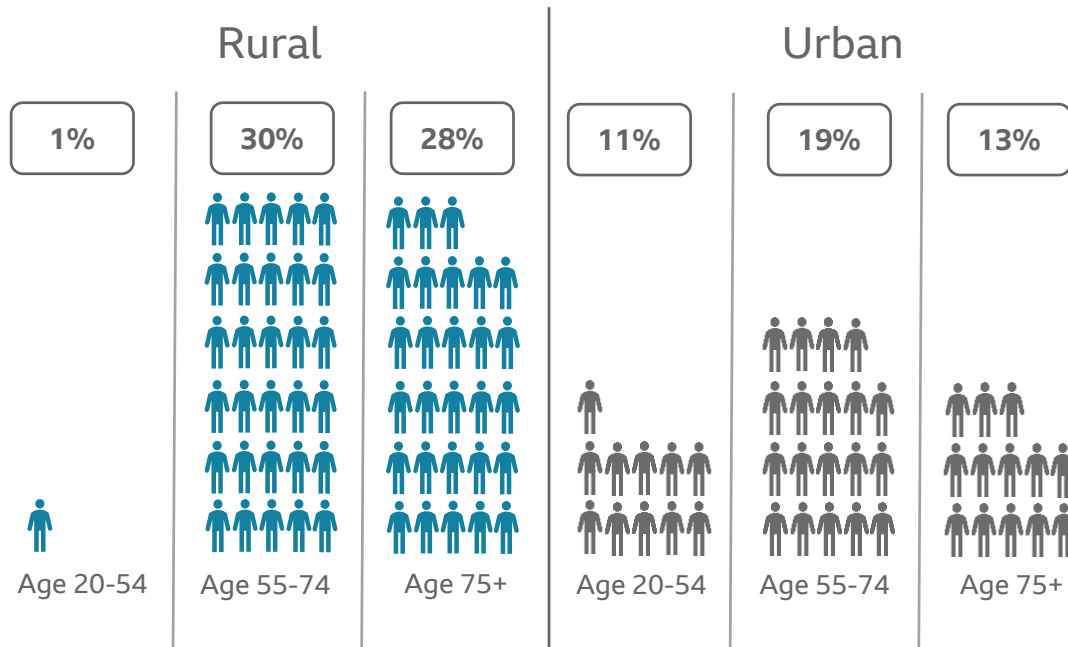
The ageing UK population

- People are living longer: the proportion of the UK population aged 75 and over is projected to increase from 8% to 13% over the next 25 years
- Many older people are likely, at some point, to be living alone
- Based on the current shortfall in specialist housing and population projections, information service Housing LIN estimates a shortfall of 400,000 units of specialist housing for older people by 2035
- Specialist housing allows elderly people to enjoy independence and privacy, but also to access on-site support and shared facilities

Source: [Office for National Statistics \(ONS\)](https://www.ons.gov.uk)

The demand for housing for older people living in country areas has been growing rapidly

Growth in urban and rural populations, England 2001 - 2015



The demographic divide

- The Resolution Foundation has described a process of “demographic divergence” in which the average age in rural populations is rising - and urban populations are becoming younger
- The fastest-growing population groups overall are rural 55-74s, and rural people over 75
- The average age in rural areas is 45 (and rising), compared with 39 for urban areas
- The ageing rural population increases demand for properties that are suitable for older people - be it specialist housing, lifetime or care homes, or adapted homes
- The move of younger people to urban areas is a significant driver behind the increase in urban house and rental prices, which in turn increases unaffordability for that age group

Many older people live in housing that is unsuitable for their specific needs

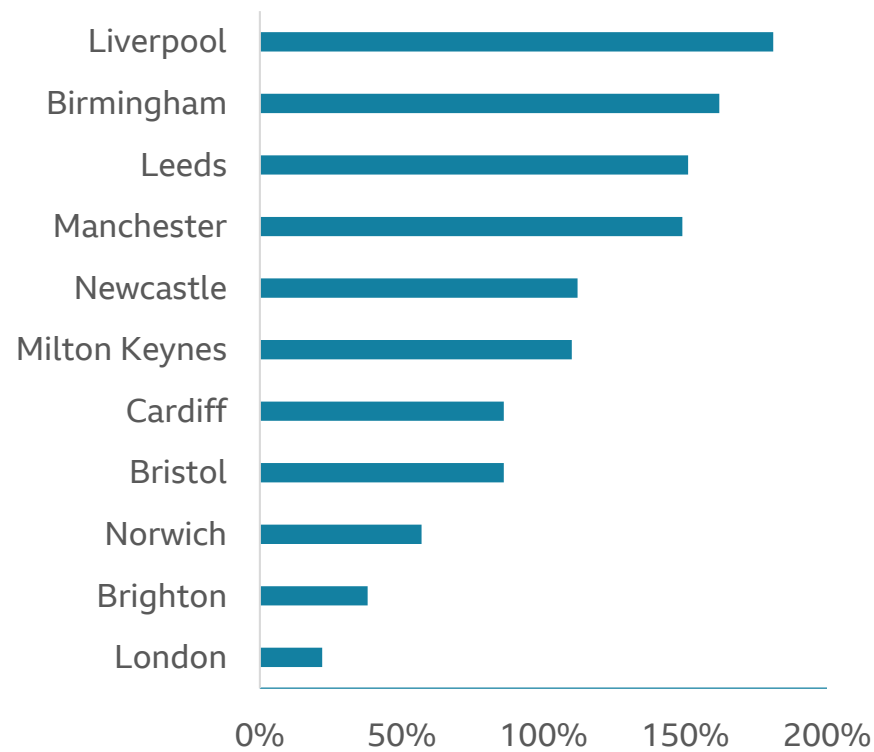
Requirements for housing older people

- Older people have specific needs: for example, accommodation free from hazards to prevent falls, or that is wheelchair-accessible, or that is single-storey, to improve mobility
- Older people tend to feel the cold and need housing that is easy to heat and well-insulated. “Fuel poverty” is defined as where an unacceptably high proportion of income needs to be spent on heating. The 2017 annual fuel-poverty statistics show that since 2013 the proportion of households aged 75 and over in fuel poverty has been increasing
- The proportion of those aged 65 and over in the UK was 18% in 2016, and is expected to rise steadily - yet only 7% of existing homes in the UK currently meet basic accessibility requirements for the elderly
- The number of people aged 85 and over will more than double in the UK in the next 25 years, with forecasts suggesting that nearly 90% of local authorities are each likely to require at least 1,000 additional specialist dwellings by 2035



More people now want to live in city centres

Population growth in city centres (2002-2015)



Reasons for increased urban population

- Many UK city centres' populations have doubled in the last 20 years
- Twenty years ago, city centres were seen as unattractive places to live, with high crime rates, poor schools and unattractive housing stock
 - Since then educational opportunities have improved:
 - Programmes such as Teach First, the London Challenge (a successful initiative to raise school standards), and the introduction of independent academies and free schools have encouraged families with children
 - There has been a big rise in the number of young adults attending urban universities
 - Immigration is also a factor: new arrivals tend to settle first in urban areas
- The trend towards city living is most pronounced in the north of England and Midlands, including the cities of Birmingham, Manchester, Sheffield and Leeds
- The move towards city living increases housing pressure and raises both house and rental prices

Liverpool has the UK's fastest-growing city centre

Liverpool city centre

- Liverpool's city centre population almost doubled between 2002 and 2015
- The growth has been largely fuelled by the young (the city's student population alone tripled between 2001 and 2011)
- Economic, cultural and social regeneration have increased Liverpool's appeal
 - Liverpool City of Culture in 2008 was accompanied by a large increase in spending on the arts. The regenerated Albert Docks has major museums and the largest group of listed Grade I buildings in the UK
 - Liverpool now has one of the UK's top shopping complexes (Liverpool One), as well as fashionable restaurants, bars and clubs
 - Liverpool Football Club and Beatles attractions bring investment into the city, as well as visitors from all over the world
 - With its modernised container handling, Liverpool is the UK's fourth-busiest port



Liverpool's refurbished Albert Dock

Buy to Let mortgages have increased competition for home owners

The evolution of Buy to Let

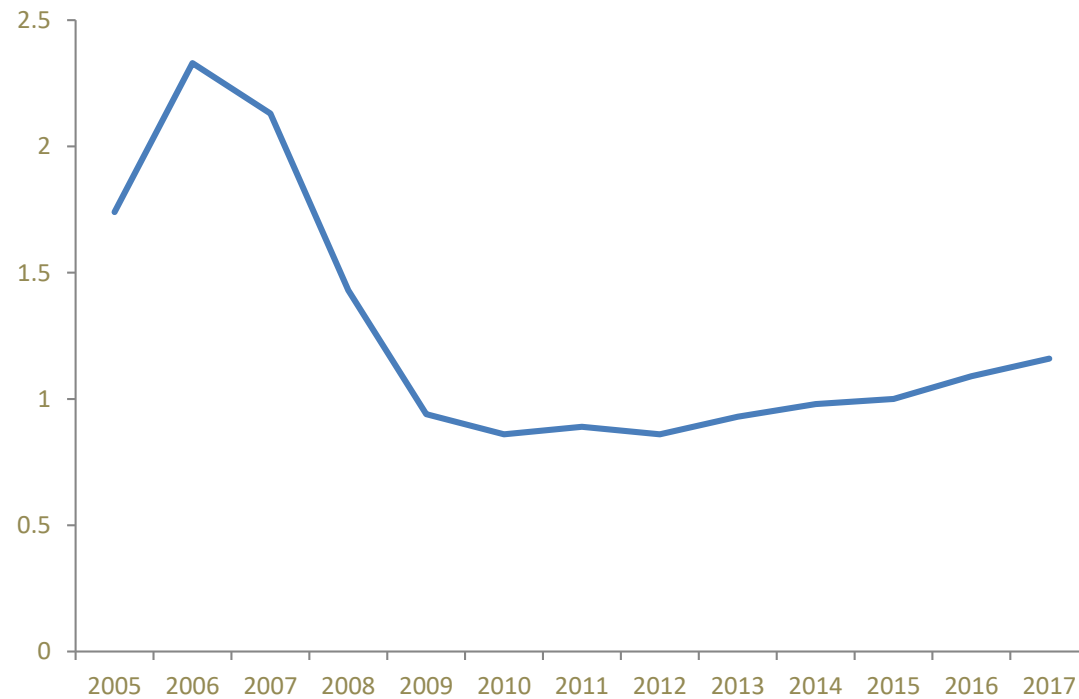
- The 1988 Housing Act introduced assured shorthold tenancies, which limited tenants' rights to remain in rental properties
- This change gave property investors more confidence to acquire such properties and encouraged lending institutions to introduce Buy to Let mortgages from 1996 onwards
- This, in effect, allowed investors to apply for mortgages on residential properties (often second or more properties), specifically for the purpose of letting them out
- Between 2000 and 2015, the tax regime was more favourable to Buy to Let owners than owner occupiers
- Buy to Let was an important driver of housing demand in the late 1990s and early 2000s
- Many economists believe that these mortgages caused the housing market to overheat in the run-up to 2008

Restrictions on Buy to Let

- In 2015, the coalition Chancellor, George Osborne, dampened demand by introducing restrictions on Buy to Let mortgages:
 - tax relief on finance costs was reduced
 - various allowances for landlords were reduced
 - a 3% additional surcharge was imposed on stamp duty on Buy to Let purchases
 - an accelerated payment schedule for capital-gains tax was introduced
- The financial regulatory authorities also introduced stricter affordability criteria for potential investors
- As a result of these interventions, the number of Buy to Let mortgages has fallen markedly. In 2011 they accounted for 19% of homes purchased in Great Britain. By February 2019 Buy to Let purchases had declined to 11%

The 2008 financial crisis led to a marked fall in lending for home-ownership

Number of UK mortgage sales by year, including remortgaging (millions)



Fall in mortgage lending after 2008

- The 2008 global financial crash was triggered in large part (especially in the US) by the low cost of borrowing, which allowed many households to take on mortgages they could not afford, contributing to high levels of debt and to unsustainable house prices
- In the immediate aftermath of 2008, credit restrictions were tightened and mortgage lending plummeted
- In the past decade, mortgage lending has risen very slowly, and is still less than half the level it reached in 2006
- More people today own their property outright (without a mortgage) than own it with a mortgage

The 2008 financial crisis has created a two-tier market for home-ownership

Changes in lending conditions since 2008

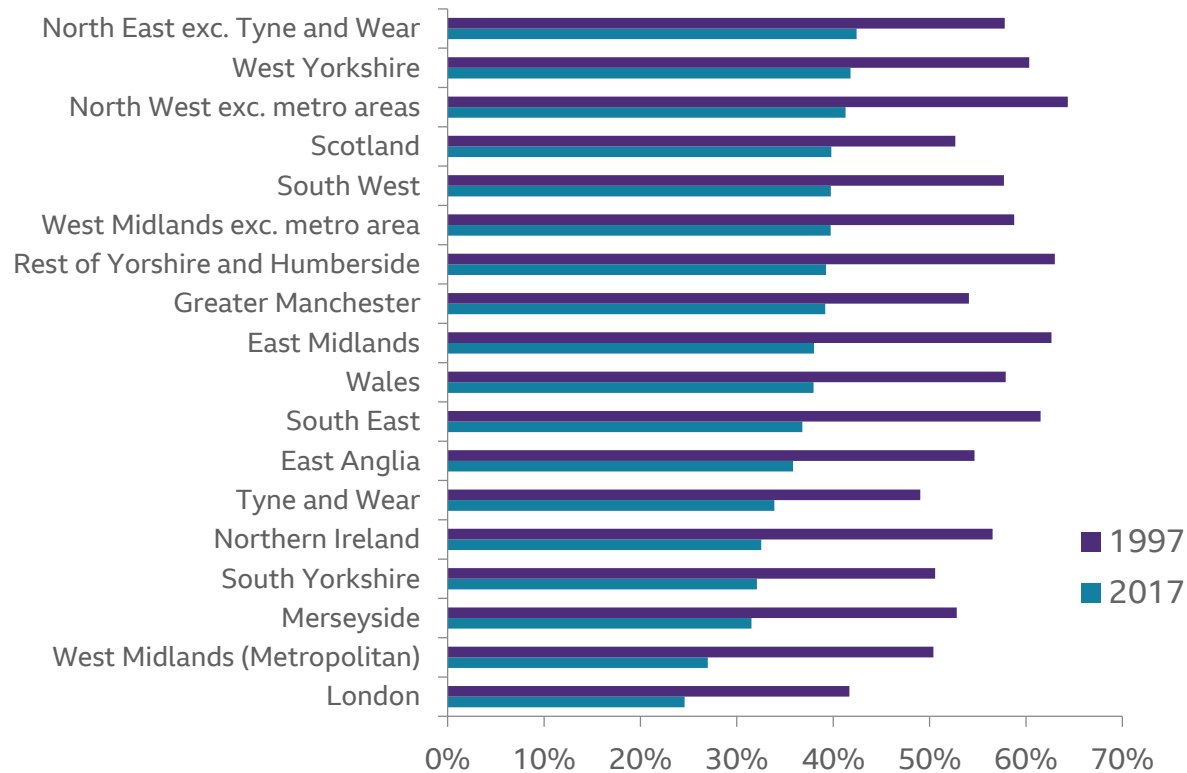
- After the 2007-8 crisis, lending conditions became much stricter
- Before 2008, financial institutions had been prepared in some circumstances to lend 95%, or even 100%, of the purchase price of a property to a borrower, which meant that the borrower had to find only a 5% deposit or none at all
- After 2008, lending institutions generally required higher deposits – typically a minimum of 10%, but sometimes as high as 25% - as well as imposing stricter affordability checks
- In the last few years, some 95% mortgages have become available again, albeit at higher interest rates

The effect on first time buyers

- Historically low interest rates since 2009 mean those with existing assets or wealth can access the housing market because the higher deposit requirements are not a barrier and because – with interest rates low - the cost of repaying a mortgage will be favourable
- But those without existing assets – generally younger people - are less able than previously to pay a high deposit and to step on to the housing ladder
- These new financial circumstances have been a key factor in the low home-ownership rates among young people compared with previous generations

Today's young adults are far less likely to own their own home than previous generations

Home-ownership rates of 25-34-year-olds



Home-ownership rates and the young

- Over the past 20 years, home-ownership rates have fallen dramatically across all regions
- The fall is particularly stark in metropolitan areas, but also in Northern Ireland
- Research by the Resolution Foundation suggests that one in three millennials – people born between 1981 and 2000 - will remain in private renting beyond retirement

Source: [Institute for Fiscal Studies \(IFS\) Green Budget 2018](#), [Resolution Foundation](#)

Young adults are increasingly living at home with their parents

Young people living with their parents

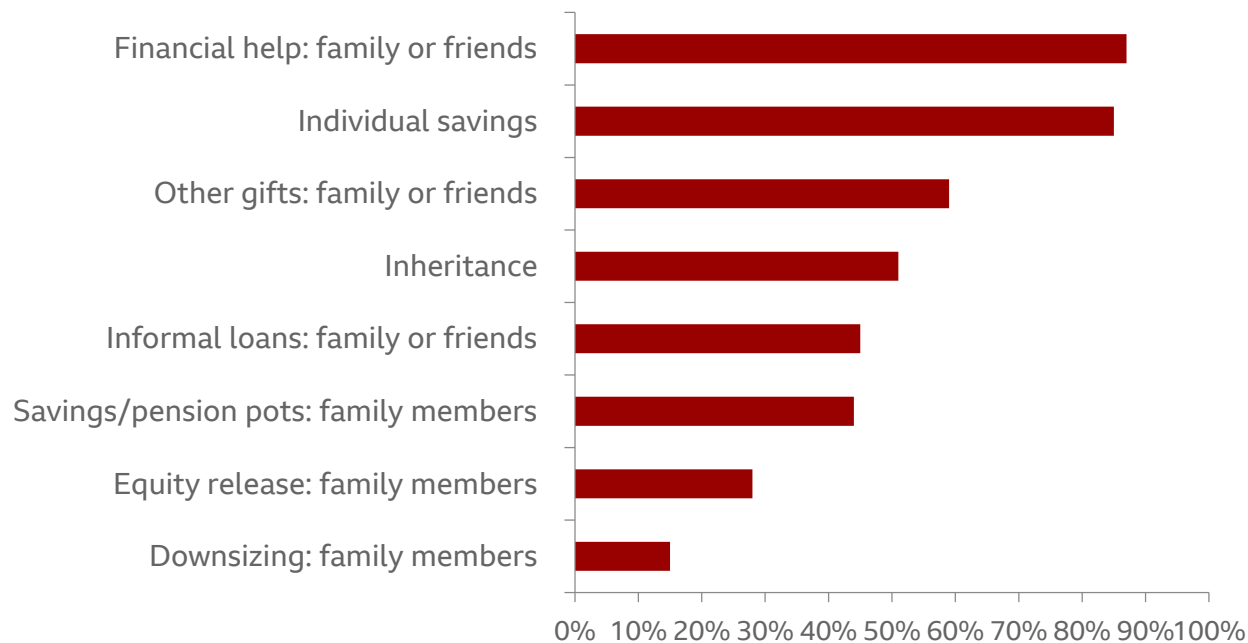
	1996	2019
20-25-year-olds living with parents (millions)	1.9	2.4
% of all 20-25-year-olds living with their parents	41%	48%

Increase in young adults remaining at home

- Over the past two decades, there has been a marked increase in the number of young adults living at home with their parents
- There are now 500,000 more people aged between 20 and 25 living at home with their parents than in 1996
- This is largely either because they cannot afford to rent independently or because they cannot afford the deposit and mortgage payments to buy their own home
- Unaffordability has a consequence in the labour markets as young professionals may be less willing or able to move to new jobs
- The cost of housing in different areas can also affect mobility, while areas of relatively high home-ownership may also have more unemployment because of the reluctance – or inability - of owner-occupiers to uproot

Family members are increasingly helping first-time buyers to raise a mortgage

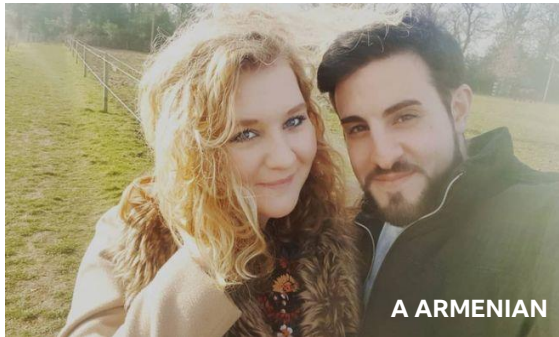
What are the main sources of deposits for first-time buyers?



Deposit finance for first-time buyers

- The Building Societies Association reports that 59% of potential first-time buyers now expect their parents or other family members to support them in some way
- More than one-third of first-time buyers in England used a gift from family or friends for at least some of their deposit
- The “Bank of Mum and Dad” is now regarded as one of the top 10 housing lenders in the UK
- According to Legal and General, family support underpinned 27% of all house purchases in 2018
- L&G calculates that family gifts and loans totalled £5.7bn in 2018

Many young people now live with parents or in multi-occupancy households



Siân Webb and Andre Armenian

- Owning their own home feels like a distant dream for Andre Armenian, 29, and his fiancée, Siân Webb, 28, who save more of their wages by living 35 miles apart in their parents' houses - he in St Albans, Hertfordshire, she in Romford, Essex
- "Renting is astronomical. If we did that, it would be a decade before we could buy a home," says Andre
- "The path ahead of us is very daunting. We are laden with student debts, our incomes are not particularly high, our commuting costs are high, and house prices are becoming more and more disproportionate to incomes."

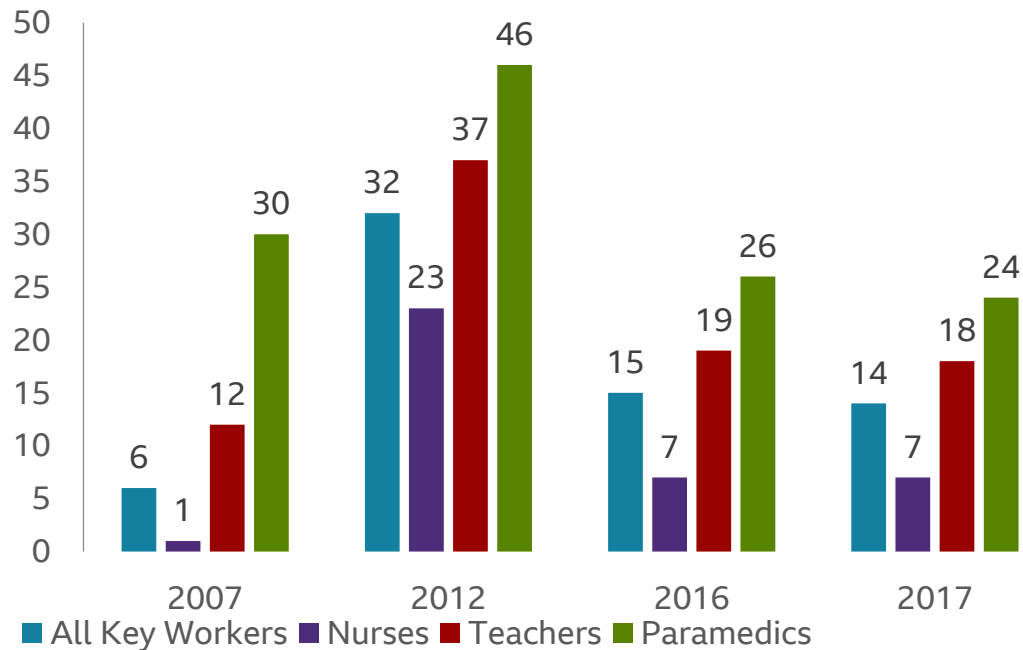


The Cotter family

- Trainee chef Dan Cotter, 18, lives with his mother, her partner, Dan's sister, niece and uncle in a specially converted home in the Kent seaside town of Margate
- The Cotters previously lived in three separate homes around the town, but moving in together has allowed them to save on rental costs
- The extended family, who has lived together for a year, have had their rental extended for a further 12 months. But they hope it will be their home for many years to come

In many UK towns, key workers can no longer afford to buy their own home

Proportion of UK towns that are affordable for key workers %

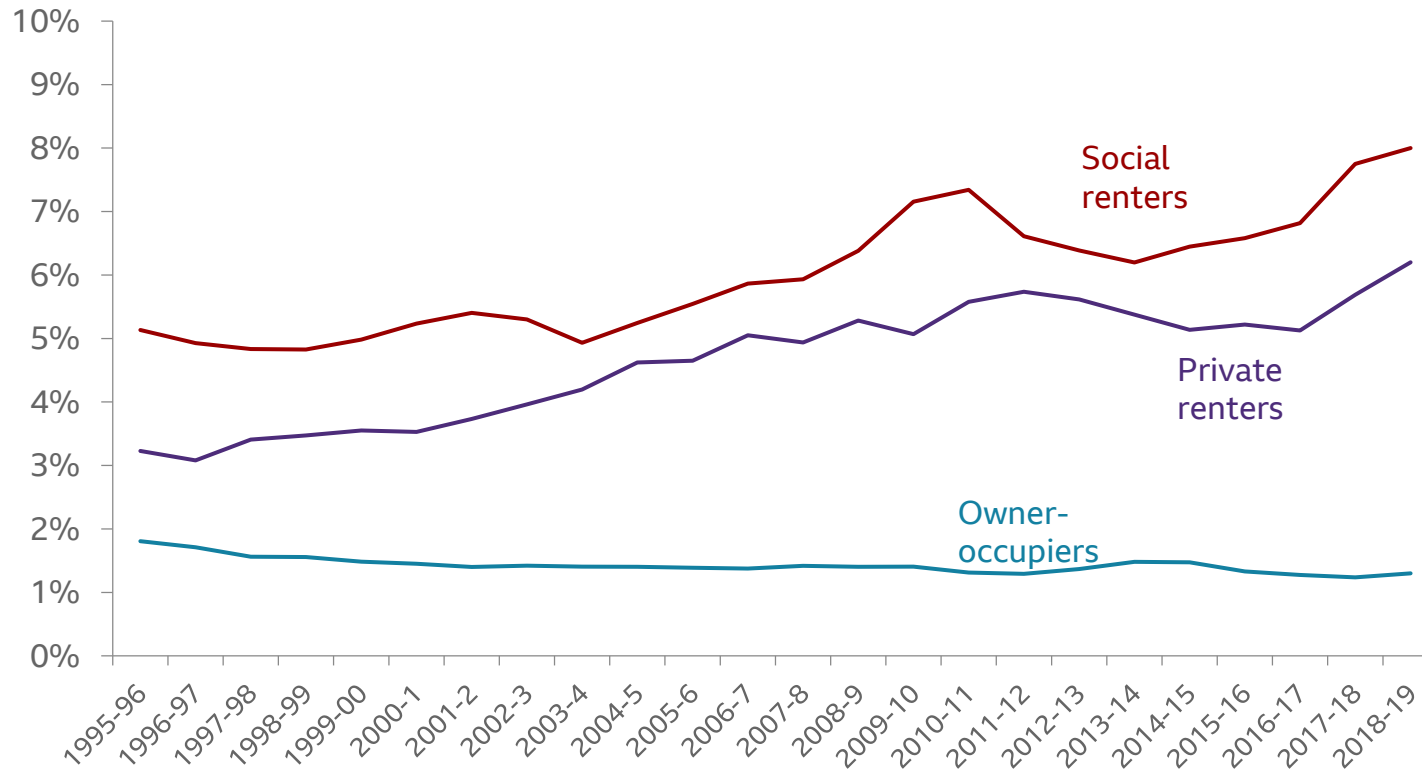


Affordability for key workers

- Only 14% of UK towns are currently considered affordable for key workers to buy their own homes
- The position was more positive in 2012, soon after the financial crisis, when house prices were relatively low
- From 2016-2019, house prices have risen and wages for key workers have been frozen, which has led to a decline in affordability
- The situation is particularly difficult for nurses: only 7% of UK towns are currently considered affordable for nursing staff

Inability to buy or rent a home of their own forces many people to live in overcrowded accommodation

Proportion of households in overcrowded conditions, by tenure



Scale of overcrowding

- 788,000 of the estimated 23.5 million households in England were officially classified as overcrowded in the period 2016 to 2019
- Overcrowding disproportionately affects people in rental properties, especially in social housing:
 - 8% of social rented households were overcrowded in 2018-19
 - Over 6% of private rented households were overcrowded in 2018-19

Financial and rental problems can fuel overcrowding



Overcrowding in Wembley

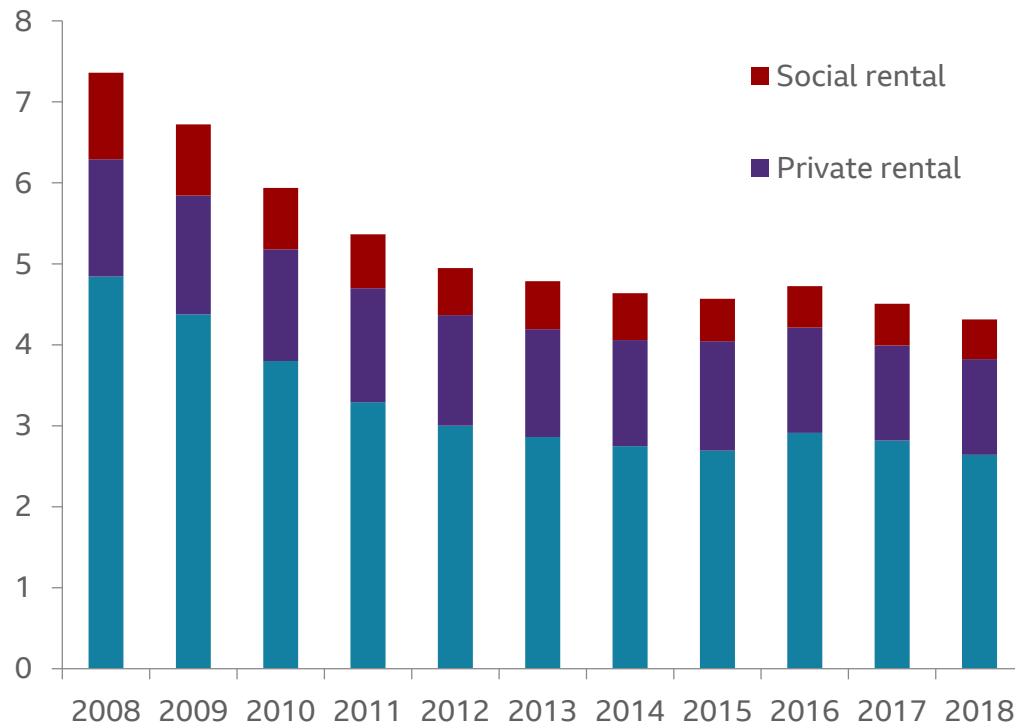


Overcrowding in Harrow

- The Housing Act 1985 lays down official criteria on what constitutes illegal overcrowding
- In 2016, council officials discovered twenty-six bunk beds in a four-bedroom house in Wembley, north London
- Residents were charged £50-£60 a week each in rent, equating to around £80,000 a year for the landlord
- One of the residents said he felt he was left with no choice but to live there as his job as a carer for the elderly paid so little
- In nearby Harrow, a similar raid found another four-bedroom property housing 13 people, mainly immigrants from Hungary
- The tenants claimed their landlord gave them just two weeks' notice to leave their previous property
- The tenants said they had no choice but to live there. "This is the cheapest place I can find a room," one of the residents said

A significant number of people in England are living in ‘non-decent’ homes

Number of ‘non-decent’ homes in England (millions)
2008 to 2018



Source: [English Housing Survey](#), [UK Government \(Gov.uk\)](#)

Sub-standard housing in England

- The government defines a household as “non-decent” when it is not in a reasonable state of repair; does not have reasonably modern facilities and services, or has ineffective insulation or heating
- 4.3 million households, comprising nearly a fifth of England’s housing stock, were deemed “non-decent” in 2018
- The Decent Homes Programme, introduced by the UK government in 2001, was largely responsible for the steady improvement in social-housing standards, although this initiative ended in 2015
- In 2018, 25% of the private rental stock, 17% of owner-occupied dwellings and 12% of the social rental stock were deemed “non-decent”



Summary of the main social changes affecting UK housing demand

Main social drivers of increased housing demand	Impact on housing demand
Population growth	<ul style="list-style-type: none"> • Rapid population growth over the last two decades and a forecast of continuing population growth puts pressure on demand for housing
People living longer	<ul style="list-style-type: none"> • The proportion of the population aged 75 and over has been increasing and is projected to rise further over the next 25 years, also increasing housing demand
Changing social patterns of marriage, co-habitation and divorce	<ul style="list-style-type: none"> • Significant long-term changes in relationship patterns have led to a rapid growth in the number of households and to increased housing demand
Changing patterns of location	<ul style="list-style-type: none"> • Many more young people have been moving to city centres – which puts pressure on urban accommodation; and older people are moving to the countryside, increasing pressure for suitable housing there
Popular culture	<ul style="list-style-type: none"> • Extensive coverage in the print and broadcast media of home-ownership and related activities, such as gardening, have increased demand for a home of one's own or for moving up the housing market

Summary of the main structural and economic factors affecting UK housing demand

Structural and economic factors	Impact on housing demand
Rising incomes	<ul style="list-style-type: none"> As real incomes rise, people are more likely to be able to obtain and to service a first or a larger mortgage
Buying better than renting	<ul style="list-style-type: none"> Investing in buying property is seen as beneficial because it is regarded as economically more advantageous over time than renting
Property as a long-term investment	<ul style="list-style-type: none"> The long-term increase in house prices means property is regarded as a safe investment
Financial factors	<ul style="list-style-type: none"> Financial factors – such as interest rates, mortgage conditions and tax regimes (eg capital gains exemptions on primary residences) – can have a marked effect on housing demand, either increasing or reducing it
Government intervention	<ul style="list-style-type: none"> Government programmes can have far-reaching effects on housing demand, evidenced by the long-term consequences of, for example, Right to Buy and legislative changes, which encouraged Buy to Let mortgages
A shortage of social housing	<ul style="list-style-type: none"> The halving of social housing over the past 40 years has led to more than a million people on the social-housing waiting list, a key indicator of unsatisfied demand in the housing market
Unsatisfactory housing conditions	<ul style="list-style-type: none"> The combination of people living in overcrowded and “non-decent” accommodation also exerts pressure on the housing market, whether by requiring rehousing, refurbishing or replacement through demolition



Summary

A Home of Your Own

There is a strong cultural aspiration in the UK to live in, and ideally to own, a home of your own. But demand is outstripping supply. That is partly because of rising incomes in the recent past and rapid rises in population caused by people living longer, and by net migration. Household growth has accelerated, driven by changing social patterns. Preferences are changing: more young people want to live in cities, more older people in the country, driving local demand.

Today's young, if not mortgaged by the Bank of Mum and Dad, are likely still to be living with their Mum and Dad. Key workers find accommodation near their place of work unaffordable. Unsatisfied demand is trapping substantial numbers in overcrowded or non-decent housing.





BBC Briefing - Housing

Part 5/10

Social Housing

For those unable to buy or easily to rent a suitable home of their own, how much social housing is available?

How many families and individuals are on the waiting lists for social housing?

How much new social housing is being built?



“Oh, my old man's a dustman
He wears a dustman's hat
He wears cor-blimey trousers
And he lives in a council flat.”

Lonnie Donegan, top recording artist
of the pre-Beatles era, 1960

The availability of local government council housing has reduced radically over the last 40 years

Providing housing for the less well-off

- The provision of social housing, which began in the late 19th century, took off in earnest after World War One and then expanded through succeeding decades, reaching a peak in the late 1960s
- By then, problems had begun to emerge: the cost of council housing to the nation's finances was high, and many council estates were becoming run-down and vandalised, with high crime levels
- In the 1980s Prime Minister Margaret Thatcher radically changed the policy towards social housing. The Housing Act of 1980:
 - allowed council homes to be sold to tenants at a discount under the “Right to Buy” policy
 - initiated a process of transferring homes from council ownership to housing associations, which were independent charities
 - provided housing benefit payments rather than actual housing, which had the effect of transferring the supply of subsidised housing provision to private landlords and housing associations
- The transfer of social housing stock from councils to housing associations accelerated under the Blair government
- The housing benefit bill has grown consistently ever since, reaching £22bn in 2017-18

Social housing consists of homes owned both by housing associations and by local authorities

The social housing role of local authorities

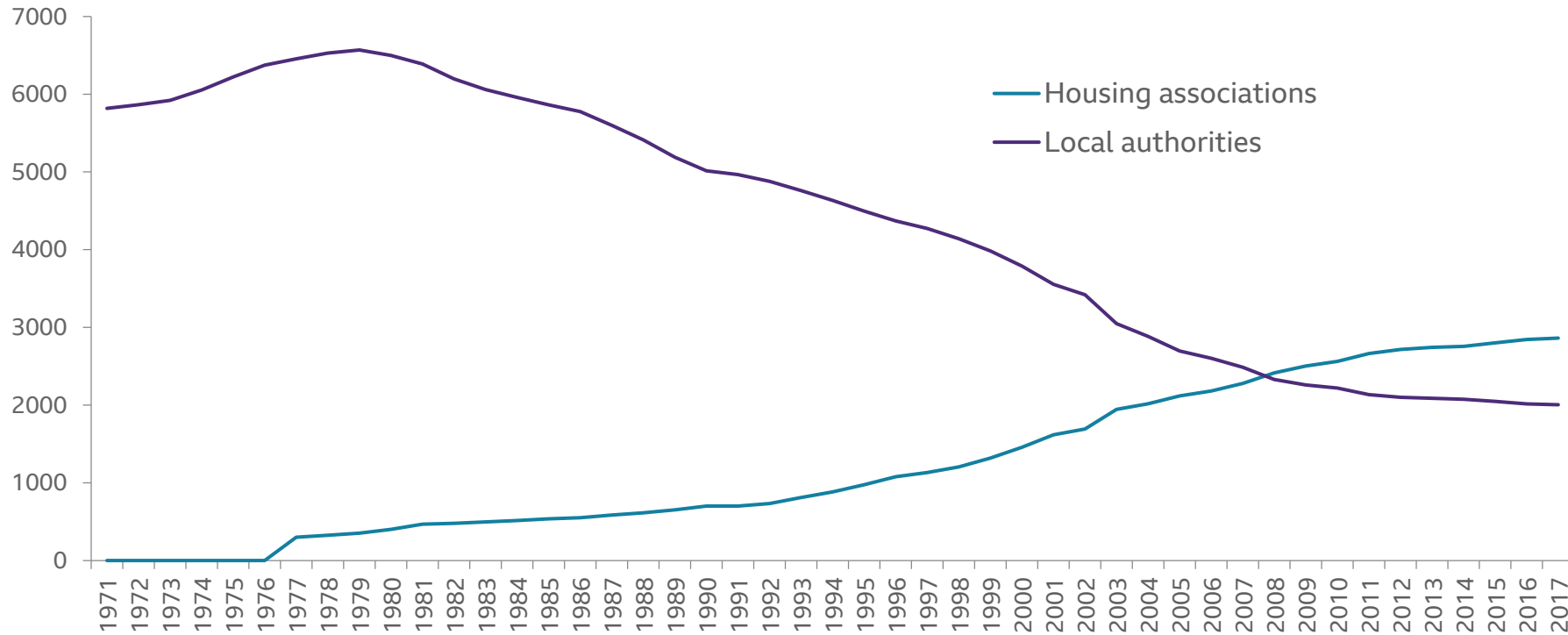
- Local authorities are required to have an allocation scheme that details how their social housing accommodation is allocated, provides accommodation for those who are homeless and aids those at risk of homelessness
- There is no legal obligation for local authorities to build more social housing
- Those in need of social housing apply for a place on the local authority register and are allocated priority according to housing need
- People can apply directly to housing associations, but many associations have arrangements to use the same register as local authorities
- Since 1988 there has been a large-scale transfer of ownership of council housing away from local authorities to housing associations

The role of housing associations

- Housing associations are mostly non-profit organisations, originally formed by private individuals concerned about local housing provision. Generally, board members are volunteers but some are now paid
- Housing associations fund their social housebuilding in a number of ways:
 - directly from central government grants
 - by borrowing commercially from banks and through bond issues
 - through rental income paid directly by their tenants (who pay below market rents), 60% of whom rely or partially rely on housing benefit or universal credit
 - by building dwellings for the private sector for profit and re-investing the proceeds in social housing

Since the late 1970s the responsibility for social housing has been shifting from local councils to housing associations

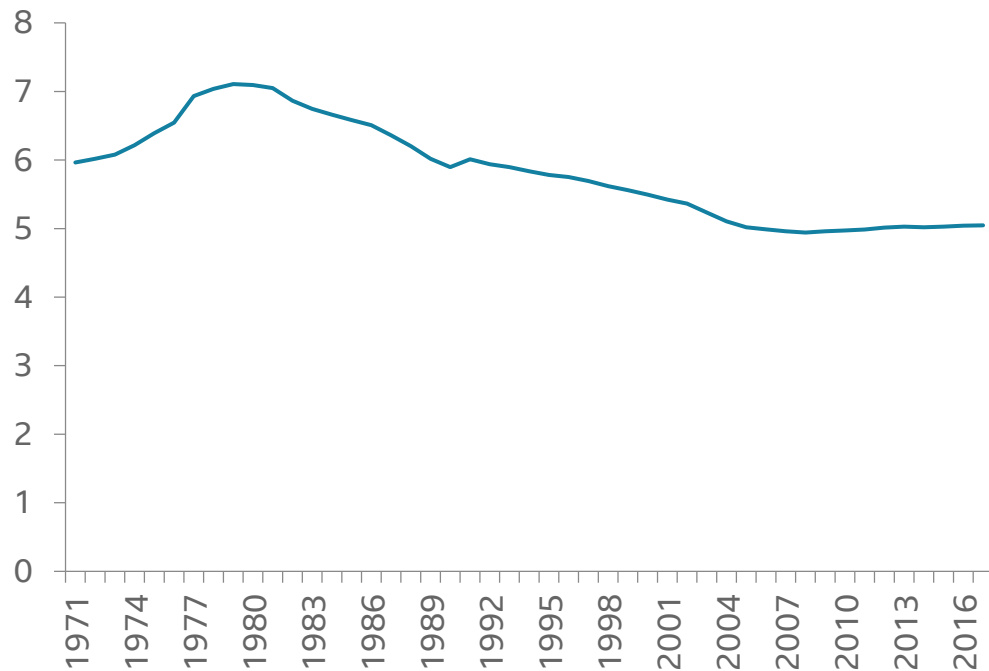
Social housing stock by owner, UK (thousands)



Source: [UK Government \(Gov.uk\)](http://www.gov.uk)

The total stock of social housing has declined markedly over the past 40 years

Total social housing stock, UK 1971-2017, (millions)



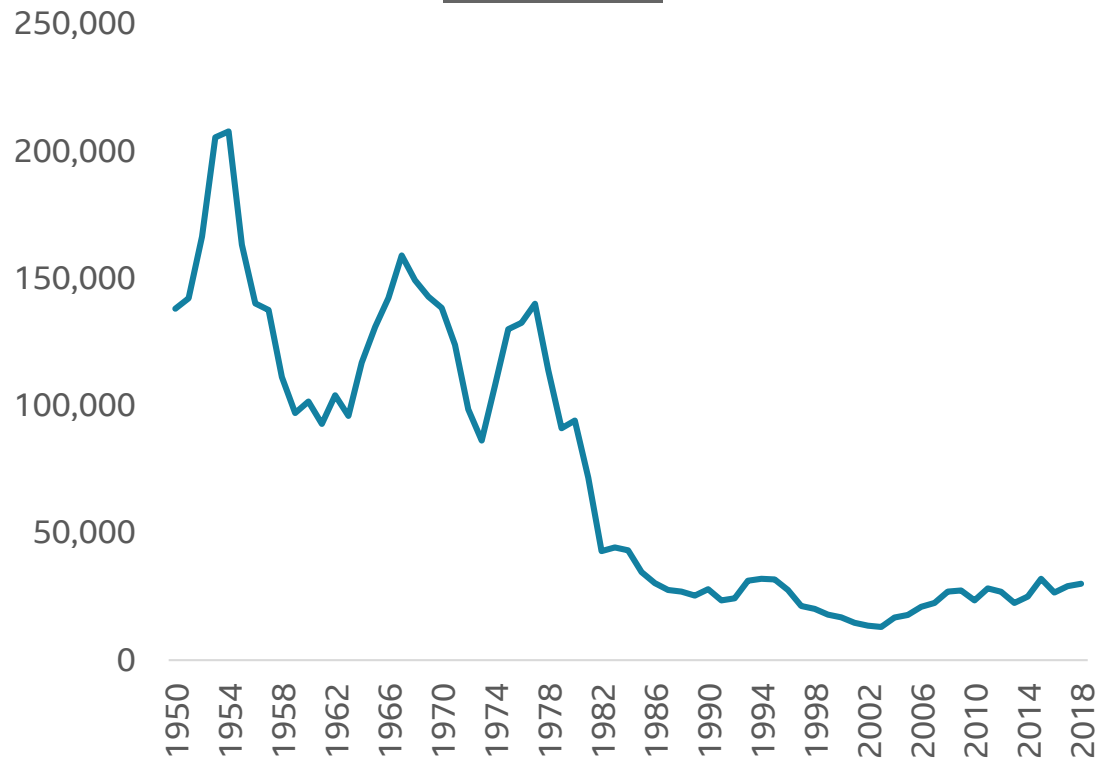
The decline in social housing

- As a direct result of Margaret Thatcher’s “Right to Buy” scheme, 1.9 million households living in social housing bought their home
- This was a fulfilment of Mrs Thatcher’s dream of creating a “property-owning democracy”
- Over the same period, there was a massive drop in new social-housing builds from the 1977 peak of more than 140,000 in a single year
- In 2018-19 only 37,800 new units of social housing were built in England
 - Housing associations funded 12,700 new dwellings
 - Local authorities paid for 5,100
 - The private sector funded 20,000 new social dwellings as a result of obligations placed on it under the planning system

Overall the stock of social housing has declined over 40 years by two million homes

The fall in new housebuilding since the 1970s has been mainly driven by a radical reduction in social housebuilding

Annual completions by social housebuilders, England
1950-2018

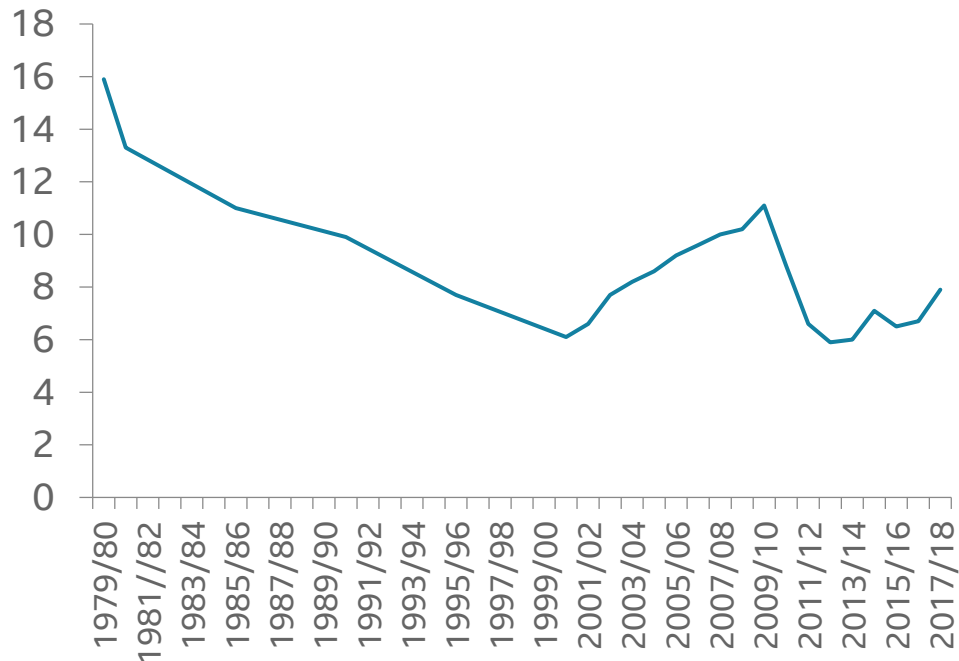


The decline in social housing

- Fifty years ago the number of new houses built each year in England was split almost exactly between the social and the private sector
- In 2018 the social sector built less than 20% of all new housing
- In the 1950s new social-sector build peaked at 200,000 dwellings in a single year, although many new buildings were simply replacing demolitions, so the net addition to the housing stock was lower than 200,000
- In 2003-04 only 13,000 new homes were built by local councils or housing associations
- This century the average has been 23,000 new dwellings per year, 11% of its 1954 peak

Since 1980 government investment in social housing has halved

Total government investment in social housing, United Kingdom (2017-18 prices), £bn



The decline of government funding

- Less than 5% of government housing spending was allocated to social housing in 2016-17, down from 82% in 1975-76
- From the 1970s the amount local authorities could borrow to fund new homes was restricted
- Initially local authorities were able to use receipts from Right to Buy sales to build new homes; but the proportion of receipts allowed to be used was reduced throughout the 1980s, and from 1990 councils were allowed to use only 25% of their proceeds to fund new building
- More than 95% of government housing expenditure is now devoted to housing benefit and to mortgage interest support
- As a result, local authorities and housing associations are building fewer new homes than in the past
- Housing associations have maintained higher levels of building than local councils due to their ability to borrow privately: 70% of housing association expenditure was funded through private finance in 2017-18

A lack of social housing is leading to long council house waiting lists

Council housing lists

- In Newham, east London, there is a waiting list of more than 25,000 households for fewer than 600 homes available for social rent – in effect 44 households are waiting for every available home
- Most areas outside London are not experiencing such acute problems
- In 2017, just 39% of households on the social housing waiting list in the north-east of England reported waiting for more than three months, compared with 72% in London (most households waiting less than three months in London will be high-priority cases)



Freddy Emmanuel (pictured) has been on Newham's social housing waiting list for 18 years. He has sofa-surfed, stayed in hostels and experienced homelessness. For a while he slept rough under a tree on Portobello Road

"I feel I should be helped by the council," says Freddy, who had to "start all over again" in 2000 when a relationship broke up. "My family has been in this borough for a long time. This is my neighbourhood."

Families on social housing waiting lists are accommodated in different ways



The Coombes Family

- The Coombes family were evicted from their home in Cornwall with just eight weeks' notice, as the landlord wanted his property back
- Since then they have been moved by their local authority 13 times
- Mr Coombes: "They say, 'We'll give you a house' and then the next day they say, 'No, we won't'"



The Burns family

- The Burns family were evicted from their privately rented flat because of flood damage
- Since then they have rented rooms in 12 different hotels using housing benefit and money from relatives
- The local government ombudsman said that the family had found private lets but lost the properties because the council took too long to consider their requests for help to pay the deposit

Source: [BBC News - Homeless family in Cornwall rehoused 13 times in 18 weeks, November 2018](#), [BBC News - Homeless family lived in Bristol hotel for three years, April 2018](#), [BBC News - Homelessness in the UK](#)

Nearly half a million families live in unsuitable accommodation while they wait for social housing

Social housing shortages

- In 2017-18 there were 494,000 households in England classified as being in key vulnerable categories awaiting social housing:
 - those in unsanitary or overcrowded accommodation
 - the homeless
 - the disabled
 - those owed a duty of care by a local authority
 - those needing to move locality to avoid hardship
- A shortage of council housing has led some local authorities to use former office blocks to house families



Terminus House in Harlow, Essex, is one of hundreds of office blocks in England that have been turned into temporary accommodation

Residents complain that it is unsuitable because of rising crime levels and lack of safety, especially for families with children

In recent times there has been renewed concern over social-housing provision

Comments on social housing policy

“There's a growing consensus about what must be done. To paraphrase Bill Clinton, it's about building more homes, stupid. Not just open-market housing, but social homes, shared equity and shared ownership”

Yvette Cooper, Minister of State for Housing and Planning, 2007

“One of them [David Cameron or George Osborne] – I honestly can't remember whom – said, ‘I don't understand why you keep going on about the need for more social housing – it just creates Labour voters’”

Nick Clegg, Deputy Prime Minister, 2010-15

“When I did a deal with the Treasury to sell the council houses [Right to Buy], 75% of the receipts were to go into new social housing. But when I went to be defence secretary, the Treasury renegotiated the terms and the supply of social housing was seriously reduced, the consequences of which lived on, much to be deplored”

Michael Heseltine, 2019 (Secretary of State for the Environment, 1979-83 and 1990-92)

“The private sector is not able to provide housing that is both affordable and meets the needs of households. And this is why Shelter will continue to call for more social housing to meet this need”

Shelter 2018



Summary

Social Housing

The stock of local government council housing is around one-third of the level it was 40 years ago, and the growth in the provision of social housing by housing associations has not made up the difference. In all, there are two million fewer social housing units than there were in 1979.

In 2018-19, councils in England built only 5,100 units of social housing. In total, fewer than 40,000 units of social housing of all kinds were built that year, around one-quarter of the number achieved in 1977.

About a million households in the UK are on waiting lists for the limited amount of available social housing - often living in temporary, overcrowded or insanitary accommodation.





BBC Briefing - Housing

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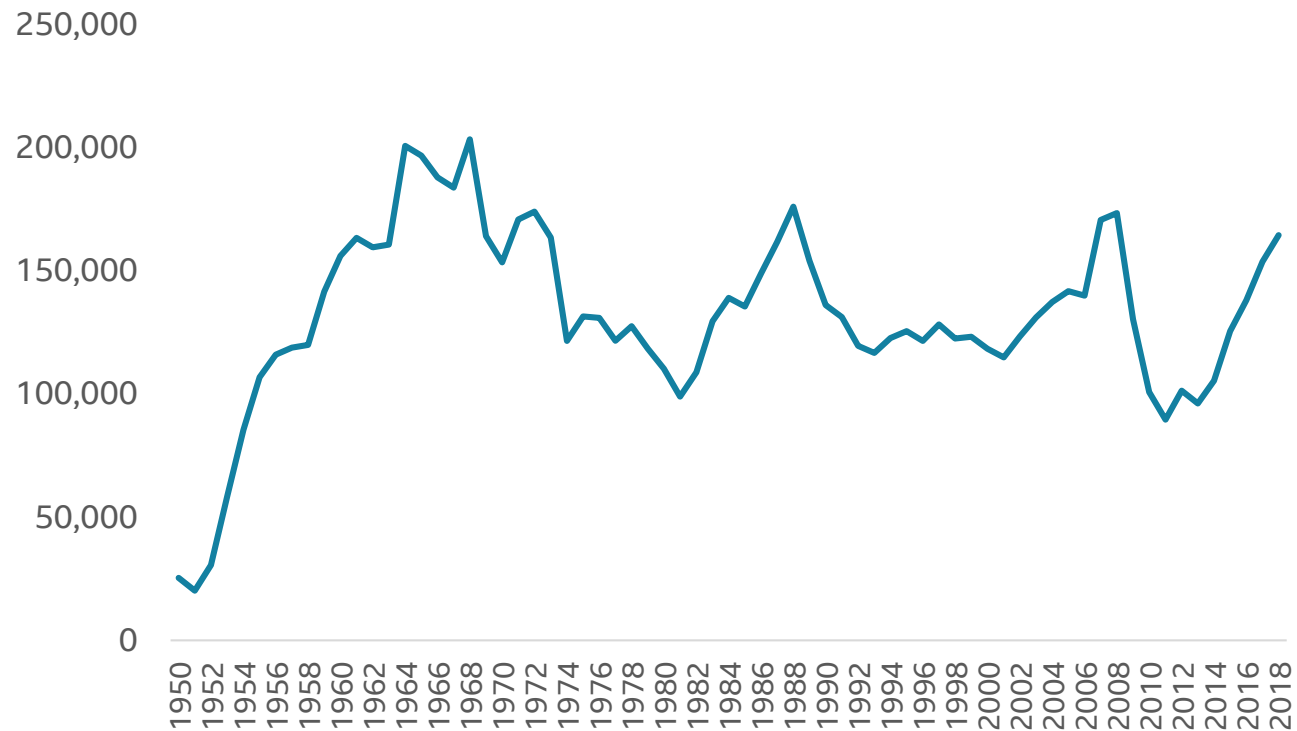
Private Housebuilding

Is the private sector in the UK building sufficient homes for our needs, including sufficiently affordable homes?

And if not, why not?

Private-sector building rates have failed to compensate for the decline in new social housing

Annual private housing completions, England 1950-2018



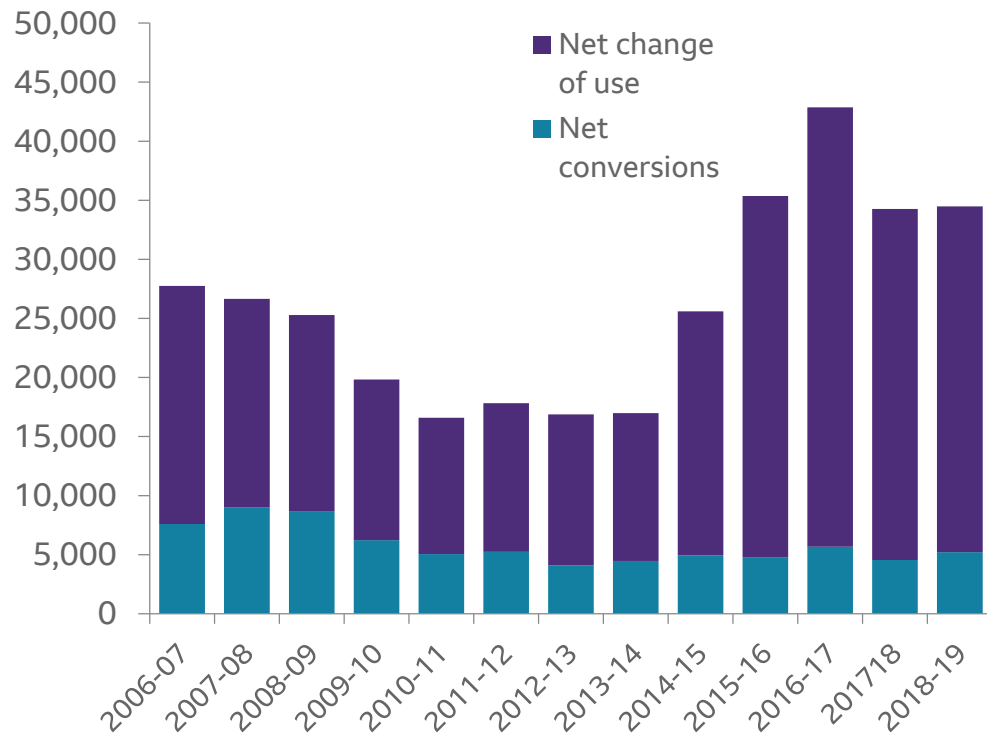
Private-sector housing completions

- While social-housing development has fallen dramatically over recent decades, private housebuilding has not increased to pick up the shortfall
- In 2018 the number of private completions was 164,000 compared with 200,000 in 1964
- Whereas the decline in social housing was fairly steady, private housebuilding rates have been more volatile, with substantial reductions following recessions in the late 1980s and 2008
- Over the past decade, an average of 175,000 social and private homes have been completed, substantially fewer than the average of 285,000 in the 1950s

Source: [UK Government – live table of permanent dwellings completed](#), [UK Government – net additional dwellings](#)

Property conversions and changes of use added 34,000 homes to the housing stock in 2018-19

Conversions and change of use, England 2006-2018



Conversions and change of use

- When a house is changed into flats, or vice versa, this is defined as a conversion
- When commercial, industrial or agricultural buildings are changed into houses and flats, this is referred to as change of use. These new dwellings could be owner-occupied or rented
- When developers build more than 10 new homes, they are often obliged to ensure that a certain proportion is affordable
- Change-of-use properties are often not subject to the affordability or dwelling-size obligations that new builds are
- These changes have had a major effect on the affordability of living in particular areas: for example, in Stevenage residential conversions from office space accounted for 73% of new homes during 2016-17

Source: [UK Government, Inside Housing](#)

Main reasons given for the private sector not meeting the scale and nature of housing demand

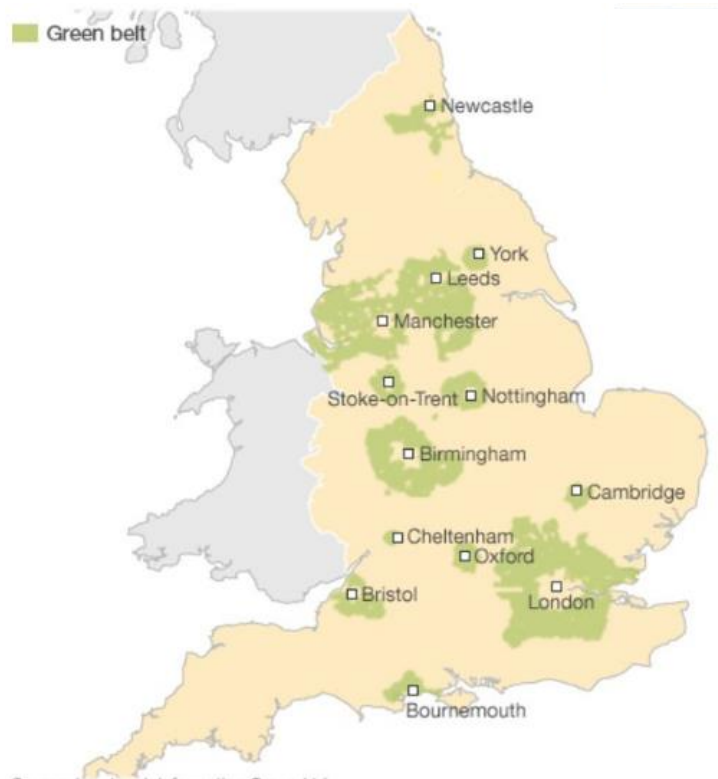
Constraints on private-sector building

- Limited availability of development land
- Fewer demolitions restricting development opportunities
- Fewer government-enabled projects of scale than in the past
- Developers limiting the number of new builds to maintain price levels
- Planning delay
- Reduced demand resulting from tightened credit restrictions for house-buyers
- The rapid decline of the small builder
- The shortage of skilled construction labour
- Lack of innovation in UK construction techniques



Green belts contribute to restrictions on building homes where people want to live and work

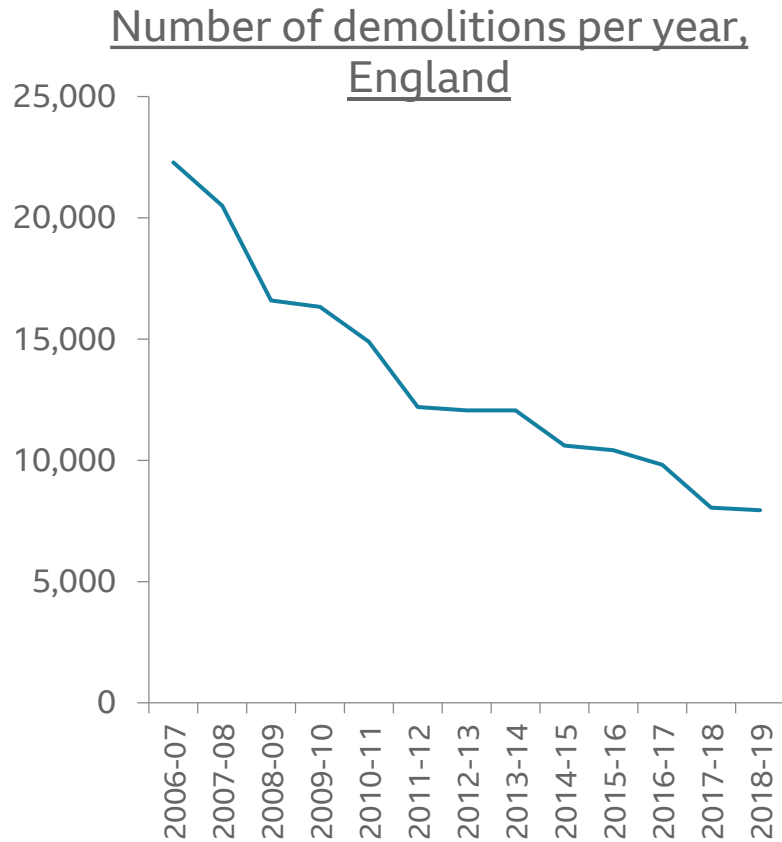
Protected green belt land in England



Difficulties with accessing new land

- The green belt is designed to maintain the character of the countryside, to restrict inappropriate development and to prevent urban sprawl
- There are more than 1.6 million hectares of land in England designated as green belt, 13% of England's total land area
- Northern Ireland has 30 green belts, accounting for approximately 16% of its total area. Scotland has 10, accounting for 2.5% of its total area. Wales has no green belts
- Green belts surround urban areas, such as Greater London, Edinburgh, Greater Glasgow, Merseyside and Manchester, and thus limit the land availability in areas where people might want to live or commute from
- The National Policy Framework states that green-belt land can be developed only in “exceptional circumstances”. These include:
 - the proportionate extension or replacement of a building
 - limited infilling of villages
 - limited affordable housing

The rate of demolition - both to free up land and to improve the housing stock in England - has declined rapidly



Demolitions

- Demolition does not necessarily lead to replacement homes being built, as it may not be economically viable to rebuild in areas where demand is low
- Demolitions can, however, potentially improve UK housing in a number of ways:
 - Demolishing dwellings that are unfit for habitation and replacing them with good-quality housing would improve the quality of the housing stock, the oldest in Europe
 - Freeing up land through demolition can increase the number of homes, if the new housing is denser than its predecessor
 - Demolition provides the opportunity to build houses that better fit contemporary needs or advances in technology:
 - the path to net-zero carbon emissions would be eased by electrically (rather than gas) heated and better-insulated homes, for instance
 - a high demolition rate in Japan, for example, enables the housing stock to adapt to building-code revisions designed to improve earthquake resilience
- At current demolition rates, almost half the current stock of homes in England will be standing in 1,000 years' time

Slum clearances throughout the 20th Century eradicated unsuitable housing

20th-Century slum clearances

- Between 1965 and 1985, 740,000 dwellings were demolished as part of slum clearances in England and Wales
- Both private and public stock were demolished, and private owners were compensated for their lost property
- 80,000 dwellings in Greater London were demolished; 55,000 in Manchester; and 40,000 in Birmingham
- These slum clearances enhanced the quality of the UK's housing stock
 - The Housing Conditions Survey in 1967 recorded 1,830,000 unfit houses in England and Wales
 - By 1986, 900,000 unfit houses were recorded in England
 - 90,000 unfit dwellings were recorded in a separate Welsh survey in 1981



Demolitions in Brixton, south London, 1973

Japan has achieved a high housebuilding rate by demolishing a large number of houses

Housebuilding in Japan

- Japan has a strong preference for new builds, which make up 80% of sales. In the UK they account for 10% of total housing sales
- According to brokerage firm Nomura, the value of the average Japanese home will fall to zero within 22 years (but it will retain its land value)
- As a result, homes are more regularly demolished and rebuilt in Japan. This increases the churn of buildings and the building rate because:
 - more land is available to build on due to the high number of demolitions
 - new dwellings do not need to last as long, increasing the speed of building, with entire neighbourhoods sometimes being built in the same factory (eg Midorigaoka)
- In 2018, there were 942,000 housing starts across Japan, compared with 194,000 in the UK
- However, Japanese new builds are largely replacing demolished properties so the overall, or net, additions to the total housing stock represent a smaller percentage increase than in the UK



Up to five times more new homes a year have been built in Tokyo than in London since 2003

Large-scale housing projects, both in the UK and overseas, have historically led to rapid transformations in the housing stock

Ambitious transformations in the housing stock

- Large developments have previously been used in the UK and abroad to address housing shortages and overcrowding in cities:
 - The new-towns programme, designed to relocate those whose housing had been destroyed by bombing in World War Two, led to the creation of 32 new towns in Britain
 - Milton Keynes was established in 1967 to ease the housing shortages in London
- Factory-assembled housing was used to address the UK shortage after World War Two, was used to build entire neighbourhoods in Japan in the 1960s, and has recently been used to construct skyscrapers in China in 57 days

The post-war new-towns programme led to the creation and expansion of 32 new towns in Britain

The new-towns programme

- The new-towns programme, introduced in 1946, was designed to rehouse those who had lost their homes during World War Two
- A new-town development corporation was created for each town, which had powers to purchase land compulsorily at agricultural prices and to create a comprehensive plan for the town
- Crawley, Livingston, Newtown, Northampton and Ipswich were all built or extended under the new-towns programme
- The development of the towns was funded through central government and self-financing. As the land was bought at agricultural prices, the development corporations were able to benefit from the uplift in land values
- Today the post-war new towns are home to more than a million people



The new town of Cumbernauld was built to solve chronic shortages of housing in post-war Glasgow

In 1967 Milton Keynes was founded to create a substantial increase in UK housing

The "new town" of Milton Keynes

- Milton Keynes was born with an Act of Parliament in 1967 which approved the building of a new community of 250,000 people covering 22,000 acres (8,900 hectares) of Buckinghamshire farmland and villages
- Built to ease the housing shortages in an overcrowded London, its founding principles were for an "attractive" town that enshrined "opportunity and freedom of choice"
- Milton Keynes is now the third-fastest-growing city in the UK, with a population of 270,000, and is a thriving community with its own football team and arts centres
- Milton Keynes was the last new town to be built. Changes in the law meant landowners were entitled to much greater compensation for compulsory purchase of their land, making it financially unviable to build new towns



The Hub shopping and entertainment complex in Milton Keynes

Miasteczko Wilanów in Poland was founded in 2004 and now houses 40,000 people

Urban planning in Poland

- Miasteczko Wilanów is one of the biggest residential projects in Europe. Its population has grown by 225% in the last decade
- Built on what used to be empty fields on the outskirts of Warsaw, the project began in 2002 and within two years the first residents were moving in
- As well as apartments, Wilanów offers its inhabitants a developed local infrastructure, including shops, restaurants, service points, schools, offices and entertainment facilities
- “I’ve been living in Miasteczko Wilanów since 2005. I was seduced by the architectural and urban concept, which became reality; modern, clean, safe and open area full of restaurants, shops, schools. I like the social mix and diversity of the area. It’s mostly occupied by young families and professionals,” says local resident Maciek Sandecki

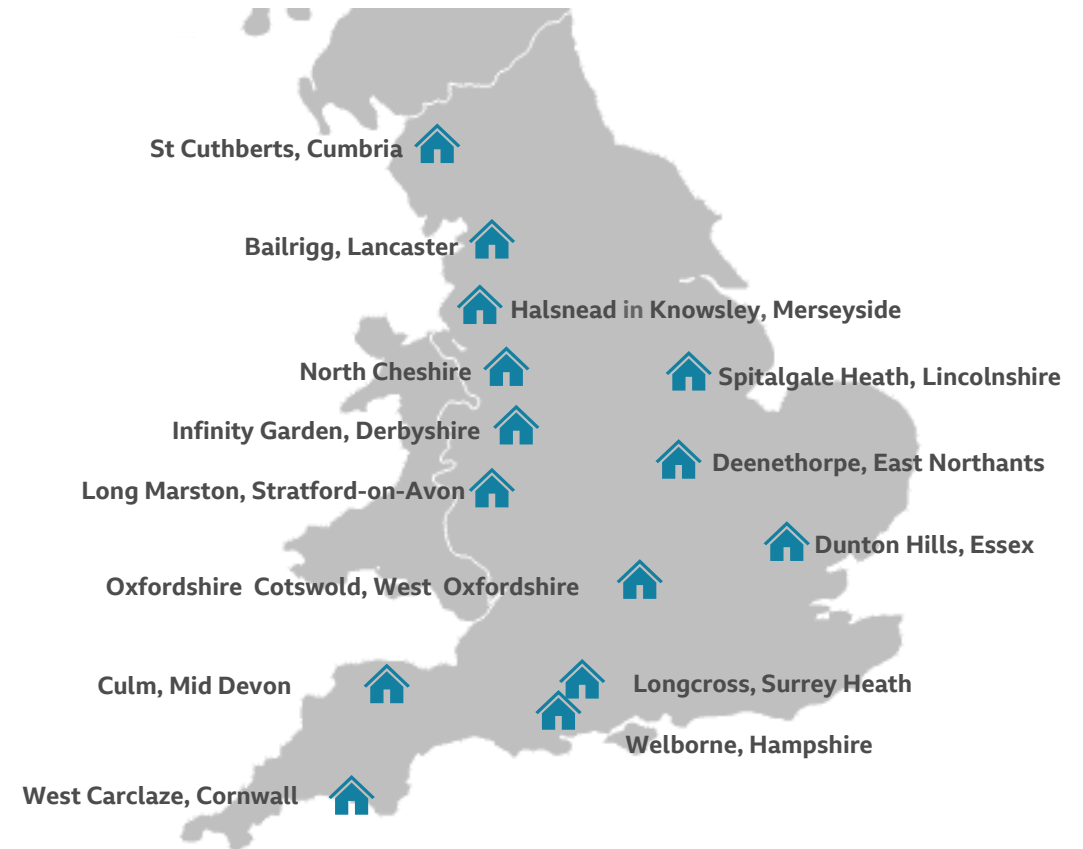


Maciek Sandecki is a resident of Miasteczko Wilanów in Poland

Planning for the development of 14 new garden villages is under way across England

The garden-villages programme

- In 2017 Theresa May's Conservative government announced plans to support the development of 14 garden villages across England which would provide up to 48,000 new homes
- Local authorities would take the lead in laying out the development plans but the majority of the construction would be put out to private-sector tenders
- The government pledged up to £6m to assist these new developments
- The government specified that the new garden villages should be built to a high standard, be attractive and well-designed, and be built as a response to meeting local housing needs - especially for first-time buyers
- The plans are currently going through an extensive planning process, which gives local communities an opportunity to be consulted and to ensure the villages meet local needs
- They are less ambitious in scale than similar projects in the post-war era



China has developed innovative techniques for rapid construction

China's innovative building techniques

- In April 2015, a Chinese construction company built a 57-storey skyscraper in just 19 working days
- Broad Sustainable Building, which specialises in prefabricated construction, prepared 90% of the structure in a factory before assembling the remaining 10% on site
- The owner, Zhang Yue, has ambitions to construct the tallest building in the world, standing 838m tall, in just 90 days, using similar techniques
- There are questions about the longevity of China's new builds: Qiu Baoxing, the former vice-minister of China's Housing & Urban-Rural Development ministry, estimated that new buildings going up in China today will stand for only 25-to-30 years before being demolished



Changsha in Hunan Province, China

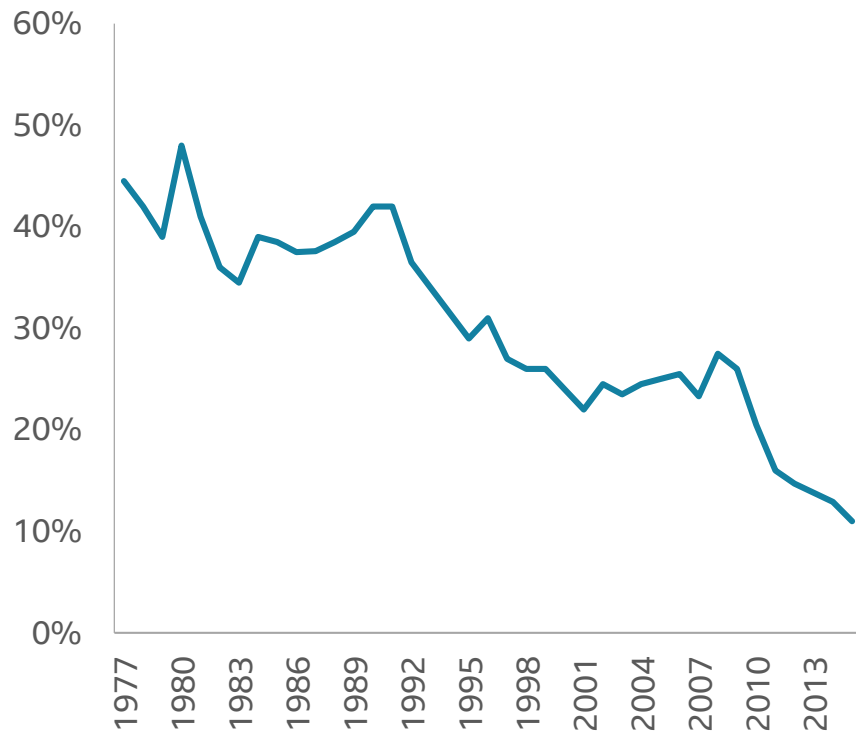
The planning process for building new homes in the UK is subject to increasing delay

The planning process

- Broad planning policy is laid down by central government, or the devolved governments, but administration of the planning process is mostly handled by local government
- If there are no delays and appeals, a planning application for building can be approved within 13 weeks
- For more complex applications, local authorities can agree to deadline extensions. In 2012-13, there were 107 time extensions in England, which had increased to 5,500 in 2017-18 - making up more than two-thirds of all applications
- The planning process can require consultation with a number of different parties. For example:
 - Public consultation: planning authorities are required to undertake a formal public consultation. Any individual - as well as community groups or specific interest groups - can respond to a consultation
 - Statutory consultation: planning law prescribes circumstances where local planning authorities are required to consult specific bodies prior to application - eg Greater London Authority, local flood authority
- Cuts have limited local authority resources for planning. Between 2010 and 2018 there was a 38% drop, in real terms, in planning expenditure
- More complex developments – involving a number of bodies and appeals - can take up to three years to win approval
- Appeals delay the process further: since 2013 the time for the Planning Inspectorate to rule on an appeal has risen from 30 weeks to 38 weeks

Over the last 40 years, there has been a steady decline in private housebuilding by smaller firms

Percentage of new homes built by SMEs (1-100 units), UK, 1977-2015



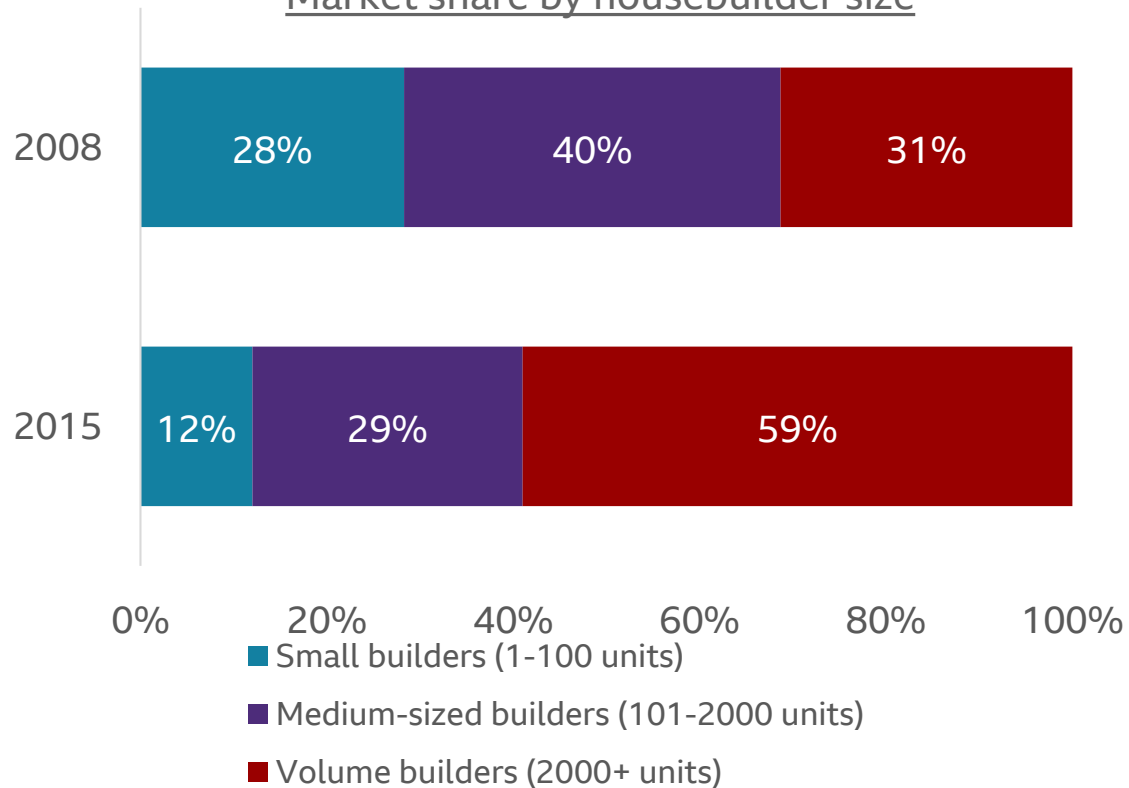
Source: [Home Builders Federation \(HBF\)](#)

The decline of the small builder

- In 1987, there were more than 11,000 firms registered with the NHBC that built fewer than 1,000 homes a year. In 2017, there were fewer than 2,000 small builders
- In 1980 SMEs (in the construction industry this refers to companies that build fewer than 1,000 dwellings per year) delivered half of all UK housing. In 2015 they built fewer than one in eight new dwellings
- The National House Building Council found that the planning process and limited availability of land were their biggest business challenges
- There are significant up-front costs in submitting planning applications without any certainty of success. While larger firms can mitigate their risk across numerous sites, small firms can be seriously hampered by delays or rejections
- The Home Builders Federation estimated that returning to the same number of SMEs as operated in 2007 would help boost the housing supply by 25,000 homes a year
- Smaller builders are also more likely to offer options such as custom-build housing and to build on smaller plots that would be economically unviable for larger builders

Since the financial crisis the largest developers have begun to dominate the building sector

Market share by housebuilder size



The emergence of the house-building giants

- In 1960, the 10 biggest UK housebuilders built 9% of all new homes
- In 2015, the top 10 developers accounted for 47% of all new-builds, while housebuilders developing more than 100 units per year accounted for 88% of the home-building market
- In 2019, the top 10 largest volume housebuilders constructed more than 90,000 homes

The growth of larger firms is in part attributable to changes in the size of development sites

The size of development land plots

- Under the National Planning Policy Framework of 2012, local authorities, which draw up housing development plans for their areas, have tended to issue development permits for larger sites than previously. The average permitted housing scheme has increased in size by 17% in less than a decade. It is often easier to deal with the impact of a single large site on the local population
- These larger sites are more expensive to build on and represent substantial risk, putting them out of reach of many smaller builders and favouring the bigger developers
- The market for development land is also fiercely competitive, with larger firms more able to pay high prices for land and to recover costs through economies of scale on larger developments or use option agreements to control land many years before it reaches planning
- Encouraging building on smaller sites would enable smaller housebuilders to develop land that is economically unviable for larger housebuilders, thereby increasing the build rate and closing the housing gap
- There have also been suggestions that the big developers are guilty of “land-banking”: hoarding building land without actually developing it in order to profit over time from rising prices. A 2018 government review rejected this, though, and concluded that developers build only at a rate that will not undermine average prices. If they were to build too many homes too quickly, they would risk undermining the market
- Housing charity Shelter draws attention to what it calls “strategic land-banking” - land that may not be owned by builders but is controlled by them through legal options for potential development. Shelter is concerned that this practice may stifle competition but the industry denies this

Germany has been successful in retaining smaller builders

The German house-building model

- Developers can be prevented from “hoarding” land if they do not intend to build on it
- Custom-built housing is more widespread, which represents less risk for smaller firms as the home is, in effect, sold before it is built
- Smaller builders tend to rely on finance from local or co-operative banks rather than major institutions, and achieve credit more easily
- Public authorities take a clear lead in shaping large-scale development and infrastructure plans. This reduces uncertainty and speculation, and builders have greater certainty about whether a planning application will be accepted
- The planning process is also more streamlined, which lowers costs for smaller builders



Nuremberg in Bavaria, Germany

A shortage of skilled labour is a significant constraint for housebuilders

In 2018, what did housebuilders say constrained them most (% respondents)?



Skilled labour and housing supply

- In 2018, 42% of housebuilders saw labour availability as a major constraint to increasing housing completions
- In October 2015, recruitment firm Randstad said one million more construction workers would be required by 2020 if the government were to meet its target of building 300,000 homes a year
- Barratt Developments, which built 17,500 homes in 2017-18, said in its annual report: “Skilled workers leaving the construction industry during the financial crisis, alongside an ageing workforce, has led to a significant skills shortage”
- Persimmon, one of the UK’s biggest housebuilders, points out that increasing the supply of trade skills will be essential if the industry is to increase the volume of new homes built
- New methods of construction could improve productivity but the benefits have not yet materialised

Changing credit conditions have also reduced the incentive for developers to build new housing

Monthly interest rate for a two-year (75% loan-to-value) fixed rate mortgage, 2000-2018



The loan-to-value (LTV) ratio is the difference between the value of the mortgage you take out and the value of the property as a whole, expressed as a percentage

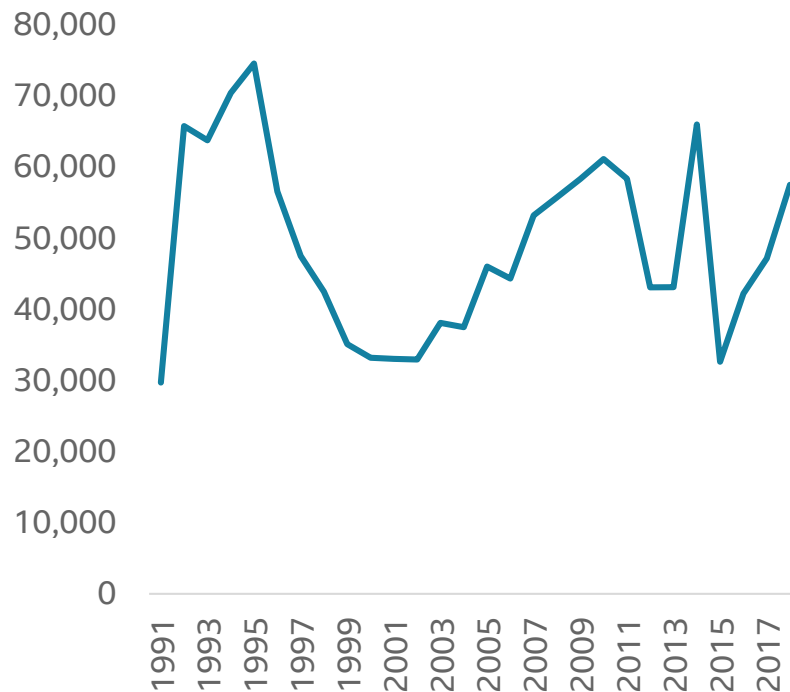
Source: [Halifax](#), [Bank of England Database](#)

The impact of credit conditions

- Since the financial crisis in 2008, interest rates have dropped, fuelling a boom in house prices
- At the same time there has been a tightening of credit conditions by banks, and of mortgage regulation by government – increasing the size of the initial deposit required from the buyer
- Since 1990 the average real deposit needed for a first-time buyer has increased from an average of £14,800 to £33,000 (2018 prices)
- Buyers without a large deposit or a strong credit history now struggle to obtain a mortgage, constraining the level of demand for housing and reducing the incentive for developers to build - although this has been offset by an increase in demand as a result of government schemes like the Help to Buy equity loan scheme

Supplying 'affordable housing' is a particular challenge for the private sector

Affordable homes provided annually,
England, 1990-2018



Source: [UK Government \(Gov.uk\)](#), [Shelter](#)

Meeting the demand for 'affordable housing'

- Developers are less inclined to build affordable homes, such as social housing, as they recoup lower profit margins than if they were to build a high-end home
- Local authorities can insist on affordable homes being built on their sites as a precondition of granting planning permission: affordable homes quotas usually require that between 30% and 50% of new developments are affordable for lower-income groups
- These homes will usually be sold or given to a local council or housing association to allocate and manage
- Some of these properties encourage first-time buyers on to the housing ladder by allowing them to purchase the property at a discount, often at 20% of the market value, or by offering affordable rents at least 20% cheaper than market rents
- However, many developers now use "viability assessments" to negotiate down this quota, arguing that the quotas would seriously impair their profit margins
- In 2017, Shelter showed that the use of these assessments in 11 local authorities had contributed to 79% fewer affordable homes being built in England than if housebuilders had been obliged to meet the affordable-housing quotas
- As a result, the number of new affordable homes available in England has fluctuated either side of 50,000 dwellings per year, and has not risen to meet sustained demand

Summary

Private Housebuilding

The scale of private housebuilding in the UK is not compensating for the fall in social housebuilding, nor is it keeping pace with overall demand. And lower-priced affordable homes are being built at the rate of only 50,000 a year.

There is an accumulation of causes: the supply of land is limited and there are few demolitions to free up land; planning processes are prolonged and uncertain; skilled labour is in short supply; small builders are in rapid decline, and no major new towns have been created in recent decades.

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Private Rental Sector

How large is the private rental sector?

And what is fuelling its growth?



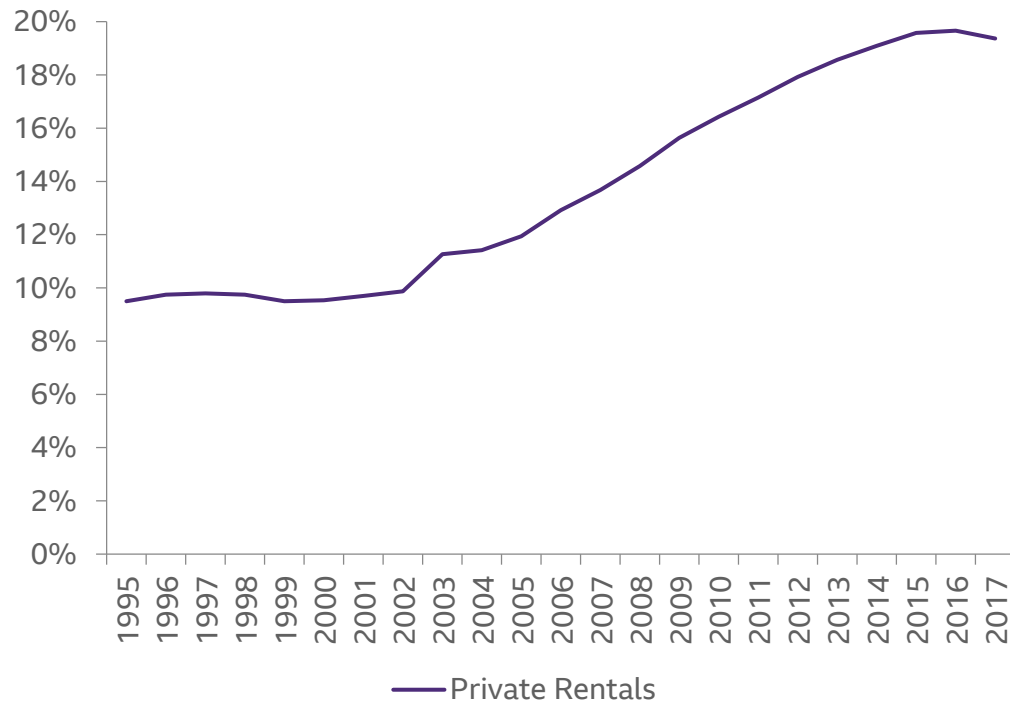
BBC Briefing - Housing

“Ideally, the worst type of slum landlord is a fat wicked man, preferably a bishop, who is drawing an immense income from extortionate rents. Actually, it is a poor old woman who has invested her life's savings in three slum houses, inhabits one of them and tries to live on the rent of the other two - never, in consequence, having any money for repairs”

George Orwell, *The Road to Wigan Pier*, 1937

The proportion of households living in the private rented sector has doubled in the past 20 years

Proportion of households in the private rental sector, UK, 1995-2017

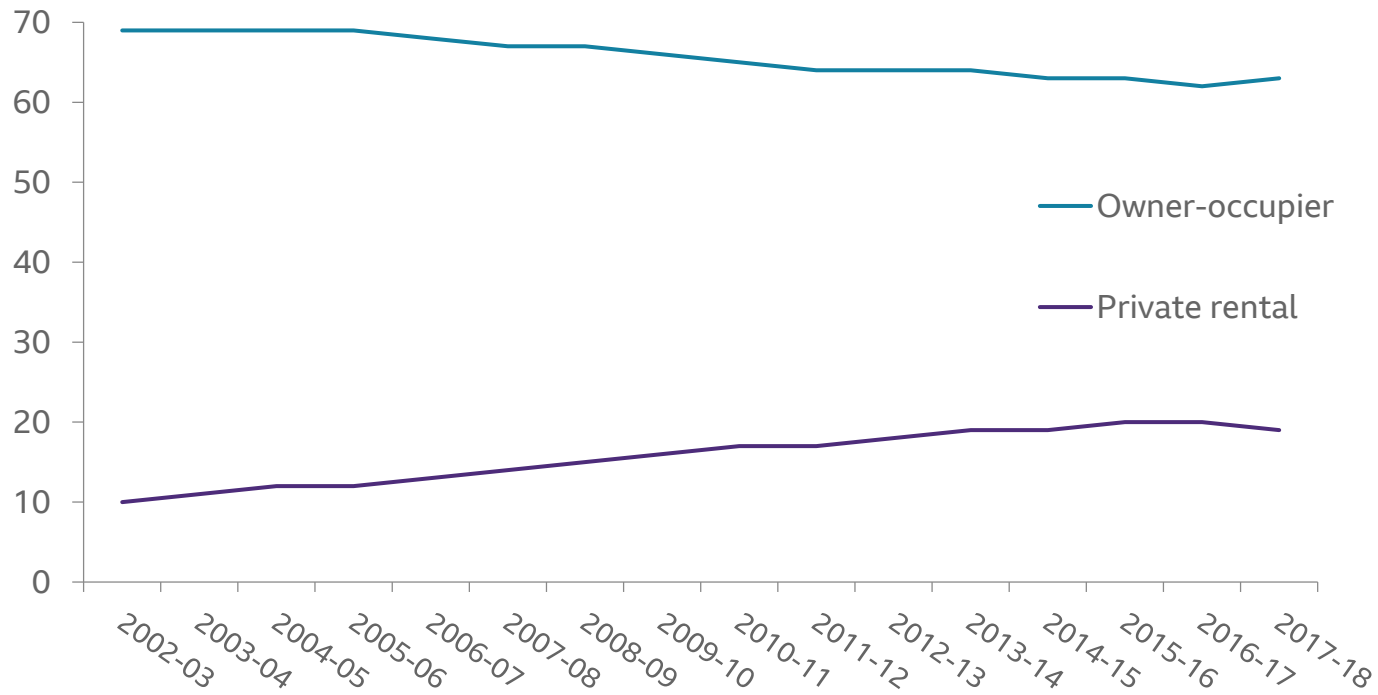


The growth of the private rented sector

- The legal reforms of the 1980s, which improved the position of landlords, paved the way for private rented sector growth
- There were 2.8 million households in the private rental sector in 2007; by 2017 the number had risen to 4.5 million
- Fewer available social homes mean that people who would have lived in a home provided by the council or a housing association are now renting from a private landlord
- Some people who bought their council houses rent them out
- Housing benefit increased between 1982 and the 2011 Budget, and helped fund growth in the private rented sector
- Would-be homeowners without a sufficient deposit, or with an impaired credit history, are also a significant component of the private rented sector

The private rental sector has grown as the home-ownership rate has fallen

UK private housing tenures, 2002-03 – 2017-18, (%)

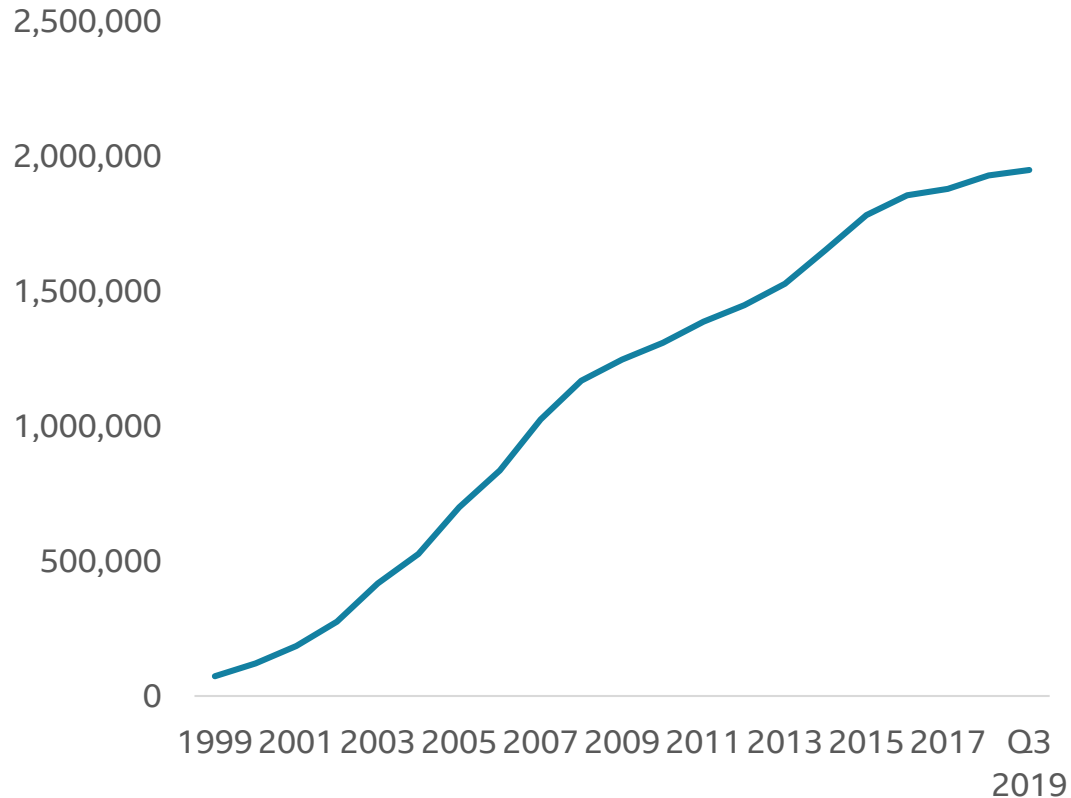


Home ownership and the private rental sector

- The proportion of people who own their own home fell by six percentage points between 2002-03 and 2017-18
- The rate of UK home ownership had been rising steadily throughout the 20th Century and reached a peak of 69% in 2002-03, before falling back after the 2008 financial crisis
- As the rate of home ownership fell, the number of households in the private rental sector rose

Buy to Let mortgages have helped increase investment in the private rental sector

Total outstanding Buy to Let mortgages



Source: [UK Finance](#)

Buy to Let Mortgages and Assured Shorthold Tenancies

- The Assured Shorthold Tenancy (AST) was introduced in the Housing Act 1988, giving landlords more control over their property by allowing them to terminate the tenancy with reasonable notice
- This reform ushered in the era of Buy to Let mortgages, which allowed investors to apply for mortgages on residential properties specifically for the purpose of letting them out
- In recent years, the number of new Buy to Let mortgages approved each year has been declining, along with the proportion of homes that are bought by landlords
- Buy to Let has enabled the private rental sector to grow but it has also raised house prices and reduced prospects for first-time buyers

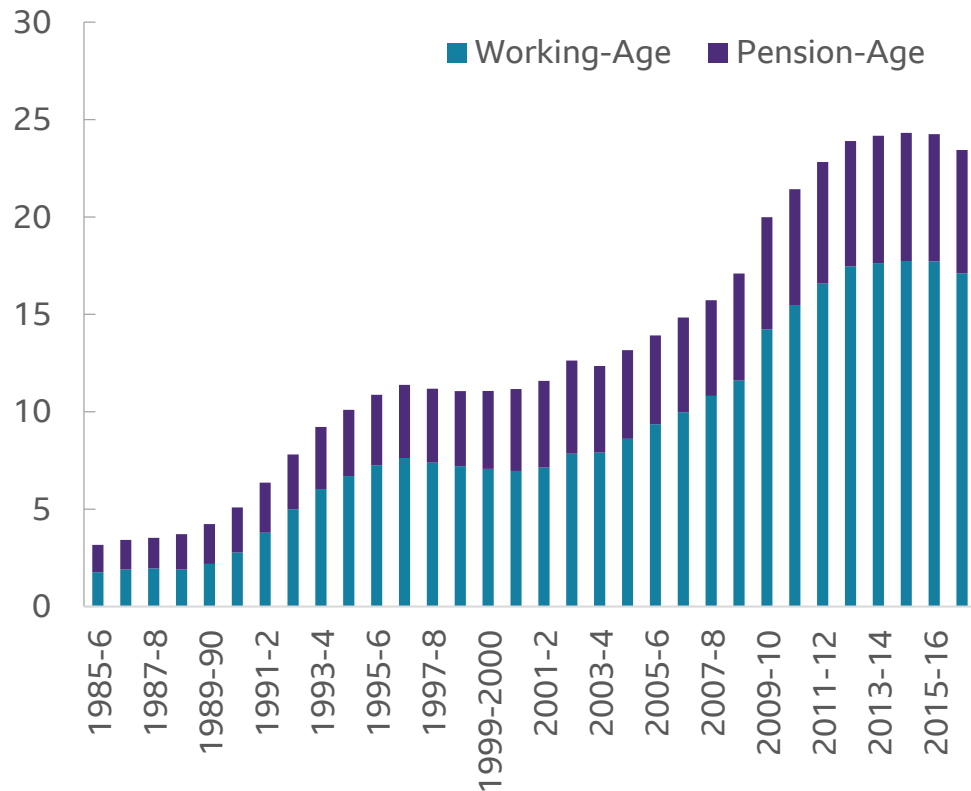
Rents were controlled in the past but now landlords are free to set their level

History of rent controls

- The Increase of Rent and Mortgage Interest (War Restrictions) Act 1915 limited rents to their August 1914 levels
- This measure was introduced to prevent landlords from profiteering during the war years when housing was in high demand
- Rent controls continued to apply in various forms until January 1989
 - The Rent Act 1957 relaxed rent controls somewhat by basing them on gross property values
 - The Rent Act 1965 introduced regulated tenancies with “fair rents” set by independent rent officers
 - Housing Act 1988 deregulated rents on new private-sector lettings after 15 January 1989
- The introduction of rent controls coincided with a reduction in the private rental sector, which fell from 90% of the housing stock in 1915 to 10% by 1991
- What caused the decline in the private rented sector after 1920 is disputed. Peter Kemp, housing policy professor at the University of Oxford, maintains that rent control was seen as one factor that discouraged landlords from renting out properties. Others say the rise of alternatives, such as social housing and easier access to home-ownership, helped phase it out

Housing benefit grew rapidly in the 1980s and helped fund private-sector rents

Housing benefit over time, UK, (£bn)



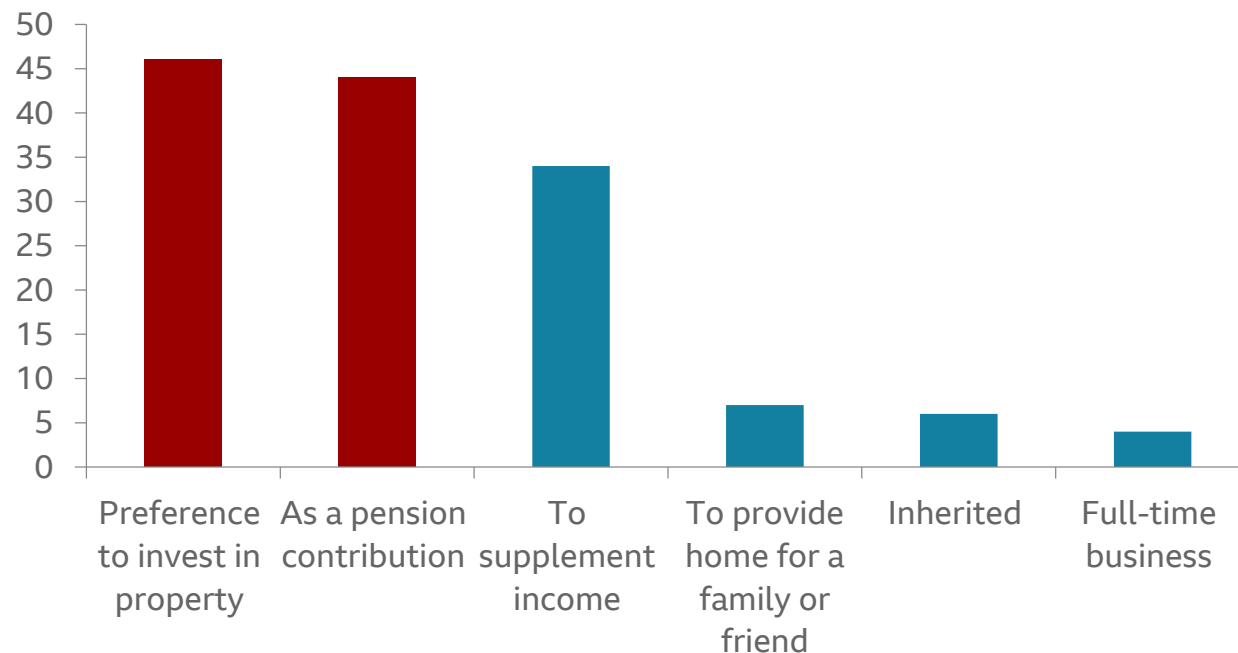
The evolution of housing benefit

- In the 1980s, Margaret Thatcher's Conservative government reduced social housing stock by 1.9 million through the Right to Buy scheme
- The housing needs of the less well-off were met through the granting of housing benefit and the freedom to spend it as private tenants
- Right to Buy led to growth in the private rental sector:
 - A shortage of social housing has pushed many people on lower incomes into private rental accommodation
 - The Commons Communities and Local Government select committee says that around 40% of ex-council homes bought under Right to Buy are rented out by private landlords



People most commonly become landlords to contribute to their pension or because property is preferable to other investments

Reason for becoming a landlord (%)

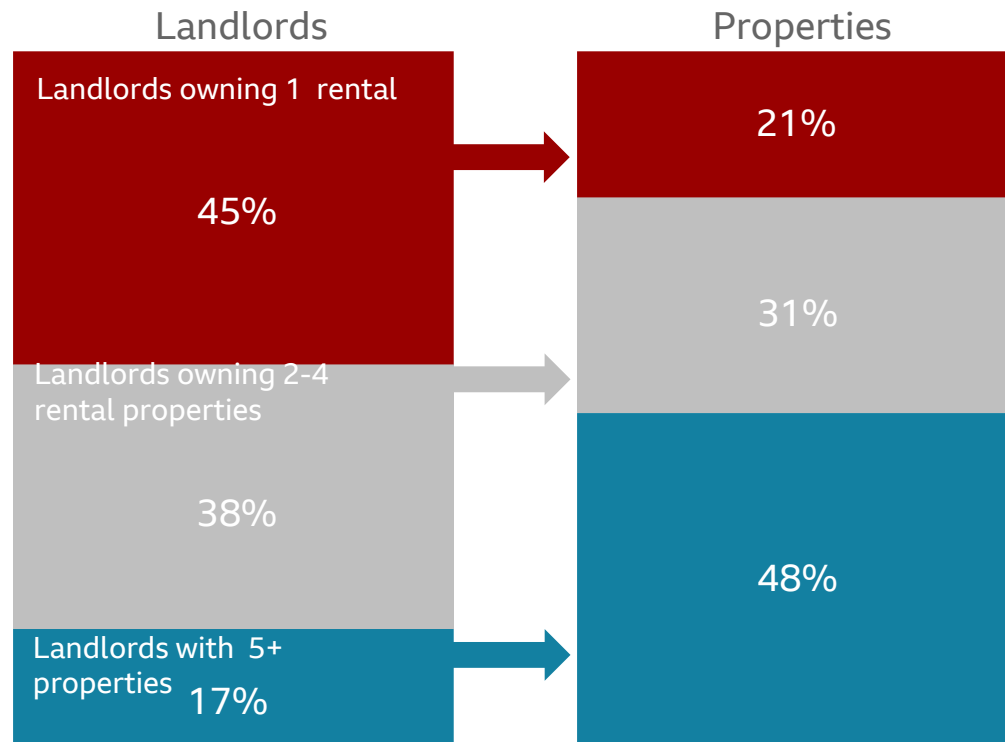


Property as an investment

- Landlords earn on average £15,000 per year before tax
- On average, landlords' income from rent makes up 42% of their total gross income
- In a period of low interest rates, landlords receive a higher return on property than from some other forms of investment

Nearly half of all landlords let only one property

The distribution of landlords and properties, England



The concentration of landlords

- There are an estimated 1.5 million private landlords in England
- Almost half of all tenants have landlords owning five or more properties
- But nearly half of all landlords let only one property

The private rental sector has the highest proportion of ‘non-decent’ homes

Percentage of housing which is ‘non-decent’ by tenure (England), 2018

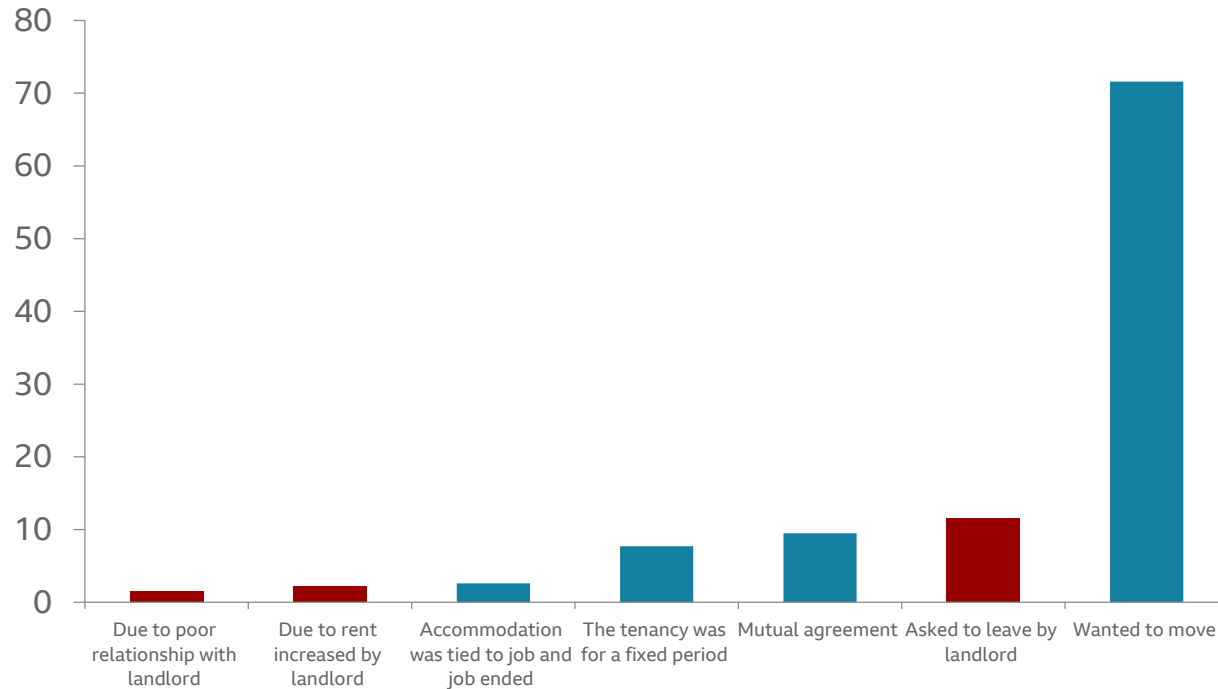


Housing conditions in the private rental sector

- Around one quarter of private rental tenants experience “non decent” - or poor - housing conditions or facilities and services
- The private rental sector has the highest incidence of dampness and serious disrepair
- 14% of private rental dwellings contain some kind of hazard, such as electrical faults, lack of smoke alarms or risk of falling
- 6% of privately rented dwellings are overcrowded, significantly higher than in the owner-occupier sector, but fewer than in the social rented sector

Most tenants leave private rentals because they want to

Main reasons why the last tenancy ended, 2017-2018, England, (%)



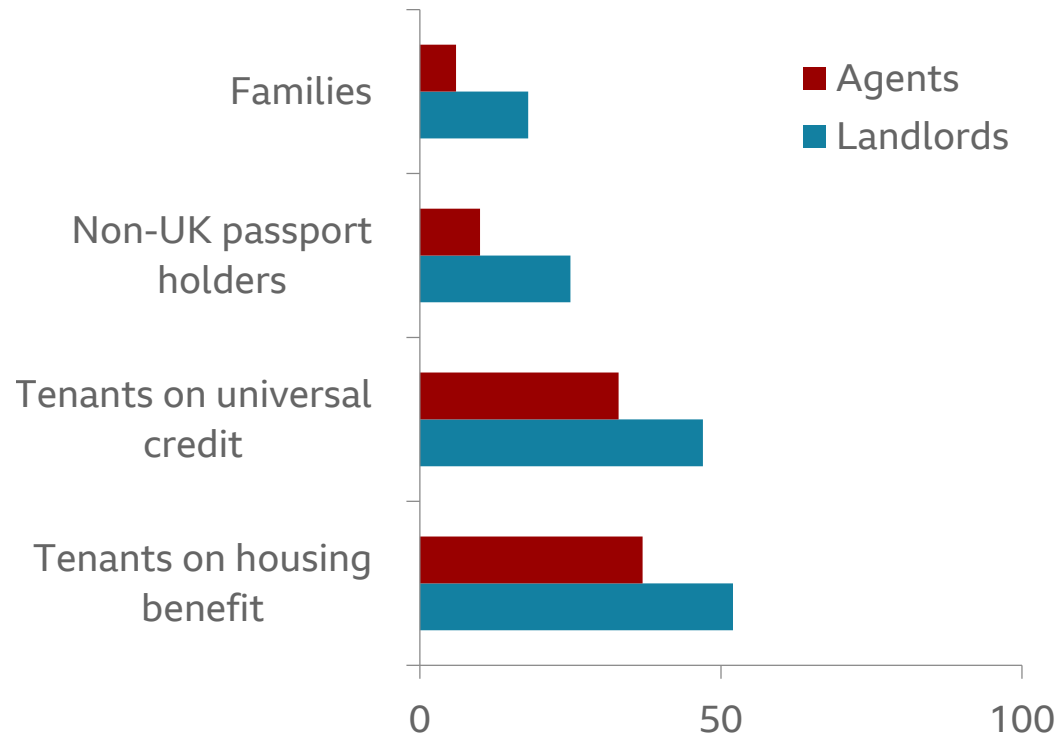
The flexibility of renting

- The advantage of privately renting for many is that it allows you to relocate or change where or with whom you are living without being tied to a mortgage
- 11% of tenants who do not expect to buy favour the flexibility of renting, whilst 10% would not want the inflexibility of buying
- However, renters report lower life satisfaction than owner-occupiers and social renters
- The vast majority of tenancies end because the tenant wants to move out
- However, many tenants are at risk of homelessness if given notice
- The English Private Landlord Survey estimates that 1.3 million tenants in England would regard their notice period as too short to enable them to find a new place to live



Landlords are less willing to let to those on benefits, to non-UK passport holders and to families

Proportion of landlords/agents unwilling to let to certain groups, England



Landlords' letting preferences

- The most commonly reported reason given by landlords for not letting to those on benefits was the risk of delayed payments, or the risk that the benefits would not be enough to cover the rent
- Most often landlords were not prepared to let to families because their property was not suitable or because of the greater risk of damage to the property

Sudden evictions and poor property maintenance are among regular complaints about some landlords

Lack of security for tenants

- Alicia Powell, 24, complained about a damp patch on the ceiling in the north London flat she rented with her boyfriend
- After nothing was done, she said she would report the matter to the local council
- She was then served with a section 21 eviction notice
- Section 21 notices allow landlords to evict tenants at the end of a tenancy with two months' notice and without a reason. They are already banned in Scotland
- A recent survey of students suggests almost a third have gone without heating or running water in their rented properties
- One student in Portsmouth reported that on the day she moved in, there was no front door on the property and there was no heating for two months



Alicia Powell and her boyfriend

Some landlords face challenges in dealing with difficult tenants

Difficulties faced by landlords

- Una Walsh is a property owner, based in Leeds, and rents out 20 properties
- She has had to serve three section 21 notices in the last five years. All were for rent arrears, and the notices were served after she received professional and legal advice. She said they were used as a "desperate last resort"
- Her properties are mostly three-bedroom family homes and she says the evictions allow her to re-let the properties swiftly to families who need them
- "My ethos [is] local houses for a local person. If they grow up in the neighbourhood, they are settled here," the 57-year-old says
- David Smith, policy director at the Residential Landlords Association, says: "While no landlords should ever abuse the system, it is only right and fair that they can repossess properties swiftly and with certainty in legitimate circumstances."



Leeds-based landlady Una Walsh says evictions have allowed her to re-let properties quickly to families with greater needs



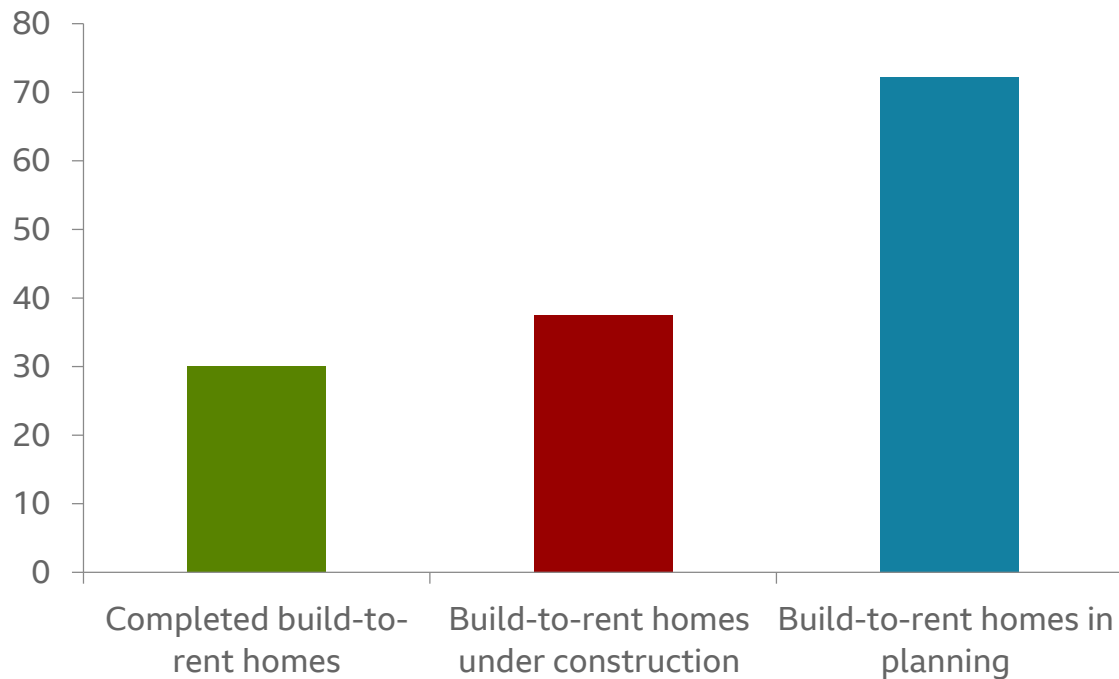
There are incentives for private landlords to improve conditions in rented properties

Incentives for landlords

- The Department for Work and Pensions can make rental payments directly to landlords on behalf of tenants who are deemed to be at risk of being unable to meet payments (in Northern Ireland this happens by default). This decreases the prevalence of evictions for those who have failed to pay their rent, and also encourages landlords to let to tenants with poor payment histories. In Wales, councils are required to find housing for people who are intentionally homeless.
- Landlords can also claim an amount tax relief on the cost of repairing and maintaining their properties
- Many local authorities now operate schemes to improve the standards of local rental by offering accreditation to landlords. By joining an official scheme, landlords receive benefits, including discounts on licence fees and tenant referrals from the council. Some councils also offer training and legal advice to accredited landlords. Landlords in Wales and multi-occupancy landlords in Northern Ireland must be licenced
- The Smart Export Guarantee (SEG) scheme, which was introduced in January 2020, is a new way for landlords to earn money from energy suppliers for putting power back into the National Grid from renewable-energy technologies they install at their let properties

Building to rent at scale is a recent development in the rental market

Number of build-to-rent homes (2019),
thousands, England



The growth of build-to-rent properties

- Building properties for the rental market and not to sell – known as “build to rent” - has increased sharply over the last five years
- The average size of a completed scheme is 133 units (2019) but this is forecast to rise in the next few years to an average of 240 units
- Half of all completed build-to-rent homes have been located in London; and in 2019, estate agents Savills forecast that the number of units being built across the regions will soon surpass those in the capital
- Building to rent may increase the current housing stock but so far there is little evidence it improves affordability
- Build-to-rent may also attract more professional landlords, who are concerned about their reputations

Summary

Private Rental Sector

The private rental sector has doubled over the last 20 years - to 4.5 million households - as levels of social housing and home ownership have fallen, and as housing benefit has helped fund private rents.

Private landlords have been drawn to the sector by the end of rent controls and the Buy to Let mortgage. Some invest to enhance their pensions and others to capitalise on their investment returns.

Private tenants can end up in poorly maintained dwellings, while landlords may face rent arrears. The private rental sector contains the highest proportion of “non-decent” homes.





BBC Briefing - Housing

Part 8/10

Closing the Housing Gap

How large is the current housing gap - the difference between the stock of dwellings we have and what would be needed for everyone to have a decent home?

And how will that gap grow in the future?



B B C Briefing - Housing

“The main thing I found when I came into that job - and this is something Theresa [May] felt very strongly about as well - is that we had got into this weird argument where some people were saying the answer is private housing and some were saying build more affordable housing. The answer is both. Building more of every kind of housing is what is needed”.

Gavin Barwell, Minister for Housing 2016-17, Downing Street Chief of Staff 2017-19, speaking in 2020

Closing the housing gap depends on a number of factors

The UK's housing gap

To close the housing gap for everyone to have a decent home, we would need:

- to build enough dwellings that:
 - are affordable for young people who want to take their first step on the housing ladder
 - meet the needs of a growing population
 - cater for new demographic trends eg people marrying later or living longer
 - are in locations where people want to live and work
- to ensure the rental sector:
 - provides decent well-maintained homes
 - is not overcrowded
- sufficient social housing for:
 - homeless people
 - people who cannot afford to buy a home or pay a market rent

*Some housing experts point out there are about one million unoccupied homes in the UK but this is usually because they are in the wrong place, derelict or sub-standard, belong to absentee owners, or are awaiting sale

The latest studies suggest the UK has a housing supply gap of approximately 1.2 million homes

Housing target estimates

Date	Study	Recommendation	Estimated existing housing gap (millions)
2019	Heriot-Watt study	Argues that closing the housing gap will require 69,000 more homes per year over the next 15 years for England than current population growth and household formation projections suggest (*). Scaling up for the UK, this produces an estimate for the existing housing supply gap of around 1.2 million	1.2 (BBC Briefing estimate)
2016	Redfern study	Suggested the UK needed 1 million new homes	1.0
2014	KPMG/ Shelter study	Argued that 100,000 fewer homes than needed were being built every year. Over 15 years, this would have suggested a gap of around 1.5 million dwellings	1.5
2004	Barker review	Saw the problem through the prism of house price inflation, a key issue at the time. Recommended an increase in the rate of building of between 70,000 and 120,000 private homes and 17,000 to 23,000 social homes per year. In 2004, assuming a 15-year time horizon, these estimates implied what would have been a housing supply gap back then of around 1.3 to 2.1 million	1.3 - 2.1 (BBC Briefing estimate)

Source: (*) [Heriot-Watt](#) Additional suppressed household formation p.63, [Redfern](#) [KPMG](#) [The Barker Review](#)

Estimating the size of the housing supply gap is complex

Methodology for estimating the housing supply gap

- A meaningful measure of the number of extra homes needed to close the housing gap is important for public policy-making
- This is complicated because many of the answers to the questions involved rely on judgement instead of available facts
- Very few housing experts have provided a figure for the current gap
- Most studies suggest an annual building target. But nobody believes the gap can be filled in one year. So the numbers need to be multiplied over a reasonable time horizon to extrapolate an idea of the **total** supply backlog. In this way, they are a proxy measure of what people believe is the **current** backlog
- The most recent study takes 15 years as a reasonable time horizon, and we have used this as a broadly accepted target
- This BBC Briefing suggests that there is a housing supply gap of around 1.2 million new homes at the moment. This figure is based on averages of the three of the most recent studies

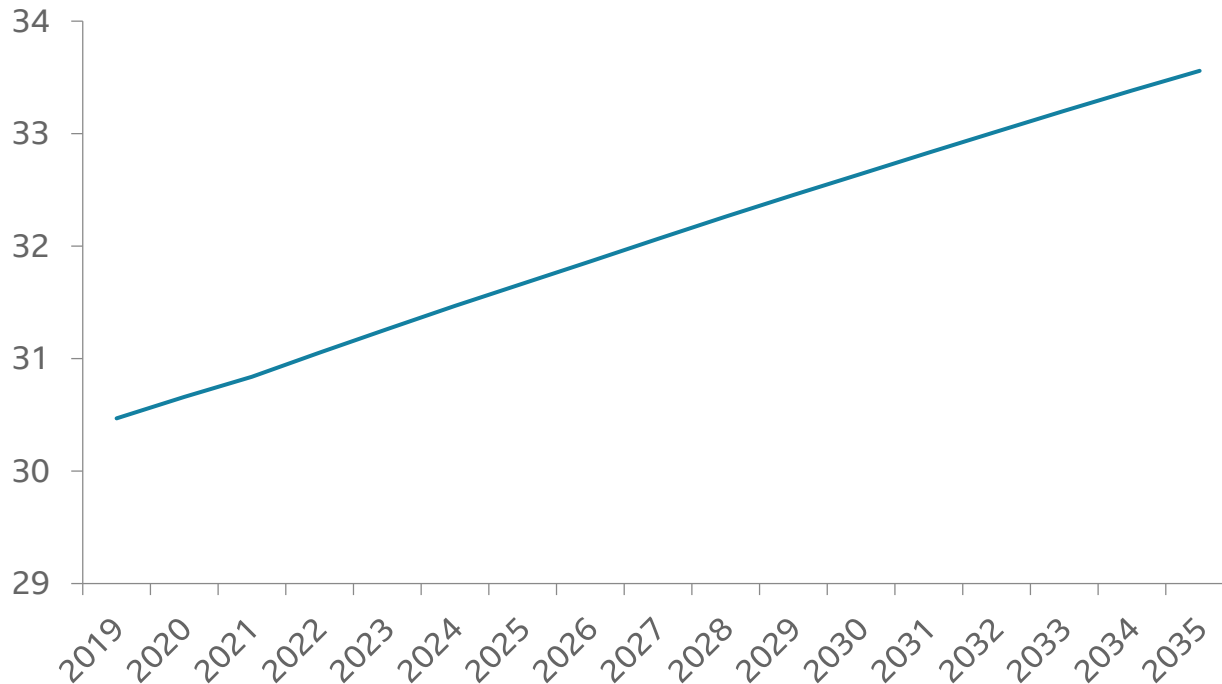
In 2018-19, 275,000 new dwellings were added to the housing stock

New dwellings created UK 2018-19

Dwellings	Number
Dwellings built (both social and private)	249,000
Conversions and change of use	36,000
Minus demolitions	-10,000
Net new dwellings	275,000

Demand for homes will continue to grow over the next 15 years

Indicative projection of future demand
(millions of dwellings) (2019-35)

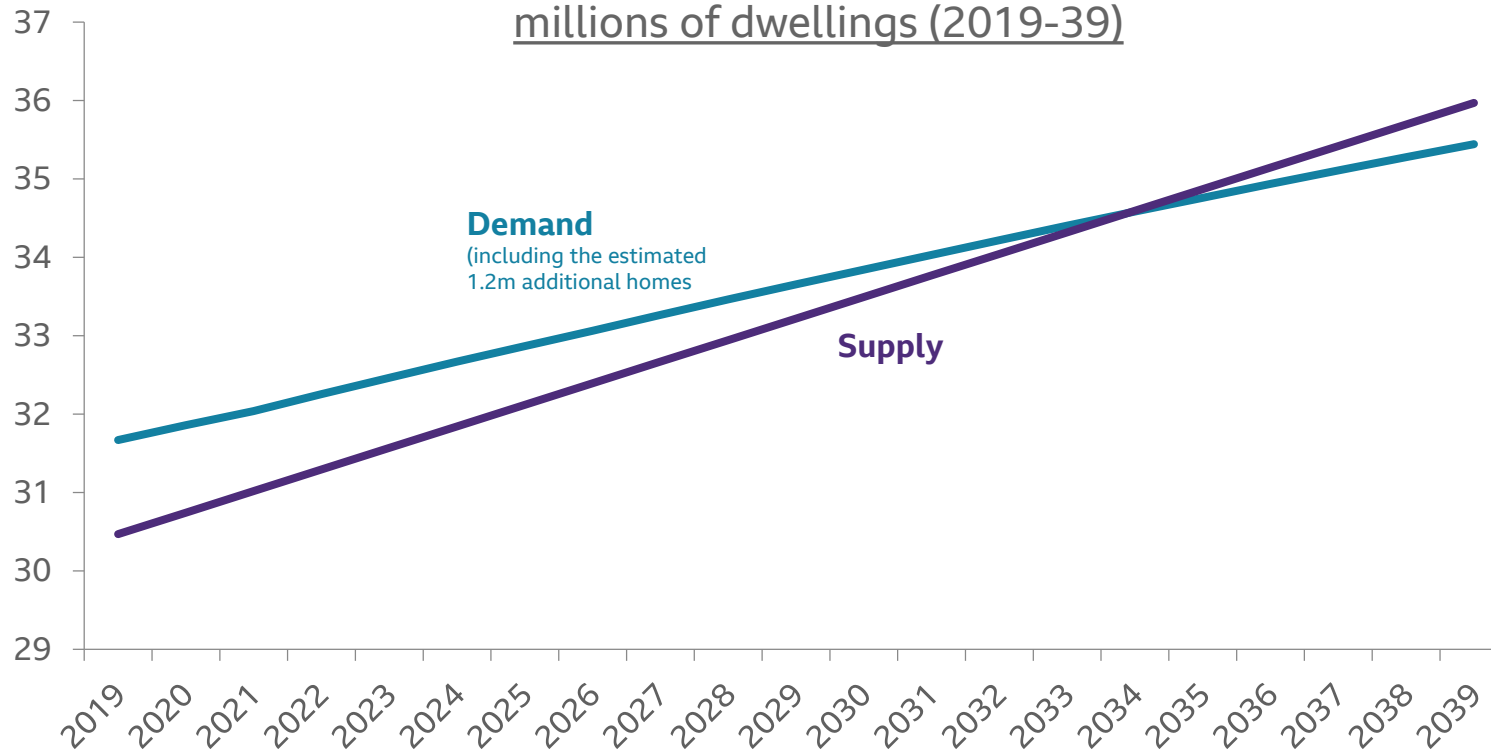


The forecasting method

- As the graph shows, there are currently almost 30.5 million homes in the UK
- Household projections from the Office for National Statistics (ONS), along with an allowance for second homes, have been used to project future demand
- The latest projection is more conservative than previous government ones
- Household growth over the next 15 years is forecast to generate an additional demand of around 2.9 million dwellings by 2035
- This means around four million extra homes will be needed by 2035

Creating 275,000 new dwellings a year may not, by itself, be enough to close the housing supply gap by 2035

Indicative forecast of demand versus supply, in millions of dwellings (2019-39)



Closing the housing supply gap by 2035

- If the annual rate of new additions remained at 275,000, in theory you could plug the shortfall by 2035
- But the BBC Briefing estimated current housing supply gap can only be an estimate because:
 - projecting future population growth is hard
 - the private sector may not keep building at its current rate, and
 - there is no evidence that the extra supply would meet every housing need or substantially improve house price affordability

Source: BBC Briefing Analysis based on [ONS Household projections](#), [UK Government \(Gov.uk\)](#), [Gov.scot](#), [Stats Wales \(Gov.wales\)](#), [Northern Ireland Department of Finance \(finance-ni.gov.uk\)](#)

Will there be sufficient affordable homes?

Affordable housebuilding

- The building rate is increasing, but only a small proportion of new dwellings are affordable (that is, housing subsidised by government or its agencies for people who cannot afford market rates). Despite 240,000 net additions in England in 2018-19, only 37,800 affordable homes were built
- It is more profitable for private housebuilders to construct higher-end properties than affordable homes
- Analysis by Shelter showed 79% fewer affordable homes were being built in England, with developers able to negotiate their way out of requirements under the planning system to meet affordability housing quotas
- If current trends continue there may be insufficient affordable homes

Housing benefit and universal credit

- Current levels of housing benefit have been frozen since 2016, while rents have continued to rise
- Shelter found that the average renting household on full benefits was £113-a-month short of being able to meet its rent commitment
- However, if the current building rate continues, supply in the private rental sector may increase, and so help reduce rents in some areas

Will there be fewer homeless people?

Homelessness and rough sleeping

- Social housing shortages mean councils are struggling to house people in need of temporary accommodation
- According to Crisis, 18,000 fewer social lets were made to homeless households in 2017-18 than in 2007-08, despite the substantial rise in statutory homelessness over that decade
- Given the current building rate of social housing, some experts say homelessness will continue to be a problem
- Under the status quo in relation to private renting, homelessness may continue to be a significant issue: Crisis argues the increase in annual homelessness between 2009-10 and 2017-18 was due to the rising number made homeless from the private rental sector
- Rough sleeping presents unique challenges, and it is as yet unclear whether the government's new programme will eradicate the problem

Will there be a reduction in the extent of ‘non-decent’ housing?

‘Non-decent’ housing

- The government defines a home as “non-decent” when it is not in a reasonable state of repair, has no reasonably modern facilities and services, or has ineffective insulation or heating
- There are 1.8 million “non-decent” dwellings built before 1919 in England compared with 88,000 built after 1980, according to the English Housing Survey
- The current rate of building is therefore likely to reduce the proportion of housing that is “non-decent”, provided building standards are maintained
- If demolition levels remain low, much of the “non-decent” housing stock is likely to remain
- As yet, measures to encourage renovation of these dwellings appear insufficient to eradicate the problem

Will there be a reduction in overcrowding?

Overcrowding

- Overcrowding is primarily a problem in the private and social rental sectors
 - Social housing is the smallest sector in England but has the highest number of overcrowded dwellings (320,000)
 - There are 280,000 overcrowded households in the private rental sector
- Many people on social housing waiting lists are living with family or friends in overcrowded rental accommodation: at the current social-housing build rate, this problem may persist
- Overcrowding is also linked to unaffordability, with households living in accommodation that is too small due to cost constraints. There are unlikely to be enough affordable homes if the current mix of new build persists. The current housing benefit freeze has left many struggling to pay rents
- More than half of owner-occupied households are under-occupied. Overcrowding may be eased by encouraging more efficient household distribution - for example, by using the tax system to incentivise older people in large houses to move to smaller ones - although this may be impractical to achieve in sufficient volumes

Summary

Closing the Housing Gap

Recent estimates suggest that about 1.2 million extra homes are needed for everyone in the UK to be able to live in a decent home. However, if current population and household growth trends continue, we would need a further 2.9 million dwellings - taking us to approximately four million additional new homes required by 2035.

If we were to continue at the current rate of annual new additions, we would get there - but only by 2035.

However, on current trends it is not clear that we are on course to create a future mix of dwellings that would meet every kind of housing need - whether to improve affordability, end overcrowding, eradicate “non-decent” housing, or provide housing diversity.

**DOWNING
STREET SW1**
CITY OF WESTMINSTER

**WHITEHALL
SW1**

CITY OF WESTMINSTER



BBC Briefing - Housing

Part 9/10

How Can Government Deliver?

What levers does government have to close the housing gap?



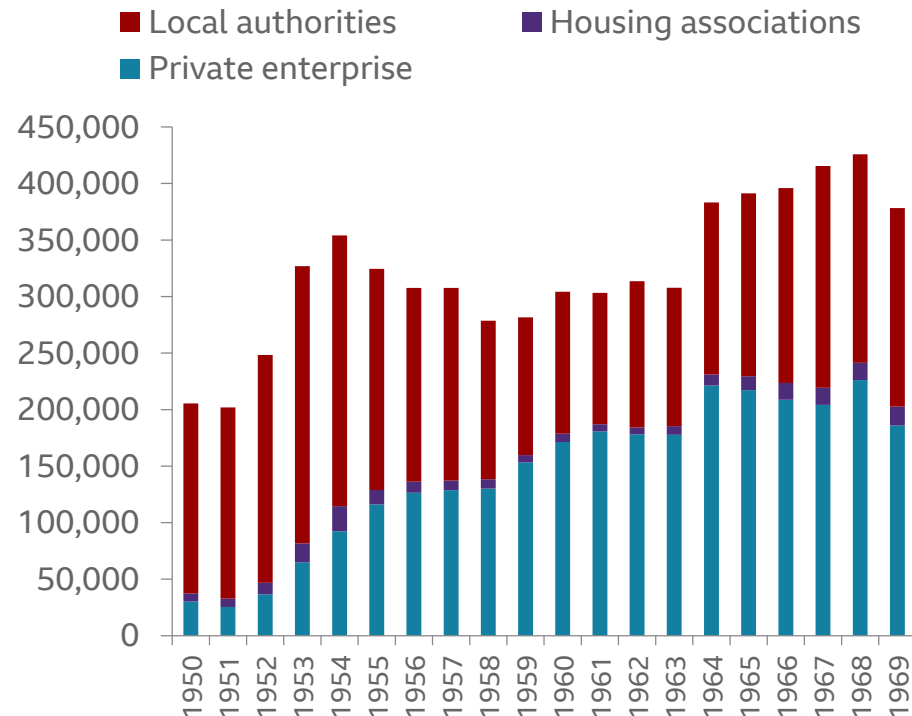
B B C Briefing - Housing

“Over the last 50 or 60 years, Western governments have intervened to try to improve the social and economic life of their countries on a scale unimaginable to previous generations. Yet social and economic problems persist. Policies fail.”

Paul Ormerod, *Why Most Things Fail: Evolution, Extinction and Economics*, 2005

The post-war era saw the successful delivery of ambitious housebuilding targets, mainly through new social housing

Housing completions by housebuilder tenure, UK (1950-1969)



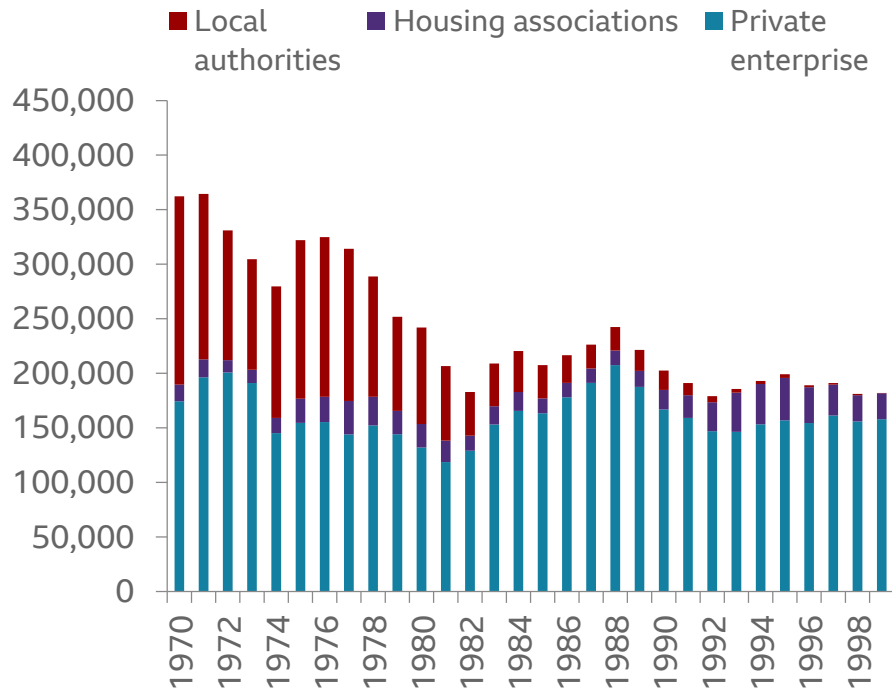
Government promises from 1945-1969

- The need to restore the housing stock after World War Two meant that housing policy was, as the 1951 Conservative manifesto put it, “a priority second only to national defence”
- In the 1950s and 1960s, the acceleration of slum clearance and higher home ownership rates were constantly promised and delivered
- More than 800,000 houses were demolished or classed as unfit for habitation, while owner-occupation rose from 33% in 1945 to 44% in 1961
- These years saw increasingly ambitious housebuilding targets:
 - "at least 350,000" under the Tories in 1955
 - 400,000 was considered a "reasonable target" by Labour in 1964
 - both parties promised 500,000 per year ahead of the 1966 election
 - The latter target was not reached, but housebuilding still reached record levels, peaking at more than 420,000 in 1968 (with social housing contributing 47% of homes in that year)



The years following 1970 saw fewer explicit housebuilding targets, and a decline in housebuilding

Housing completions by tenure, UK (1970-1999)



Government promises from 1970-1999

- The 30 years leading up to the 21st Century saw a shift of focus away from housebuilding towards other goals
- Government promises revolved around issues such as supporting first-time buyers, fair deals for tenants and increasing ownership, the latter of which was ensured through Mrs Thatcher's Right to Buy, introduced in 1979
- Between 1979 and 1992, the number of homeowners rose by more than four million, due in large part to Right to Buy
- The government also pledged to accelerate the transfer of local authority homes to housing associations in the late 1980s, and more than 1.3 million homes were transferred in the following 20 years
- Right to Buy, and a lack of clear housebuilding targets, coincided with a steady decline in housebuilding in the 1990s (1.9 million homes were added to the housing stock, fewer than half the number in the 1960s)



From the turn of this century, governments have found it harder to meet their targets

Government delivery against housing policy in England

Year	Government Measure	What it promised	Was it delivered?
1950s and 1960s	Social housebuilding programmes	Targets of up to 500,000 homes per year	Yes, generally the targets were met
1980	Right to Buy	It allowed people who owned council homes to buy them at reduced prices, aiming substantially to increase the number of people owning their own home	Yes, the number of home owners increased by four million from 1979 to 1992
2000	Decent Homes Programme	Everybody should live in a decent home by 2010	No, 750,000 people lived in “non-decent” accommodation in 2010
2005 - 2019	Various targets for housebuilding and net additions	200,000-300,000 homes built per year in England	Generally these targets were missed

A number of levers are available to government and public bodies to address the housing gap

Potential Policy Levers

Increasing Supply	Building more social homes	Improving incentives for local councils and housing associations to build more homes	Offering tax breaks and subsidies for private developers to build more homes	Relaxing planning constraints	Releasing publicly owned land	Easing regulation and enforcement, and boosting public investment
Increasing Demand	Reducing interest rates	Relaxing conditions on mortgages	Continuing or extending the Help to Buy scheme	Promoting shared ownership, part-buy or other novel tenures	Increasing housing benefit	
Containing Demand	Reducing interest rates can also push up prices	Restricting second home ownership	Clamping down on ownership by overseas buyers	Some forms of taxation may contain demand (eg capital gains tax)		
Promoting market efficiency	Decreasing stamp duty (replaced by Land Transaction Tax in Wales)	Simplifying the buying process				

No one body controls all the levers necessary to address housing issues

The powers of a housing minister

“Housing is a particularly difficult issue because policy responsibility is split between a number of different departments...MHCLG doesn't have all of the policy levers within its area and it's actually very difficult to get all of the people into one room to decide something.”

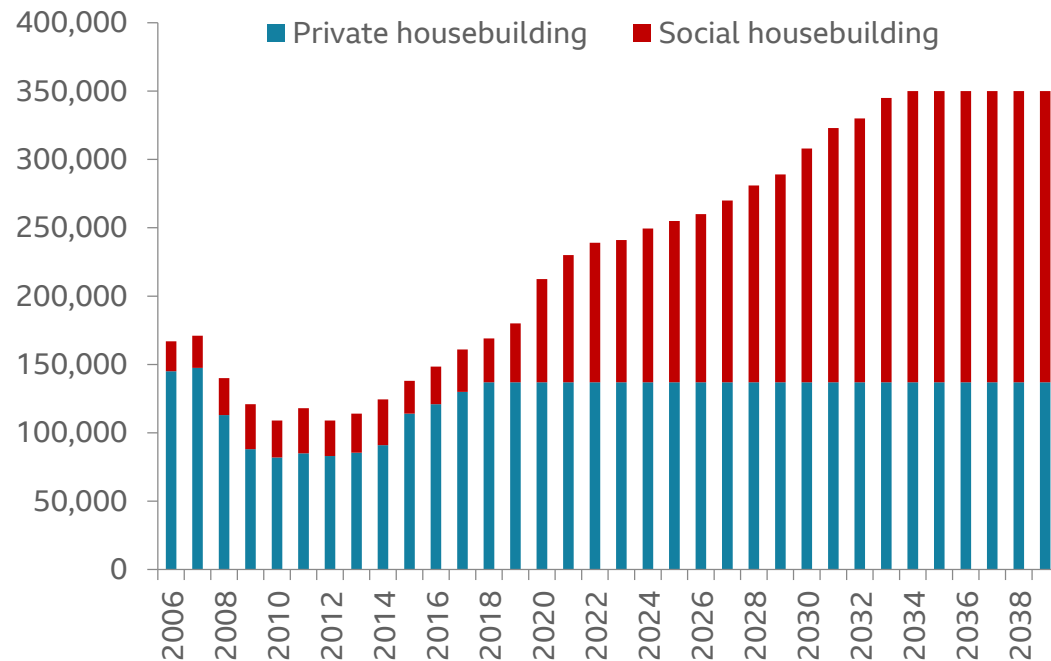
Lord Barwell, Minister for Housing 2016-17, speaking in 2020

Division of responsibilities

- Taxation, housing policy and funding - determined by Westminster or the devolved governments
- Building and managing homes - local government (or the Northern Ireland Housing Executive) and housing associations
- Planning process and administering of housing benefit – mostly local government
- Setting interest rate - Bank of England
- Laying down conditions on mortgages - Financial Conduct Authority
- Building homes for public and private sectors for sale and rent - private housebuilders
- These bodies are democratically, statutorily or legally independent of one another, with different aims and obligations, and cannot easily act in concert to achieve housing goals

One way for government to increase housing supply would be to fund local authorities to build more social homes

A proposal for social housebuilding by Shelter, England



*Note that the figures 2006-2018 are actual social housebuilding completions, the figures from 2019 onwards are Shelter's proposals

Source: [Shelter, A Labour Party Green Paper - 'Housing for the Many', 2018](#)

Increasing social housing

- Building affordable housing directly would reduce the supply shortage for low-income households
- This could be carried out by local government, housing associations or central government
- A 2019 review by housing charity Shelter estimates that building an additional three million social homes in the next 20 years would cost £214bn
- Building social housing would be likely to reduce demand for private rentals, which would provide a housing benefit saving, but would present problems for private landlords
- The extent to which more public housing would lower house prices is unclear since the connection between the public and private housing sector is not direct or automatic

Social housebuilding could be increased by offering incentives to housing associations and local authorities

Incentivising an increase in social housebuilding

- Local authority borrowing caps have been identified as a constraint on social housebuilding. The Office for Budget Responsibility estimated that lifting these caps could lead to the completion of 20,000 new units by 2023-24
- In 2017, the UK government announced that councils in areas in need of affordable housing would be able to bid for increased borrowing from 2019-20. This came into force in England and Wales in 2019
- Government can also facilitate an increase in social housing by providing more finance for local authorities and housing associations
- Allowing councils to keep the receipts from sales through Right to Buy and relaxing rules about how these are reinvested could also increase social housebuilding
- The Chartered Institute of Housing argues that the government should also support alternative social housebuilding models by redistributing existing housing funding towards more affordable housing options and suspending Right to Buy
- Right to Buy was abolished in Wales in 2019 and in Scotland in 2016. A separate scheme currently exists in Northern Ireland, although planned legislation may alter this

Subsidies and tax breaks could be used by government to incentivise private developers to build more homes

Fiscal levers available to increase housing supply

- By subsidising property developers, the government could indirectly increase the housebuilding rate and help to address supply shortages and improve affordability
- Government can also directly fund specific types of housebuilders to improve supply, although not all schemes have been effective. For example, the Home Building Fund, introduced in 2017, subsidises small and community builders and companies specialising in property regeneration. The aim was to increase the building of new homes by allowing small and medium-sized developers to compete more effectively with larger developers
- In 2017, housing associations were reclassified as private organisations, which gives them more freedom to borrow. Then Communities Secretary, Sajid Javid, stated that this would create a “more stable investment environment”, “laying the foundations” for thousands of new homes in the social housing sector
- Tax breaks could be effective in providing incentives but are not commonly used in the UK

Relaxing planning constraints could also increase supply and improve affordability

Reforming the planning process

- The Strategic Land Group, a body that assists land owners in navigating the planning process, argues that the planning system is responsible for some 35% of the price of a UK house
- A 2016 study co-authored by Christian Hilber, Associate Professor of Economic Geography at the London School of Economics, argued that regulatory constraints accounted for a significant part of the increase in real house prices from 1974 and 2008. It made the case that tight planning constraints limit developable land, especially in more populous areas, thus constraining housing supply
- The same study suggested that if the most regulated region of England (the South East) had the same regime as the least regulated, (the North East), its house prices would have been between 25% lower in 2008 and 30% in 2015. This is because the planning constraints tend to be tightest in highly urbanised areas where price effects are also amplified, particularly during boom times
- In England, there have been attempts to increase the number of builds, via financial incentives to local authorities in return for their approval of housing development plans. The New Homes Bonus began in 2011, and promised to match the council tax raised on each new house for six years

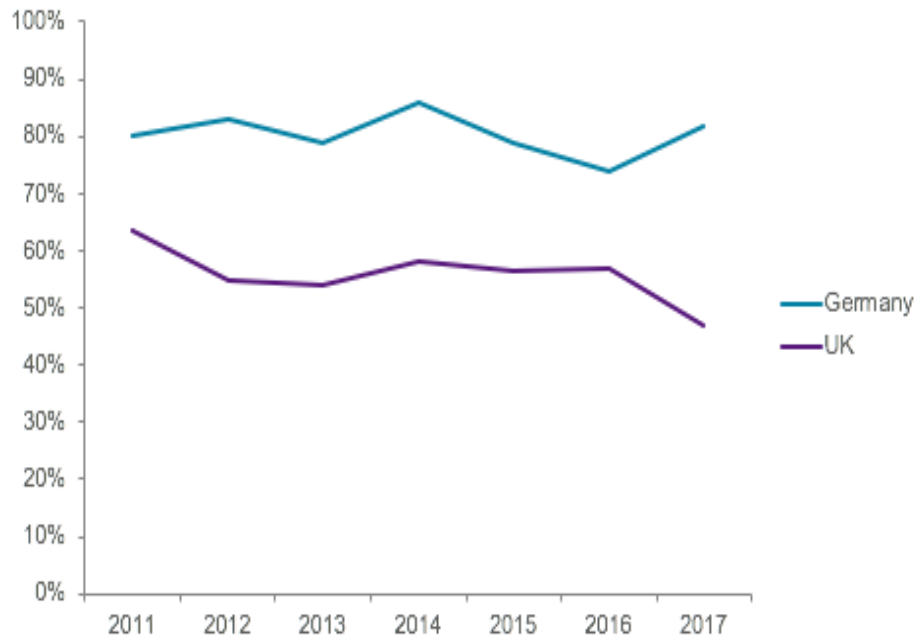
Regulating the development of private land could help increase housing supply

Regulating the use of private land

- To ensure that property developers do not engage in “land-banking” and fail to convert planning permissions into housing, there are a number of potential control measures. Barton Willmore, a leading planning agency, has suggested that planning authorities should:
 - examine an applicant’s track record in previous applications when considering a new one
 - make a judicious assessment of how likely a site is to be developed
 - cancel a planning permission if it is not acted upon within a specified time period or shorten the time period for developers to act on the permission
 - impose higher council taxes for those engaging in “land-banking” to discourage the activity
- To be effective, developers should not be able to sell on land with planning permission, though this might be difficult to enforce
- As established economic rules do not always apply to land, the government could also manage the land market more pro-actively through compulsory-purchase powers and a system of tax and finance that targets specific supply objectives

A more streamlined planning system in Germany has contributed to high build rates

Housing completions as a proportion of planning permissions



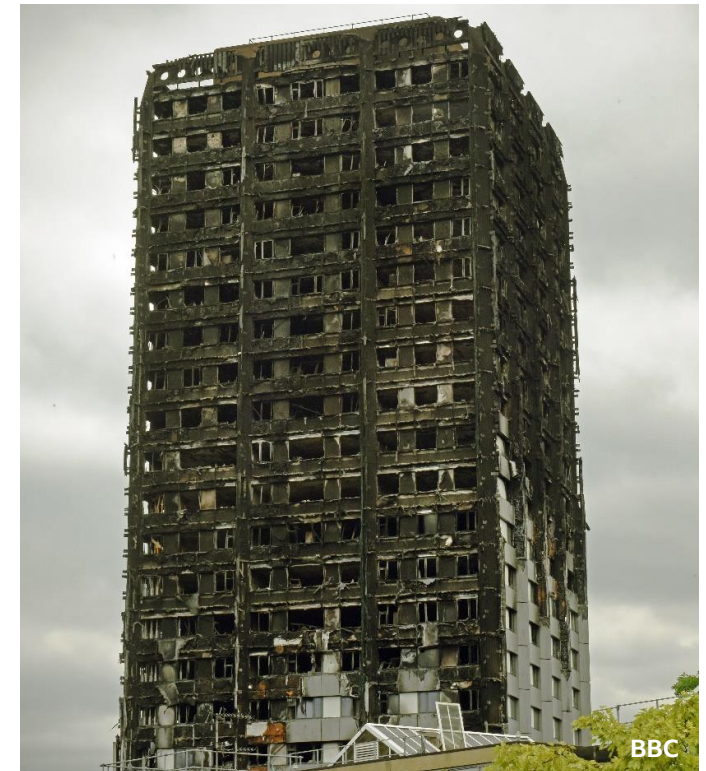
Housebuilding in Germany and the UK compared

- Since 1951, 30 million new homes have been built across Germany, compared with 16 million in the UK. This higher rate partly reflects the need to rebuild after World War Two and extensive rebuilding in East Germany after reunification
- In Germany local authorities are active in acquiring land and making it available for development, and they are able to provide for increased housing supply by selling land cheaply
- In 2018-19 German completions approached 300,000 a year (for a population of 83 million), as against the UK's 250,000 (for a population of 66.4 million). The British system allows for considerably more negotiation after plans have been made, which increases uncertainty, causes delays and increases costs
- Property developers in Germany are far more diversified and varied than in the UK, with a greater proportion of small and medium-sized builders. This encourages competition, which in turn helps to control prices, and to meet housing demand

The quality of UK homes could be raised by enhanced regulation, enforcement and direct investment by government

Household improvement in the UK

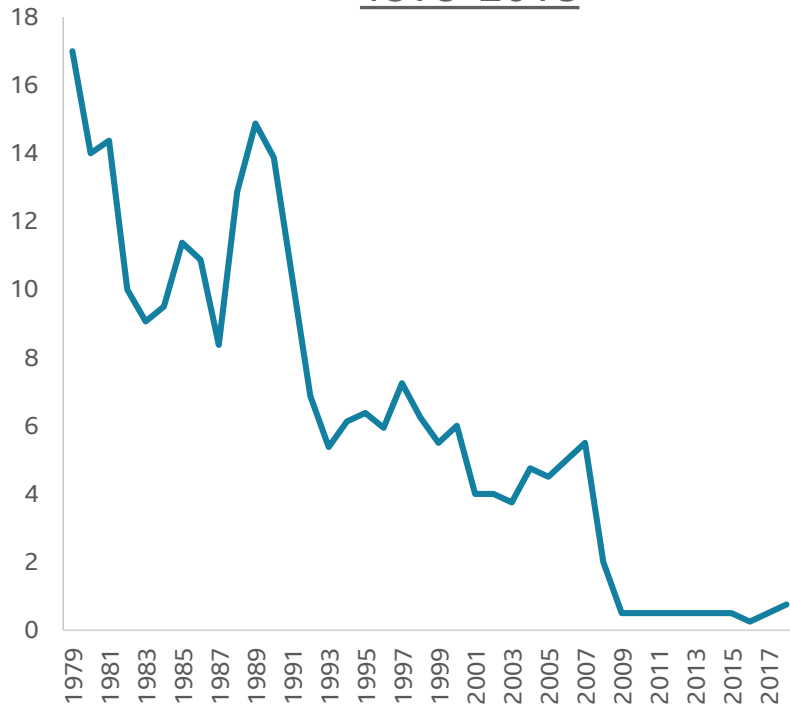
- Better central funding can improve the standard of existing homes, and better regulation can maintain decent standards in the first place
- Between 2011 and 2016, £12m was made available to local authorities for rogue landlord enforcement, resulting in the inspection of more than 70,000 properties and more than 5,000 landlords facing further action or prosecution for breaking the law
- In the year after the 2017 Grenfell Tower fire, London councils spent nearly £100m on safety measures for social housing, resulting in significantly improved facilities, including thousands of new fire doors and sprinkler systems
- In 2000, the Decent Homes Programme was introduced to improve the regulation of standards in council and private housing occupied by vulnerable people - requiring local authorities to modify or replace their existing housing stock where necessary



Grenfell Tower in London, two weeks after a fire engulfed the building in June 2017, killing 72 people

Interest rates influence demand significantly but current arrangements deny government the option of varying them

Inflation-adjusted mortgage rates, 1979-2018



Source: [Bank of England](#)

The role of interest rates in the housing market

- The overall cost of a house for an owner-occupier consists of the house price and, if they need to borrow, the mortgage rate
- Mortgage rates are determined by interest rates in the financial markets, strongly influenced by the Bank of England base rate. Mortgage rates are typically a bit higher
- Interest-rate changes thus have an important effect on the UK property market because of the large proportion of people who buy with a mortgage
- Government used to have direct influence over the Bank of England's interest rate levels. But the 1997 Labour government devolved operational independence to the Bank
- Interest rates affect every aspect of a national economy – including the level of inflation - so the state of demand in the property market is only one factor the Bank of England can consider
- Interest rates have been at historically low levels ever since the 2008 banking crisis, and there is no evidence they are likely to change in the foreseeable future
- At present, therefore, although interest-rate policy is in theory a useful lever for affecting housing demand, current conditions limit its use

The UK government's Help to Buy scheme has supported nearly 40% of all new-build property sales since its introduction

Aims of the scheme

- Help to Buy was introduced in April 2013 with two principal aims:
 - To help young, first-time buyers to obtain mortgages for new-build properties, though the scheme is not by any means confined to them
 - To increase the rate of housebuilding in the UK
- In the first five years of Help to Buy (2013-18), housing completions in the private sector increased by 60%
- Over the same period, 38% of all new-build property sales were supported by Help to Buy
- Taking into account those who could not have afforded to buy without the scheme, Help to Buy supported 78,000 sales between June 2015 and March 2017
- The UK government expects the Help to Buy scheme to support around 352,000 property purchases by March 2021, via loans totalling about £22bn in cash terms
- Wales has its own Help To Buy and Homebuy schemes

Increasing demand

- How the scheme works:
 - Buyers receive a loan of up to 20% (40% in London since February 2016) of the value of an eligible new-build property. This loan is interest-free for five years
 - Buyers put up a 5% deposit
 - This enables buyers to purchase a new-build property with a mortgage of 75% of the value of the property
- The loan thus reduces the size of the deposit needed to buy a newly built house
- The loan also reduces the interest payments on a mortgage since buyers are able to borrow less and do not pay interest on the government loan for five years

Young people can be helped on to the property ladder through shared ownership or part-buy schemes

Shared ownership and part-buy options

- Shared-ownership schemes are a government initiative administered through private developers or through housing associations. In England, if a household earns £80,000 a year or less, it is able to buy a share (between 25% and 75%) of what is generally a new home – or occasionally one they already live in - and pay rent on the rest
- This allows individuals who cannot yet afford to buy a home outright the opportunity to own and live in their own property
- There are now more than 200,000 shared-ownership properties in the UK following the creation of the scheme in 2009, helping first-time buyers to step on to the property ladder
- There are perceived disadvantages in part-buy options:
 - In many cases, residents will be liable for 100% of service charges, which can result in total payments that are higher than would have been incurred renting privately
 - In addition, increasing shares in the property can be a long, problematic and expensive process because of legal expenses and valuation and mortgage fees
 - There are some concerns about whether a part-share can be a realistic first step on the housing ladder given that it may be hard for people to jump from part-owning to buying a larger property outright

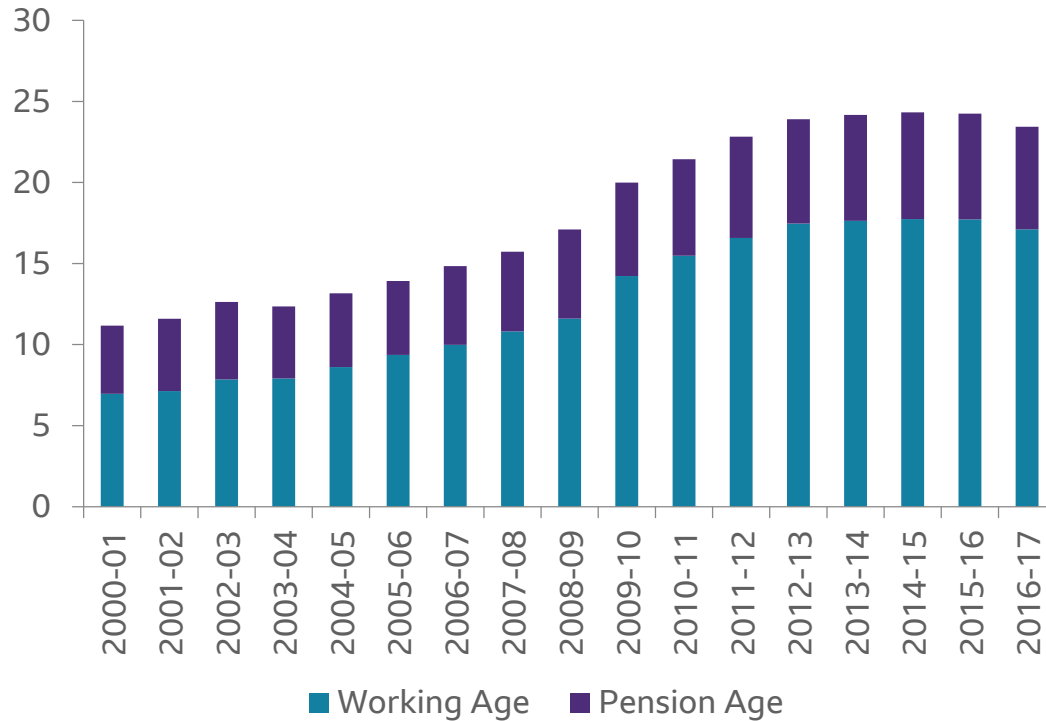
More housing stock would become available if second-home and foreign ownership of property were disincentivised

Curbing additional property purchase and foreign buyers

- One in 12 (4.1 million) adults in the Great Britain owns an additional home, while four in 10 adults own no property at all: additional home ownership rises to one in six for the 55-64 age bracket
- This includes 1.4 million adults who own at least one property used as a second home
- It is estimated that in 2016, 18% of new-build homes sold in the UK were bought by overseas investors. In many cases these homes lie vacant and serve only as an appreciating asset
- The Conservatives, Labour and the Liberal Democrats have all argued for measures to reduce overseas ownership
- In 2018 the government announced that it would introduce a 1% stamp duty surcharge on foreign buyers of properties in England. The government elected in 2019 has said it will raise this to 3%
- Labour and the Liberal Democrats have proposed a levy or additional stamp duty on those in England buying second homes
- Initiatives in New Zealand and the Canadian city of Vancouver have banned non-residents from buying existing homes in an attempt to prevent the domestic market from overheating, and have seen immediate falls in house prices – though the longer-term consequences are as yet unproven

Those in the rental sector with affordability problems could be helped by an increase in housing benefit

Annual spending on housing benefit (£bn)



The effects of benefit alterations

- The government spends £23bn a year on housing benefit. Spending on this one benefit has doubled since the early 2000s
- Shelter found that those on full benefits are having to find an average of £113 a month to meet a shortfall between their housing benefit payments and their rent
- London renters on full benefits faced the widest rent gap in cash terms, needing to find an average of £212 a month, followed by £140 in the east of England and £138 in the south-east of England
- Housing benefit levels have been frozen since 2016, which has partly fuelled an average 8% widening in the rent gap nationally between 2015 and 2018
- Increasing housing benefit might help to solve unaffordability in the private and social renting sector

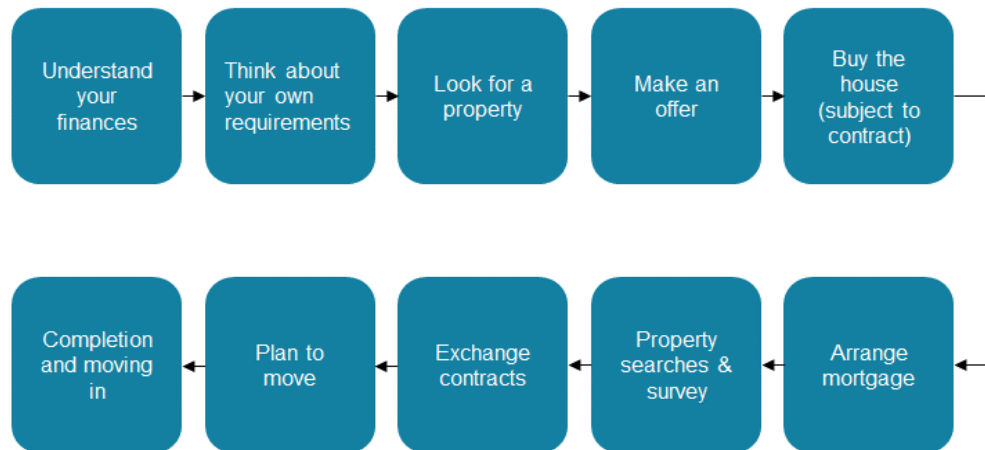
Lowering stamp duty could allow the housing market to function more effectively

The effects of altering stamp duty

- Stamp duty (or in Wales, Land Transaction Tax) is levied on the purchase of land and properties over a certain threshold: it raises about £9bn a year for the public purse
- By increasing the effective cost of house purchases, stamp duty tends to decrease people's willingness to buy and sell, and is an important lever to stimulate or dampen housing demand and therefore housebuilding
- The government-funded Economic and Social Research Council (ESRC) estimates that an increase of two percentage points in stamp duty reduces household mobility by almost 40%
- Analysis by Savills suggests that stamp duty reforms would provide a boost to the housing market but would jeopardise substantial tax revenues
- The Mirrlees review for the Institute of Fiscal Studies highlights that stamp duty decreases the incentive for household units to move, discouraging households from moving to dwellings that better fit their needs and thus discouraging better housing distribution. Others believe the removal of stamp duty may not make much difference, because the saved cost would be capitalised into house prices anyway
- The House of Lords Economic Affairs Select Committee found that a higher stamp duty was discouraging those who wish to downsize

Increasing the simplicity of the house-buying process could result in a more fluid housing market

A typical house-buying process in the UK



Complexities in the house-buying process

- Buying or selling a house in the UK is a complicated process
- Prospective homeowners now need an average seven months to purchase a property, which discourages many people from buying in the first place, according to recent research
- A 2017 government study found that 69% of sellers and 62% of buyers experienced delays during a property sale
- The purchase can break down at any stage in the process. In the UK, the ability to make counter-offers means that this can even occur after a property has officially been taken off the market (although before contracts have been exchanged)
- Increasing the ease of this process and providing more security for potential buyers could stimulate a greater number of transactions.
- A Bank of England NMG Survey found that the cost of moving (stamp duty, estate agent and solicitor fees) was the second-biggest barrier to moving (after not being able to find a suitable property)

Summary

How Can Government Deliver?

Previous governments – particularly in the post-war period – devised and delivered on ambitious new-build targets. More recently, they have struggled to meet their targets.

In the last four decades, direct government powers to increase housing supply – an undertaking which costs potentially hundreds of billions of pounds – have given way to more private sector responsibility. There have also been calls for better regulation, to maintain and improve the quality and overall standard of UK homes in the first place.

All of this has been happening as public awareness about housing affordability has been growing.





BBC Briefing - Housing

Part 10/10

The Parties' Housing Proposals

How do our politicians propose to close the housing gap?

Top housing priorities of the Conservative, Labour and Liberal Democrat parties at the 2019 general election

Conservatives

- Build a million homes in the next five years in England, aiming for 300,000 new houses a year by the mid-2020s
- Introduce a new fixed-rate mortgage requiring only a 5% deposit for first-time buyers
- Overseas buyers purchasing property in England to pay 3% more in stamp duty than residents
- Abolish no-fault evictions (evictions on short notice without a good reason) in the private rental sector and introduce a lifetime deposit which moves with the tenant

Labour

- £75bn for 150,000 new social homes in England each year by 2024
- Cap rent increases and abolish no-fault evictions
- End rough sleeping within five years
- Abolish Right to Buy and give councils money and power to buy back former council houses
- Set up a new English Sovereign Land Trust, with powers to buy public land more cheaply for affordable housing

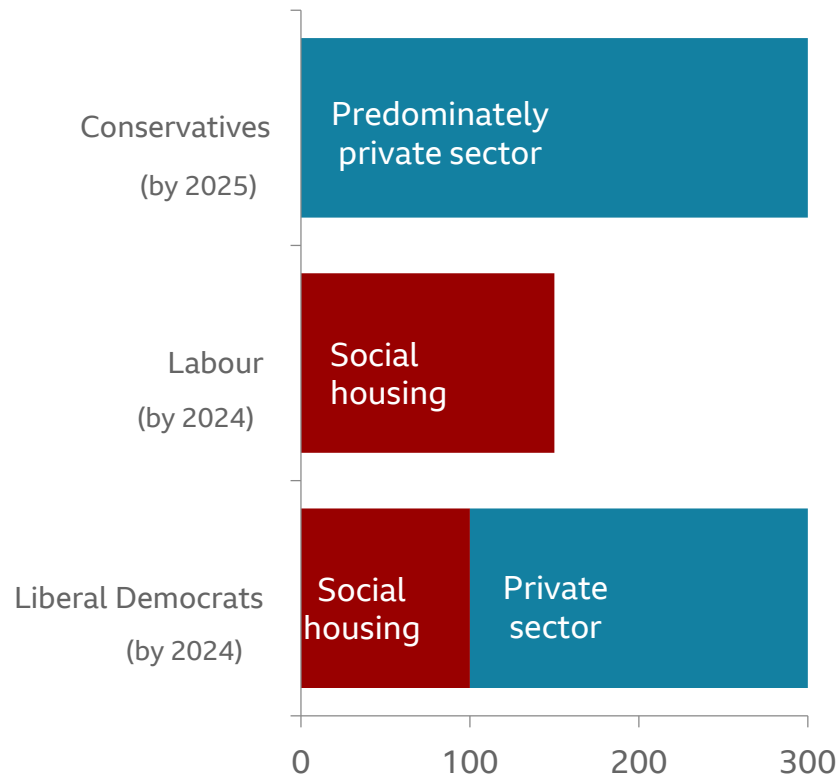
Liberal Democrats

- 300,000 new homes a year in England by 2024, including 100,000 for social rent
- Allow local authorities to increase council tax by up to 500% for second homes
- End rough sleeping within five years
- Help young people enter the rental market with deposit loans for all first-time renters under 30



The parties' policies for housebuilding in the 2019 general election

Housebuilding pledges, annual rate (thousands)



Conservatives

- The Conservatives embraced a target of building one million new homes over the course of the Parliament, reaching a rate of 300,000 homes per year in the mid-2020s
- While social housebuilding will continue under a Conservative government they have set no targets

Labour

- Labour promised to reach an annual building rate of 100,000 council houses and 50,000 affordable homes by 2024
- Labour did not have any targets on overall housebuilding levels, though private housebuilding would continue to add to the housing stock under a Labour government

Liberal Democrats

- The Liberal Democrats aimed to ensure that total housebuilding increases to 300,000 each year, with social housing making up 100,000 of these

The sale of social housing was a key area of contention in the 2019 election

Conservatives

- The Conservatives saw the Right to Buy your council house as a key way of improving people's lives through home ownership, by giving them access to greater security and wealth, as well as a bigger stake in the local community
- They said they would remain committed to Right to Buy for all council tenants and to a voluntary scheme for housing associations (which can choose to comply with Right to Buy without selling housing stock)

Labour

- Labour saw increasing local and central government control of the housing stock as vital for guaranteeing the provision of affordable housing, and it promised to end Right to Buy
- At present, “affordable housing” – which developers are often required to provide – can be charged to social-housing buyers or tenants at up to 80% of the commercial market rent. Labour backed the idea of re-defining affordable housing, linking it to purchasers' or tenants' incomes instead of house prices – something the West Midlands region introduced in February 2020

Liberal Democrats

- The Liberal Democrats proposed a Rent to Own model for social housing, whereby rent payments give tenants an increasing stake in their council home and the ability to own it outright after 30 years
- Believing Right to Buy has depleted the social housing stock, the party pledged to devolve control of it to local councils

The parties proposed a range of measures to increase home ownership

Conservatives

- Introduce a new fixed-rate mortgage requiring only a 5% deposit for first time buyers
- Enable councils to use developers' contributions via the planning process to discount homes by a third for local people who cannot otherwise afford to buy in the area where they live now. (Developers have to pay towards local development of infrastructure under the current planning system)
- Extend the Help to Buy scheme to 2023
- Bring in a stamp duty surcharge to deter non-UK resident buyers
- In February 2020, the government announced it would consult on plans to make some newly built homes available at a 30% discount for local first-time buyers

Labour

- Reform Help to Buy to focus on first-time buyers and introduce an income limit
- Build more low-cost homes reserved for first-time buyers, with prices linked to local incomes
- Introduce a levy on overseas companies buying housing
- Introduce measures to give local people first option on new homes built in their area

Liberal Democrats

- Allow local authorities to increase council tax by up to 500% where properties are being bought as second homes
- Introduce a stamp duty surcharge on overseas residents buying second homes

Policies on homelessness reflected strong cross-party commitment to end rough sleeping within five years

Conservatives

- Expand “successful pilots” such as the Rough Sleeping Initiative and Housing First
- Fund these initiatives from the surcharge on non-UK resident buyers
- End no-fault “section 21” evictions, which former Housing Secretary James Brokenshire highlighted as one of the biggest causes of homelessness
- Renew the Affordable Homes Programme (which provides a range of measures to help prevent people becoming homeless), along with fully enforcing the Homelessness Reduction Act

Labour

- Introduce a national plan for rough sleeping driven by a task force led by the prime minister
- Raise housing benefit in line with the bottom 30% of local rents, and earmark an additional £1bn a year for councils' homelessness services
- Upgrade hostels and make 8,000 additional homes available for people with a history of rough sleeping
- Harness the levy on second homes used as holiday homes to help deal with the homelessness crisis
- Repeal the Vagrancy Act so that rough sleeping is no longer criminalised

Liberal Democrats

- Introduce a “somewhere safe to stay” legal duty on local councils to ensure that everyone who is at risk of sleeping rough is provided with emergency accommodation and a needs assessment
- Ensure sufficient financial resources for local authorities to deliver the Homelessness Reduction Act
- Legislate for longer-term tenancies and introduce limits on annual rent rises, partly to prevent homelessness
- Repeal the Vagrancy Act so that rough sleeping is de-criminalised
- Exempt homeless people and those at risk of homelessness from the Shared Accommodation Rate

There was broad consensus among the parties on improving the security of tenants in the private rented sector

Private rented sector

- Labour and the Conservatives both pledged to end no-fault evictions (evictions on short notice without providing an adequate reason), while the Liberal Democrats promised to promote longer tenancies, of three years or more
- The Conservatives also promised to strengthen the rights of possession for landlords
- Labour favoured regulating rents by capping them in line with inflation. Local government would have further powers to cap these rents in cities. The Liberal Democrats also promised to regulate rent increases from year to year in the middle of long-term tenancies
- Labour proposed getting rid of the requirement that landlords check potential tenants' immigration status, and outlawing discrimination against tenants receiving housing benefit
- The Liberal Democrats promised to improve access to the private rental market through a Help to Rent scheme that would provide government-backed deposit loans for all first-time renters under 30

Improving energy efficiency in homes was a policy objective for all parties at the 2019 general election

Policy goals on energy efficiency

- The Conservatives pledged to encourage the construction of energy-efficient homes. They have pledged £6.3bn for environmental upgrades to homes, such as grants for improving boilers and insulation
- Labour proposed a new zero-carbon homes standard for all homes and promised to upgrade almost all UK homes to the highest energy standard by 2030
- The Liberal Democrats said they would require all new homes and non-domestic buildings to be built to a zero-carbon standard by 2021 (where energy used is matched by what is generated on site), rising to a more ambitious standard (Passivhaus) by 2025
- Passivhaus is an international energy performance standard. The core focus of Passivhaus is to dramatically reduce the requirement for space heating and cooling in dwellings, whilst creating high indoor comfort levels
- The Liberal Democrats were also aiming to reduce emissions from buildings, by providing retrofits for low-income homes, piloting a new subsidised Energy-Saving Homes scheme and setting stamp duty levels according to a property's energy rating



Top housing policy priorities of the parties in Wales, Scotland and Northern Ireland (1)

Welsh Labour

- Welsh Labour, which runs the Welsh government, aims to build an extra 114,000 affordable or council homes by 2040
- Provide local authorities with more loans to help bring more empty properties back into use
- Support more compulsory purchase orders, and the resources for councils to use them to greater effect, as part of an effort to take action against anyone who runs properties down

Plaid Cymru

- Introduce a new tax credit for people paying more than 30% of their income on private rent and utilities
- Create a “national housing company” which will borrow against rents to build a new generation of public rental housing in Wales
- Set a target of achieving 20,000 new homes over five years
- Adopt a “housing first” philosophy to provide homes for the homeless without preconditions - as implemented in Finland
- Introduce reforms to ensure developments are more collaborative and involve communities earlier in the process
- Support local authorities wishing to build new council housing

Welsh Conservative Party

- Bring in a new deal for renters, including abolishing “no fault” evictions and requiring a lifetime deposit that moves with the tenant
- Scrap the Land Transaction Tax in Wales for all first-time buyers, up to the value of £250,000
- Reintroduce a reformed Right to Buy scheme that requires receipts to be invested in new social housing and protects new build social homes from sale for at least 10 years
- Extend Help To Buy to properties needing renovation
- Committing to end rough sleeping in Wales by 2026, and appointing a Homelessness Tsar
- Aim to build 100,000 new homes over a decade, including 40,000 social homes



Top housing priorities of the parties in Wales, Scotland and Northern Ireland (2)

Scottish National Party (SNP)

- The party forms the devolved Scottish Government, with responsibility for housing policy in Scotland
- During the current Scottish parliament, the SNP has pledged to deliver at least 50,000 new affordable homes, including 35,000 council or housing association homes
- Right to Buy was ended in Scotland in 2016, with some 15,000 homes exempted from sale
- The Scottish government has increased investment in the Housing First scheme to £6.5m to reduce homelessness. Part of a £32.5m programme
- Local authorities were given power in 2016 legislation to cap rent for sitting tenants in areas where rent is rising too quickly and forcing tenants into undue hardship

Scottish Conservatives

- Building 100,000 new homes over the next Parliament - half to be affordable housing
- Investing in secure, clean, affordable energy
- Ensuring no-one lives in hard-to-heat homes
- Reintroduce Right to Buy in Scotland

Democratic Unionist Party (DUP)

- Committed to more investment in new social and affordable housing and better quality of private sector homes
- Target of at least 2,000 new social homes a year
- Wants extra powers for the NI Housing Executive to tackle empty homes
- Has supported “living over the shops” schemes to help town centres function as places to live and shop

Sinn Fein

- Controls the Northern Ireland Communities Department responsible for housing policy
- Wants the NI Housing Executive to return to more homebuilding to address rising homelessness and housing stress
- Private developments should include social and affordable housing
- “Positive Return” concept to capture needs of developers while recognising social value of developments



B B C Briefing: Housing

In Conclusion

Britain's housing crisis has been brewing for decades.

Demand for housing in the UK has intensified as the population and the number of households have grown. But there are two million fewer social houses and flats for people on low incomes than 40 years ago, and new social housing is being built at a quarter of the rate. New builds in the private sector are also low by historical standards. Only 50,000 affordable homes are now being built each year. This shortage of private and social housing has accelerated the growth of the private rental sector, which has doubled in size over 20 years.

Some 320,000 people - including 200,000 children - are homeless. Rough sleeping has doubled in a decade. Almost 800,000 households live in overcrowded conditions. Britain has the oldest housing stock in Europe, and demolition rates are low. There are in excess of four million homes categorised as “non-decent”, largely in the private rental sector.

Home ownership, which grew to two-thirds of all homes during the 20th Century, has recently declined. A widening wealth gap, helped by liberalised credit markets, has contributed to house-price inflation and the growth of private renting. Younger generations - who struggle to buy – are prolonging living with their parents. Key workers cannot afford to live near their place of work.

The size of the housing supply gap now - the number of dwellings needed to provide everyone with a decent home - is estimated to be about 1.2 million; and demand is forecast to grow, as the population and the number of households multiply. If current building rates are maintained, the existing housing gap could theoretically be eradicated, but only by 2035.

The obstacles that the housebuilding industry faces – ranging from low demolition rates, planning delays and market volatility to lack of large-scale projects and land – are all combining to make continuing growth a key challenge.

Overcrowding, sub-standard dwellings and homelessness will be impossible to eliminate, as long as the balance of private rental properties, social housing and private homes remains poor.

How the UK will manage and meet the housing needs of the whole population - thereby ending Britain's chronic housing crisis – has become one of the big public debates of this generation.



Glossary A-B

Term	Definition
Assured shorthold tenancy	The legal contract for most short-term tenancies. It enables the landlord to evict the tenant after the initial fixed period of the tenancy (usually six months) without a legal reason
Affordability	Affordable means a household should spend no more than a third of its (post tax and benefits) income on housing costs
Affordable housing	Property at 80% of the market value (or lower) or with rents at least 20% cheaper than market rents
Bedroom standard	A standard number of bedrooms is officially specified for each household according to its age/sex/marital status composition and the relationship of its members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10
Building society	A financial organisation owned by its members as a mutual organisation. It pays interest on investments by its members and lends capital for the purchase or improvement of houses
Build to rent	Private rented residential property, which is designed and built for rent instead of for sale. The properties are typically owned by institutional investors
Buy to Let mortgage	A legal agreement by which a bank or building society lends money at interest in order for the borrower to buy a property for the express purpose of letting it out

Glossary C-H

Term	Definition
Capital gains tax	A capital gains tax (CGT) is a tax on the profit realised on the sale of certain assets. The most common capital gains are realised from the sale of stocks, bonds, precious metals, and property
Council housing	Housing built by local authorities for those who meet the qualifications for government housing assistance and usually provided at a non-commercial rent. It can also refer to the obligation by a local authority to house qualifying families, though not necessarily in council-built housing
Decent home	A home in a reasonable state of repair, with reasonably modern facilities and services, a reasonable degree of thermal comfort, and meeting the statutory minimum standard for housing, which in England is set out in the Housing Health and Safety Rating System
Dwelling	A self-contained unit of accommodation. Self-containment is where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use
Fuel poverty	A household is considered to be fuel poor if they have required fuel costs that are above the national median level and were they to spend that amount, they would be left with a residual income below the official poverty line
Help to Buy: equity loan scheme	A loan from the government which you can combine with a deposit and a mortgage to buy a new-build property. Depending on where you live, the government will lend you between 15% and 40% of the property price
Hidden households	People or groups of people that want to move out of shared accommodation but are unable due to affordability problems or lack of suitable housing. These include: house sharers, adults living with their parents and people living with an ex-partner

Glossary H

Term	Definition
Home Building Fund	A subsidy provided by central government to encourage housebuilding and property regeneration by small and medium sized developers
Homeless	Homelessness means not having a home. You are homeless if you have nowhere to stay and are living on the streets, but you can also be homeless if you are: staying with family and friends, squatting, staying in a hostel or B&B, or at risk of violence or abuse in your home
Housing association	Housing associations are non-profit organisations, originally formed by private individuals concerned about local housing provision. Board members are generally volunteers but some are paid
Household	One person or a group of people (not necessarily related) who have the accommodation as their only or main residence, and share cooking facilities and share a living room or sitting room or dining area
Housing benefit	A benefit that is administered by local authorities which is designed to assist people who rent their homes and have difficulty meeting their housing costs
Housing First	A housing policy that moves rough sleepers from the streets or shelters straight into independent housing. This is in contrast to other programmes whereby rough sleepers have to deal with other issues that may have contributed to their episode of rough sleeping (eg addiction) before being granted independent housing
Housing stock	The total number of dwellings in a particular country or region

Glossary L-O

Term	Definition
Landlord	An individual or company that lets a property out to tenants in exchange for rent
Local authority	An elected organisation responsible for providing a range of vital services for people and businesses
Loan to value (LTV) ratio	The ratio between the value of the mortgage you take out and the value of the property as a whole, expressed as a percentage
Mortgage	A legal agreement by which a bank or building society lends money at interest in order for the borrower to buy a property. The bank has a right to repossess the property in the event of non-payment of the debt
Net additional dwellings	The number of dwellings added to the housing stock; this comprises the number of new housebuilding completions plus any gains or losses through conversions, changes of use and demolitions
Nominal prices	Prices that have not been adjusted for inflation
“Non-decent” home	The UK government defines a household as “non-decent” when it is not in a reasonable state of repair, does not have reasonably modern facilities and services, or has ineffective insulation or heating
Overcrowding	The English Housing Survey defines a household as overcrowded if it has fewer bedrooms available than the notional number needed according to the bedroom standard definition (see entry for bedroom standard)
Owner-occupiers	Households in accommodation which they either own outright, are buying with a mortgage or as part of a shared ownership scheme

Glossary P-S

Term	Definition
Passivhaus	An international energy performance standard. The core focus of Passivhaus is to dramatically reduce the requirement for space heating and cooling, whilst also creating excellent indoor comfort levels
Planning permission	Permission to build dwellings on a specific area, obtained by applying to local councils
Private renters	All tenants who are renting from private individuals or companies at market rates. It also includes people living rent-free (for example, people living in a flat belonging to a relative)
Right to Buy	A scheme giving secure tenants in a local authority home the opportunity to buy their home at a discount
Rough sleeping	Someone who sleeps or beds down in the open air (such as on the streets, or in doorways, parks or bus shelters), or somewhere not designed for habitation (such as barns, sheds, car parks, cars, derelict boats or stations)
Rent control	Legal regulations that prevent private landlords from raising rent above a certain level
Resolution Foundation	The Resolution Foundation is an independent think-tank focused on improving the living standards for those on low to middle incomes
Section 106 agreement	A legal agreement which ensures that developers contribute towards the infrastructure that is required to make a development acceptable in planning terms. Contributions may be either financial or in kind and may be used to deliver affordable housing
SMEs	Small and Medium Enterprises, in this document, means construction companies that build fewer than 1,000 dwellings per year

Glossary S-U

Term	Definition
Stamp duty	A tax, paid by the buyer, levied on the purchase of land and properties over a certain threshold
Statutory homelessness	To be legally defined as homeless you must either lack a secure place in which you are entitled to live or not reasonably be able to stay
Social housing	Housing provided by local authorities or housing associations
Social renters	All tenants who are renting from local authorities and housing associations at below market rates
Temporary accommodation	Accommodation given to households who are homeless or at risk of homelessness as a temporary arrangement until they can be allocated social housing or find alternative permanent accommodation
Tenure	A term defining the conditions under which a home is occupied, whether it is owned or rented, and if rented, who the landlord is and on what financial and legal terms the let is agreed
Under-occupation	Households are said to be under-occupying their property if they have 2 or more bedrooms more than the notional number needed according to the bedroom standard definition
Universal credit	This is a single, means-tested working-age benefit; paid to people whether in work or not. Over time it will replace: child tax credit, housing benefit, income-related employment and support allowance, income-based jobseeker's allowance, income support and working tax credit

Appendix JS19

Spring Budget – Policy Paper Budget 2020



Policy paper

Budget 2020

Updated 12 March 2020

1.45 Housing

Everyone should be able to access a safe and affordable home. Increasing housing supply is essential to creating a fairer, more affordable housing market and boosting productivity across the country.

The government has made good progress in boosting housing supply with over 240,000 new homes created in 2018-19, the highest level in 32 years.^{37,38} To continue to support the country's needs the government has committed to creating at least 1 million new homes in England by the end of this Parliament and an average of 300,000 homes a year by the mid-2020s.

The Budget sets out an ambitious package of investment to build the high quality and affordable homes the country needs. This includes £12.2 billion for the Affordable Homes Programme and £400 million for ambitious Mayoral Combined Authorities and local areas to establish housing on brownfield land across the country. The Budget also confirms allocations from the Housing Infrastructure Fund totalling £1.1 billion for nine different areas including Manchester, South Sunderland and South Lancaster.

Land availability, as constrained by the planning system, is the most significant barrier to building more houses. The Secretary of State for Housing, Communities and Local Government will shortly set out comprehensive reforms to bring the planning system into the 21st century, followed by a Planning White Paper in the spring. These reforms will aim to create a simpler planning system and improve the capacity, capability and performance of Local Planning Authorities (LPAs) to accelerate the development process. Where LPAs fail to meet their local housing need, there will be firm consequences, including a stricter approach taken to the release of land for development and greater government intervention. The government will also explore long-term reforms to the planning system, rethinking planning from first principles, to ensure the system is providing more certainty to the public, LPAs and developers.

Appendix JS20

'Planning for the Future' Policy Paper (March 2020)





Ministry of Housing,
Communities &
Local Government

Planning for the Future



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March 2020

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1. A home is more than four walls and a roof – it is a symbol of security and a stake in our society. The expansion of home ownership over the twentieth century created a fairer Britain, with prosperity and opportunity spread more evenly among its people. It meant that wherever people grew up, they had the chance to save for and buy a safe place to live. A home where they could spend time with their friends, raise their families and be part of a community.
2. This government believes in supporting people who are working hard to own their home and we are making progress. Last year, we delivered over 241,000 homes, more new homes than at any point in the last 30 years; the proportion of young homeowners increased after declining for more than a decade; and since 2010, 1.5 million more homes have been delivered. Yet, for many who are still trapped paying high rents and struggling to save for a deposit, home ownership seems like a dream which is increasingly out of reach.
3. Our children should be able to put down roots in the places where they grew up, rather than being priced out and forced to move away. That's why this government is committed to rebuilding a home-owning Britain: a country where the young and future generations have the same opportunities as those who came before them. The simple truth is that this will not be possible unless we work together, across the country, to build more homes and take action to remove the barriers to getting onto the housing ladder.
4. We must ensure security for those who do not own their homes. We need to deliver a rental system that is fit for the modern day – one that protects tenants and supports landlords to provide the homes the nation needs. We also need to prevent people from falling into homelessness by building more affordable homes and ensure that those living in social housing are treated with the dignity and respect they deserve. It is also why we are working to end rough sleeping and supporting the most vulnerable in society.
5. To achieve this mission, the government will bring forward a series of major publications and legislate to deliver lasting change. This will start with an ambitious Planning White Paper in the Spring to modernise our planning system, ensuring it supports the delivery of homes that local people need and creates more beautiful and greener communities. We will introduce a Building Safety Bill to bring about the biggest change in building safety for a generation and a Renters' Reform Bill to provide greater stability for those who rent their homes. To ensure that residents in social homes are treated fairly we will publish a Social Housing White Paper. Taken together these will form the bedrock of a housing strategy to be published later in the year, setting out our longer-term plans to deliver the homes this country needs and create a fairer housing market.

Supporting communities to deliver more homes for local people

6. Technology, the way we work and live and our understanding of the value of the environment have been transformed since the Town and Country Planning Act of 1947. The planning process has failed to keep pace. It is now complex, out-of-date and fails to deliver enough homes where they are needed. We will act to change this.

7. In the Spring, we will publish an ambitious Planning White Paper which offers creative solutions to establish a planning system that works for the next century. We will take a fresh and sensible look at planning rules to support local areas to plan, especially in the urban areas where they are most needed. We will also modernise the system, accelerate planning decisions and make it easier for communities to engage and play a role in decisions which affect them.
8. In advance of this, the government is now setting out a number of reforms that will encourage local authorities to take a more proactive approach to enabling home building across the country. This includes supporting them to consider innovative options, such as housing-led regeneration of their high streets, building upwards on already developed land and stations, densifying gently in existing residential areas and making the most of their under-utilised brownfield land. Alongside this, the government will introduce measures to encourage authorities to put ambitious plans in place now and incentivise them to play their part in delivering the homes this country needs.
9. As set out in the Budget yesterday, these planning changes will be underpinned by an additional £10.9 billion of funding. This will support communities to regenerate brownfield land, invest in new infrastructure and provide more homes for local people, with better access to jobs, schools and opportunities. Together, these changes will:
10. Promote more, well-planned development where homes are needed. The Government will back brownfield, encouraging greater building in urban areas. We will introduce new tools to support communities to densify and make best use of their underutilised brownfield land. These will include:
 - **Investing £400m to use brownfield land productively** – the Government will work with ambitious mayors and local leaders to regenerate local brownfield land and deliver the homes their communities need on land which is already developed.
 - **Launching a national brownfield map and a call for proposals for building above stations** – the government will launch a national brownfield sites map in April 2020 and will conduct a call for proposals to seek evidence on the barriers to, and opportunities in, building above stations in urban areas. It is vital that we make the most of existing transport hubs, encouraging modern, green communities where people live close to public transport.
 - **Reviewing the formula for calculating Local Housing Need** – we will introduce a new approach which encourages greater building within and near to urban areas and makes sure the country is planning for the delivery of 300,000 new homes a year.
 - **Introducing new rules to encourage building upwards, increasing density in line with local character and make the most of local infrastructure** – we will introduce new permitted development rights for building upwards on existing buildings by summer 2020, including to extend residential blocks by up to two storeys and to deliver new and bigger homes. We will also consult on the detail of a new permitted development right to allow vacant commercial buildings, industrial buildings and residential blocks to be demolished and replaced with well-designed new residential units which meet natural light standards.

- **Supporting community and self-build housing** – we will support those who want to build their own homes to find plots of land and provide help to parish councils and neighbourhood forums who wish to build a small number of homes to allow their communities to grow organically, providing homes for the next generation and those wishing to downsize.
- **Backing the Oxford-Cambridge Arc, including a new spatial framework and up to 4 new development corporations** – the Arc has the potential to be a world-leading green growth corridor, with high-productivity jobs and environmentally-friendly developments. The Spatial Framework will give certainty to businesses and developers about where new housing and employment will be delivered until 2050 and support planning for the right infrastructure to meet social, environmental and economic needs. The government is also going to examine and develop the case for up to four new Development Corporations in the Ox-Cam Arc, subject to necessary public consultation, in or around Bedford, St Neots/Sandy, Cambourne and Cambridge, which includes plans to explore the case for a New Town at Cambridge, to accelerate new housing and infrastructure development.

11. Ensure that communities make land sufficiently available to deliver homes in the right places. A plan for local housing need is only as good as the results it delivers. We will introduce new changes to ensure that land, sites and homes come forward on time and incentivise authorities to deliver more homes. This includes:

- **Setting a deadline for all local authorities to have an up-to-date local plan** – the government will require all local planning authorities to have up-to-date local plans by December 2023. The government will prepare to intervene where local authorities fail to meet the deadline in accordance with the existing statutory powers, considering appropriate action on a case by case basis.
- **Continuing to drive supply through the Housing Delivery Test** – we will continue with plans to raise the Housing Delivery test threshold to 75% in November 2020, incentivising local authorities to deliver on their local plans.
- **Reforming the New Homes Bonus (NHB) to reward delivery** – those authorities who strive to build more homes where they are most needed should be rewarded. The government will consult on reforming the NHB in Spring to incentivise greater delivery and ensure that where authorities are building more homes, they have access to greater funding to provide services for those who move into them.

12. Deliver on our commitment to infrastructure first. We will provide local authorities with greater funding for infrastructure, ensuring that those who strive to build enough homes for their communities and make the most of brownfield land and urban areas are able to access sufficient resources. This includes:

- **Investing another £1.1 billion in local infrastructure to unlock almost 70,000 new homes** – our infrastructure-first approach to building new homes means putting in the transport, utilities, digital connectivity and community services like schools and hospitals early, so that new developments do not put strain on local services. The Budget set out that over £1.1 billion will be provided to fund key infrastructure schemes from Surrey to Sunderland, including new roads, transport links, flood defences, leisure and healthcare facilities, digital and power networks and schools.

To date we have allocated over £4 billion through the Housing Infrastructure Fund (HIF) to unlock up to 340,000 new homes.

- **A new £10 billion Single Housing Infrastructure Fund** – as set out in the Conservative manifesto, we will also build on this infrastructure investment with a new long-term, flexible fund which will give confidence to communities, developers and local authorities. Details of the funding will be announced alongside the Spending Review. Homes England will engage with local authorities and the wider market to build a pipeline of opportunities up and down the country.

13. Speed up the planning system. In the Spring, we will publish a bold and ambitious Planning White Paper. It will propose measures to accelerate planning. It will maximise the potential of new technologies to modernise the system. It will make it easier for communities to understand the planning system and play a role in decisions that affect them. Together, the measures it puts forward will set out a pathway to a new English planning system which is fit for the future. The White Paper will reflect international best practice, create more space for innovation and new approaches and ensure that planning reflects our aspirations to level up across the country. We want a planning system that supports beautiful design; and, meets the challenges of climate change as well as building the homes this country needs. As part of this the government will:

- **Reform planning fees to create a world-class planning service** – we will introduce a new planning fee structure to ensure that planning authorities are properly resourced to improve the speed and quality of their decisions. This will be linked to a new performance framework to ensure performance improvements across the planning service for all users.
- **Automatic rebates where planning applications are successful at appeal** – to promote proper consideration of applications by planning committees, where applications are refused applicants will be entitled to an automatic rebate of their planning application fee if they are successful at appeal.
- **Ensure land for housing is built out** – we will act to make it clearer who owns land by requiring greater transparency on land options. We will explore wider options to encourage planning permissions to be built out more quickly.
- **Expand the use of zoning tools to support development** – the government will outline further support for local areas to simplify the process of granting planning permission for residential and commercial development through zoning tools, such as Local Development Orders. The government will trial the use of templates for drafting LDOs and other zonal tools to create simpler models and financial incentives to support more effective use. The government has also launched a consultation on a new UK Freeport model, including on how zoning could be better used to support accompanying development.
- **Improve the effectiveness, take-up and role of Compulsory Purchase Orders to help facilitate land assembly and infrastructure delivery** – MHCLG will introduce further support and expertise to LAs to give greater confidence in using CPO powers and will consult on legislative reforms to speed up the decision-making process. The government intends to consult on: introducing statutory timescales for decisions; ending the automatic right to public inquiry; encouraging early agreements on compensations; and exploring the scope to remit more decisions back to LAs; as well as wider reform.

Helping first time buyers onto the housing ladder

14. This government will reset our national homeownership offer, providing new routes to home ownership and ensuring that local people and key workers can have the opportunity to build a life in their own community. To support more people into home ownership, we will:

- **Cut the cost of new homes through the new First Homes scheme** – the biggest barrier to ownership is saving for a deposit, and we are consulting on a new First Homes scheme that will address this. The scheme will cut the cost of many new homes by a third, creating a new generation of homeowners. This will lower the cost of buying a home by an average of £70,000 for eligible first time buyers, improving the prospects for people who find the market unaffordable. The discount will be locked into the property in perpetuity – meaning that future generations will continue to benefit from the discount offered. All homeowners remember getting the keys to their first home, and this Government wants people to realise this moment as quickly as possible. Over the coming weeks and months, we will be looking to partner with developers and local authorities to be the front runners in delivering the first wave of first homes.
- **Explore encouraging a market for long-term fixed rate mortgages** – the Government will work with lenders to explore what can be done to encourage a market in long-term fixed rate mortgages. We will also look at what benefits these could bring to consumers, including whether they have the potential to keep deposits low for first time buyers looking to get on the housing ladder.
- **Make the route to ownership simpler and more affordable through a new national Shared Ownership model** – we want to have an ownership offer available to people on different incomes so it's important to us that people on lower incomes who want to own their own home, but cannot see a route to achieving that goal, are helped onto the housing ladder. Our new national model for shared ownership will be more consumer friendly, fairer and more accessible.

Creating beautiful, sustainable places

15. Giving people a stake in society also means ensuring that we are delivering the sorts of homes where people want to raise their children, to grow old together and can be good neighbours. Collectively, we need to remember how to build beautiful homes and create beautiful places. The government will take action to encourage more beautiful design and to ensure local authorities have the support they need to demand higher standards. We will:

- **Revise the National Planning Policy Framework (NPPF) to embed the principles of good design and placemaking** – this will make clear that high-quality buildings and places must be considered throughout the planning process. The framework will expand on the fundamental principles of good design to define what is expected of local authorities and developers to support the creation of beautiful places.
- **Respond to the Building Better, Building Beautiful Commission's report** – we will look to take forward many of the Commission's recommendations, which include

calling for urban tree planting and giving communities a greater opportunity to influence design standards in their area. This will put tree lined streets at the centre of future plans, so that they become the norm not the exception.

- **Give local authorities the ability to ensure that new homes conform to local residents' ideas of beauty through the planning system** – using the National Model Design Code we will set out clear parameters for promoting the design and style of homes and neighbourhoods local people want to see. We will ask local places to produce their own design guides and codes, informed by listening to local people and considering local context. This will embed standards in planning policy and give local communities the confidence to demand that they are met.

16. We will also work tirelessly as part of this Government's wider commitment to net zero emissions by 2050, delivering a green housing revolution of attractive and environmentally friendly homes. To achieve this, we will:

- **Review our policy for building in areas at flood risk** – alongside our £5.2 billion investment in additional flood defences announced yesterday, we will seek to ensure that communities across the country know that future development will be safe from floods. We will assess whether current protections in the NPPF are enough and consider options for further reform, which will inform our wider ambitions for a new planning system.
- **Introduce a Future Homes Standard (FHS)** – from 2025, the FHS will require up to 80% lower carbon emissions for all new homes. This will help bring an environmental revolution to home building – tackling climate change while keeping household bills low. This will ensure everyone, including developers, is doing their bit to protect the environment.
- **Establish a Net Zero development in Toton in the East Midlands** – we will explore options for regeneration around Toton, including potential delivery vehicles such as Development Corporations.

Ensuring affordable, safe and secure housing for all

17. We are committed to improving access to safe and high-quality housing, improving affordability and putting in place measures so that all homes are built properly with the right materials and that residents, whether they are home owners or renters, have access to a simple and consumer-friendly process for making complaints. To achieve this, we are:

- **Renewing our commitment to affordable housing** – in the Budget we announced a £12 billion investment in Affordable Homes – the biggest cash investment in affordable housing for a decade. This is expected to bring in around a further £38 billion public and private investment. This new 5-year investment will deliver more affordable housing, help more people to own their own home, and build more social rent homes, helping those most at risk of homelessness in areas of the country where affordability is most acute.
- **Publishing the Social Housing White Paper** – this will bring forward reforms to ensure that residents in social homes are treated with dignity and respect. These

measures will empower tenants, provide better redress and regulation and improve the quality of social housing. This will include a simple and effective end-to-end process when tenants have complaints.

- **Making a further £1 billion available to support remediation for building safety** – Prior to the new regulatory regime, the government will be investing an additional £1 billion in 20/21 to support the remediation of unsafe non-ACM cladding in private and social residential buildings above 18 metres. This will be over and above the £600 million ACM remediation fund. This intervention is based on the advice of experts such as Dame Judith Hackitt, and we are clear that this will be the limit to the Government's funding support for remediation. In the private sector this investment will be for the benefit of leaseholders and in the social sector it will focus on those landlords who are unable to pay, ensuring the necessary works take place and cost is not a barrier to remediation. We expect building owners who have already committed to fund remedial works without passing on the costs to leaseholders to stick to these commitments.
- **Protecting new homeowners through the New Homes Ombudsman** – we must raise the game of house builders across the sector and stop rogue developers from getting away with shoddy building work. The New Homes Ombudsman will ensure that homebuyers can access help when they need it and get them the compensation they deserve.
- **Ensuring renters are treated fairly through the Renters' Reform Bill** – we will improve security for tenants by abolishing the use of 'no fault evictions' so that tenants can put down roots in their communities and plan for their long-term future. We will introduce a new 'lifetime tenancy deposit' and support good landlords to continue to provide the homes the country needs.
- **Commencing a review and pledging over £640 million to end rough sleeping** – rough sleeping is a moral shame which we must address head on. The government is committed to ending rough sleeping in this Parliament. We are now bringing the total funding for 'move on' accommodation to £381 million which will enable refurbishment, acquisition and leasing of properties specifically for rough sleepers, together with vital support that will enable them to sustain those tenancies where otherwise they may be at risk of falling out of housing. We are also pledging an additional £262 million for rough sleeper substance misuse services; because we believe that the root causes of rough sleeping are as much substance misuse, alcohol dependency and mental health, as they are housing. And the urgent review, led by Dame Louise Casey, will advise on what additional action is required to end rough sleeping within this Parliament.

Laying the foundations for affordable, green and beautiful homes for everyone

18. Over the spring and summer, the government will work with local authorities, Small and Medium-Sized Enterprise (SME) housebuilders, local groups, the construction industry and others to shape a long-term programme of reform for the country's planning system and housing market.

19. This will be a comprehensive review of what does and does not work currently and will inform our new Planning White Paper and our housing strategy, to be published alongside the Spending Review. In these the government will set out a detailed vision of what the country's housing and land markets should be like come 2030, as well as plans for how we will get there.
20. The work will include, but not be limited to considering:
- how to restore the dream of home ownership to more people;
 - how to modernise the sector and its workforce;
 - how to partner with places to build beautiful and go green;
 - how to ensure affordable, quality, safe housing for all; and
 - how to align housing with wider infrastructure to boost productivity and growth.
21. In the next year, the government will bring forward major publications and legislation, including:
- Setting out a detailed housing strategy, including our plans to create a housing market that works for people across the country;
 - The Planning White Paper to deliver common sense planning reforms to get Britain building, and our response to the Building Better, Building Beautiful Commission report and recommendations;
 - The Building Safety Bill to ensure we have one of the safest building safety regimes in the world;
 - The Renters' Reform Bill to provide stability to those who rent; and
 - The Social Housing White Paper to ensure that residents in social homes are treated with the dignity and respect we all expect.
22. We will pursue these challenges by looking at the needs of local places, different models of delivery and funding, and how to balance measures to boost supply with measures to improve existing stock. To underpin this work, we will continue to transform Homes England, into a more muscular agency that is better able to drive up delivery. Critically, the work will also answer the question of how to ensure the housing sector meets the country's ambitious targets on decarbonisation.
23. We will give people the chance to own their own home. We will seek to build more homes, and we will do so as members of a responsible society – proud of the places and the environment we inherited, eager to care for and enhance it and determined to give the next generation the capital and the stake in our country a successful economy and democracy demands. We will ensure affordable, safe, quality housing for all as part of our mission to level up, unite and unleash the potential of this country, support towns and high streets, and ensure communities have a real sense of place.

Appendix JS21

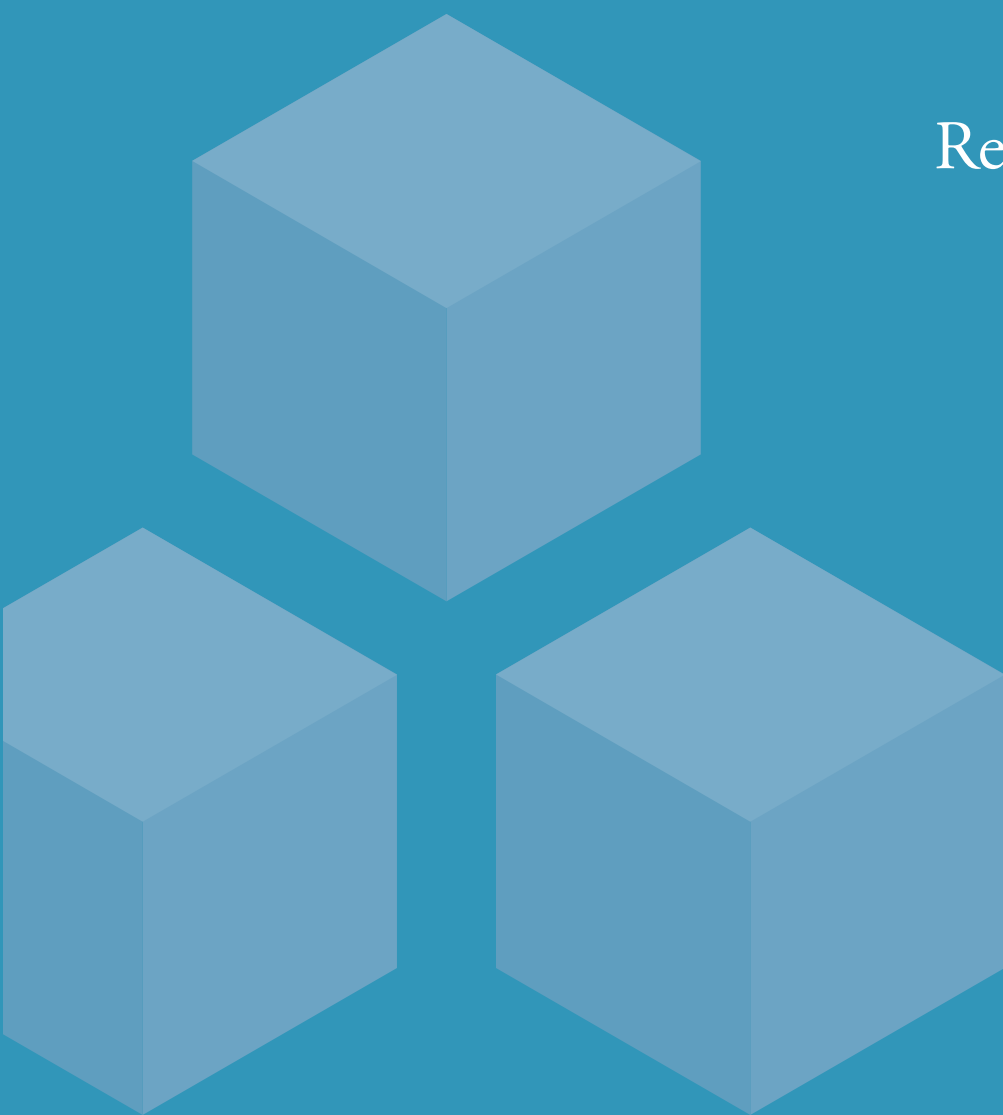
The Barker Review of Housing Supply (17 March 2004)



Review of Housing Supply

Delivering Stability: Securing our Future Housing Needs

Final Report -
Recommendations



Kate Barker

March 2004

Review of Housing Supply

Delivering Stability: Securing our Future Housing Needs

Final Report -
Recommendations

Kate Barker

March 2004

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Foreword

March 2004

Dear Chancellor and Deputy Prime Minister,

Housing is a basic human need, which is fundamental to our economic and social well-being. Yet housing provision is often controversial and provokes strong reactions. My Review of housing supply highlights the tensions that surface, when seeking to promote an adequate housing supply and a more responsive provision:

- A weak supply of housing contributes to macroeconomic instability and hinders labour market flexibility, constraining economic growth. These risks to stability are likely to be increased should the UK decide to join Economic and Monetary Union. The UK should have a more flexible housing market.
- For many people, housing has become increasingly unaffordable over time. The aspiration for home ownership is as strong as ever, yet the reality is that for many this aspiration will remain unfulfilled unless the trend in real house prices is reduced. This brings potential for an ever widening social and economic divide between those able to access market housing and those kept out. Rising numbers in temporary accommodation is evidence of the polarisation which exists today.
- Homes are more than shelter. They provide access to a range of services and to communities. Housing also plays a major role as an asset in household balance sheets and in household planning for their financial futures.
- The housing market indicates people's preferences for the types of housing, location and communities that they would like to live in, for example the preference for space as incomes increase.
- Increasing housing supply raises concerns about the environment and loss of open spaces.

These considerations pose a number of dilemmas for policy makers at all levels, (national, regional and local). There are issues around the relationship between the private sector as the main deliverer of housing and Government's objectives, which may not always accord with market pressures. There are no easy answers and no disguising that the choices we face are difficult. We inhabit a small island – land is a finite resource, which we must make best use of. But we also need to think about other outcomes that we wish to achieve:

- a more flexible housing market which adapts to and reflects the needs of the economy; and
- a more equitable distribution of housing wealth.

I do not believe that continuing at the current rate of housebuilding is a realistic option, unless we are prepared to accept increasing problems of homelessness, affordability and social division, decline in standards of public service delivery and increasing the costs of doing business in the UK – hampering our economic success. Indeed, the Government has already signalled the need for action through the Sustainable Communities Plan and the Planning Bill.

This Review sets out a series of policy recommendations to address the lack of supply and responsiveness of housing in the UK. The recommendations cover a broad spectrum of issues. It suggests that we need to integrate economic considerations into the planning system, that we need a better means of assessing the costs and benefits of development and land use and that we need to acknowledge market signals and use the information provided.

These recommendations will also require concerted action on the part of the housebuilding industry. In the past, quality of service to consumers and considerations of sustainability, design and innovation have been secondary to the desire to secure land. The signs are that the industry recognises these failings, which arise in part from the volatility of the housing market, and I believe there is a determination to do better.

I am grateful to the Government for giving me the opportunity to conduct this Review and I hope it will play a constructive part in what I am sure is going to be an active area of public policy over the coming years. I do not pretend that this Review provides all the answers at a detailed level. In some areas, I have sought to set out broad principles. Creating a more flexible housing market is a considerable challenge, which will take time and requires determination to engage in ongoing reforms. It will not happen overnight.

Ideas, facts and other inputs for the Review have come from a wide range of academics, professionals, policy makers, housebuilders and interested individuals. I am extremely grateful to them all. I have been struck by the desire among all those working in the housing field to secure change and to work together to promote a common goal of improving access to housing. There is clearly much common ground and a desire to elevate the policy debate. I hope that this Review will allow that debate to continue and develop.

I would like to express my thanks to all those who assisted me in producing this Report. Many individuals and organisations gave generously of their time and effort to propose ideas and support me in reaching these conclusions. These contributors are identified in Annex A. I would also like to thank warmly Jo-Anne Daniels and the team of very able people who have worked tirelessly and with good humour: Mark Aldridge, Tejinder Bassi, Rachael Clapson, Ben Dubow, Odette Fioroni, Kerry Higgins, Graham Kinshott, Adam Land, David Leam, Chris Nicholls and Bryn Welham.



Kate Barker

Executive summary

INTRODUCTION

1 The Chancellor and Deputy Prime Minister set up this Review on 9 April 2003 with the following Terms of Reference:

- Conduct a review of issues underlying the lack of supply and responsiveness of housing in the UK.
- In particular to consider:
 - the role of competition, capacity, technology and finance of the housebuilding industry; and
 - the interaction of these factors with the planning system and the Government's sustainable development objectives.

2 Demand for housing is increasing over time, driven primarily by demographic trends and rising incomes. Yet in 2001 the construction of new houses in the UK fell to its lowest level since the second world war. Over the ten years to 2002, output of new homes was 12½ per cent lower than for the previous ten years. This Review is concerned with the issues both of volatility and of long-run supply.

3 Volatility in the housing market, in the UK, combined with the strong association between house prices and private consumption (reflecting in part high levels of owner occupation) is striking. Consequently, the housing market has contributed to macroeconomic volatility, creating a more difficult environment for businesses and for economic policy makers.

4 A weak response of housing supply to demand changes has been one of the factors underlying this instability. In addition, there is growing evidence of a persistent inadequate supply. In the UK the trend rate of real house price growth over the last 30 years has been 2.4 per cent, considerably higher than the European average of 1.1 per cent. Latest evidence suggests that the trend rate of real UK house price growth has increased to 2.7 per cent over the last 20 years. The Review is fundamentally concerned with the longer-term issues of unresponsive and weak supply, rather than questions surrounding the current house price cycle.

5 The Interim Report argued that, in addition to the costs of volatility, there was a set of adverse consequences as a result of the long-run upward trend of house prices:

- Affordability has worsened between cycles. In 2002 only 37 per cent of new households could afford to buy a property compared to 46 per cent in the late 1980s.
- Wealth is re-distributed. Higher house prices result in a transfer of resources from those outside the housing market such as would be first time buyers to those inside the market, such as existing home owners. This also tends to favour older generations at the expense of younger. The wealth gap between home owners and others is widening.

- Labour mobility is restricted. Lower rates of house building can lead to significant regional house price differentials and regional price expectations, reducing labour mobility and constraining productivity.
- There is also an overall cost in terms of economic welfare from the restriction in supply.
- But against this, and the other costs identified above, have to be set important benefits from restricted supply – in particular reduced urban sprawl and the retention of open greenfield land.

6 Raising housing numbers is only part of the story. It also matters where houses are located and how much space they have. The nature of cities, towns and villages is also important, and the role of planning in shaping these as sustainable communities is recognised and valued. In considering policy recommendations, the varied nature of regional and local housing markets has been kept in mind, for example the different issues in terms of externalities and costs of development, which exist in low demand areas. The Review's recommendations in most cases aim to establish a broad framework, which is adaptable to differing regional circumstances, a one size fits all approach is not always possible or desirable.

7 New supply only accounts for 1 per cent of the housing stock, and so even measures which change new supply significantly would not have much effect on prices were it not for the role of expectations. If policy changes alter perceptions about the future course of prices, then the impact on today's prices is potentially much larger. This consideration has led to a cautious approach being taken to policy recommendations. A further reason for caution is that, with such a regulated market, it is very difficult to judge the supply response to any change.

8 Government has already taken important steps to address housing supply, (the Sustainable Communities Plan, proposals for four new growth areas, and recent reforms to the planning framework). This Review should be seen as part of that on-going process to reform housing supply, and indeed the housing market more generally. A further review of the housing market should be undertaken in three years time. This review would consider progress made towards delivering the Government's policy agenda and look at how the market is responding to the changes proposed in this Report.

OBJECTIVES

- 9 The overall objectives of the Review are:
- to achieve improvements in housing affordability in the market sector;
 - a more stable housing market;
 - location of housing supply which supports patterns of economic development; and
 - an adequate supply of publicly-funded housing for those who need it.

10 These objectives require a more flexible housing market, one in which supply responds more strongly to changes in price. But this raises difficult choices. Accommodating demographic projections for household numbers up to 2021 alone, will mean a higher rate of housebuilding than has been achieved recently. While the important recent steps taken by Government would address some of the problems of stability, affordability and housing those in need, more needs to be done if the present situation is to be improved.

11 Inevitably, this would bring adverse consequences for the environment and for public amenity. As Martin Wolf wrote recently: ‘We cannot have a rising population, spacious housing for each household and an unchanged quantity of undeveloped countryside’¹.

12 The Review sets out three scenarios, two of which would require policy changes beyond those already being implemented by Government. (The numbers in these scenarios relate to England alone.) The estimates in these scenarios for private and for social housing are rather different in nature.

13 Taking as the baseline the level of private sector build in 2002-03, 140,000 gross starts and 125,000 gross completions, it is estimated that:

- reducing the trend in real house prices to 1.8 per cent, would require an additional 70,000 private sector homes per annum; and
- more ambitiously, to reduce the trend in real house prices to 1.1 per cent, an additional 120,000 private sector homes per annum would be required.

14 These are in line with the estimates presented in the Interim Report², and subject to the same caveats. Going further, a zero trend in real house prices and the level of housebuilding this would imply is considered undesirable and unachievable. These estimates imply that large increases in the rate of new build would be required to achieve a reduction in the price trend, which is unsurprising given the fact that new build is only around 1 per cent of the existing stock. However, as highlighted previously, these estimates are highly dependent on how much price responds to additions to the stock. The recommendations in the Review, which should achieve a more responsive housing market, could be expected to increase the response of price, and therefore reduce the rate of housebuilding which is needed.

15 In the light of the issues raised above, it is clear that there would be significant benefits from a higher rate of housebuilding, and from the changes which aim to make the market more responsive. Even in the case of the less ambitious price trend, these benefits would include pricing an additional 5,000 new households each year into the market, and improving access for the backlog of those presently priced out. There would also be significant benefits as people would have access to housing which better meets their aspirations.

16 The scenarios for social housing are based on demographic projections. An increase in supply of social housing of 17,000 homes each year is believed to be required to meet the needs among the flow of new households. There is also a case for provision at up to 9,000 a year above this rate in order to make inroads into the backlog of need. Clearly, the scenarios for the private and social sectors for example, are to some extent independent of each other. It would be possible to take a more ambitious approach to social provision, irrespective of the approach to market provision. However, this would have implications for the level of investment needed.

¹ Martin Wolf FT 6.02.2004, England’s Great Housing Dilemma.

² Table 3.4, p.59, *Barker Review Interim Report*, (2003)

17 These scenarios set out the choices for Government, in the light of the trade-off which is believed to be appropriate between improving market affordability, meeting housing need and environmental considerations. In this context, it should be noted that, under the extreme assumption that all of the additional build were carried out in the South East, an additional 120,000 homes per year would take around 0.75 per cent of the total regional land area³.

18 The policy proposals listed below build up to a framework which should be more responsive, and in which incentives are aligned better with the wider costs and benefits of housing development. This greater flexibility is an important goal in itself, in light of the above discussion about the costs of housing market volatility. Generally, particular policies are not attached to each of the scenarios. Rather, the framework should be capable of delivering the rate of housing supply which Government, at national, regional and local level has concluded is best in light of the trade-off between housing market and environmental objectives.

19 Tackling issues of macroeconomic stability may also require measures to address the demand for housing alongside improvements to supply. Demand side measures, such as the reform of property taxation could help to mitigate house price cycles. In any reform of council tax, consideration should be given to having an element of this tax which is more closely related to property prices.

PLANNING FOR DEVELOPMENT

20 The Review makes a number of recommendations to improve the working of the planning system. At the centre of these recommendations is the principal objective that planning should take more account of, and use market information. That does not mean that planning should in all cases follow the market, in some cases decisions should contradict market signals. But there must be a clearer rationale for why this is necessary (for example, tackling market failures associated with housing abandonment in low demand areas) and a full understanding of all the consequences of these decisions, at local and national level.

21 Planning at regional and local levels needs to respond by:

- making better use of information about prices and preferences; and
- the process needs greater certainty and speed, though not at the expense of making bad decisions.

22 Central to achieving change is the recommendation to allocate more land for development. This certainly does not mean removing all restraints on land use, on the contrary the review advocates more attention be given to ensuring the most valuable land is preserved. But housebuilders would have greater choice as to which sites to develop, increasing competition. And it would also allow a quicker and more flexible response to changing market conditions on the upside.

23 A stronger role for regional planning bodies is recommended, with an independent Regional Planning Executive charged with setting out advice on market affordability targets, housing numbers, strategic growth areas and co-ordinating links between the key players (infrastructure providers, developers and English Partnerships).

³ This calculation assumes that 60% will be built on brownfield sites, and that dwellings will be built at a density of 30 per hectare. It also includes an allowance for related infrastructure.

24 At the local level, alternative routes to gaining planning permission are proposed which aim to speed up the process and increase certainty – while preserving opportunities for vital community involvement and the principles of sound design.

DELIVERING DEVELOPMENT

25 Land will only get developed if:

- the right incentives are in place for those making development decisions; and
- development is facilitated where market or government failures, particularly co-ordination failures, block permissioned development from occurring.

26 Reforms to local government finance are proposed, to align the incentives facing individual local authorities with the costs and benefits to society more widely. Funding flows need to be more forward-looking, and local authorities allowed to ‘keep’ for a period some or all of the council tax receipts generated by new housing.

27 Infrastructure providers need to be involved in developing regional and local plans from an early stage. They should then need to use their powers to direct refusal of planning permission, for development which accords with the plan only rarely.

28 English Partnerships should play a lead role in delivering development by assembling land and managing the issues around complex sites. Planning authorities should seek the best of the range of special purpose vehicles available to drive development where there are problems with land acquisition and infrastructure. A new Community Infrastructure Fund should be established to fund the up-front costs of infrastructure needs which are blocking development.

29 Section 106 needs reform to provide more certainty and simplicity. The Government is presently consulting on one way to achieve this. However, if the recommendation to introduce a Planning-gain Supplement is accepted, this would offer the opportunity to achieve this objective by scaling back Section 106 to cover the direct impact of development and contributions to social housing only.

CONTRIBUTING TO DEVELOPMENT

30 In principle taxation is often the best way to deal with externalities. However, using taxation as a means to increase the supply of land directly is unlikely to be successful, mainly because the role of the planning system in changing the value of sites reduces the effectiveness of price signals, and would create concerns about the fairness of the tax regime. In the context of land, tax may also be a blunt instrument, because of the individual nature of each site with regard to the balance between the social and private costs of development.

31 However, taxation can have other roles to play. In particular, windfall profits otherwise known as development gains often arise as a result of development decisions. The Government should actively pursue measures to share in these windfall gains, which accrue to landowners, so that these increases in land values can benefit the community more widely. The value captured can be used as a funding stream for a number of other policies.

32 Several options for capturing development gain have been considered, including development gains tax, changes to the VAT regime, and developer contributions paid on the grant of planning permission. It is proposed that the granting of planning permission would be a suitable point in the development process to levy a charge based on local land values. This Planning-gain Supplement would fall largely on landowners, with little impact on house prices.

33 In general, imposing a tax on an activity discourages its supply – but given the interaction of land supply with the planning system this effect could be expected to be small, provided that tax rate is not set at too high a level. More importantly, the proposed tax is part of a package of policies set out in this Review, which, taken together, aim to increase the supply of land and planning permissions.

ACCESSING HOUSING

34 The number of social houses built in the UK has fallen from around 42,700 per year in 1994-95 to around 21,000 in 2002-03. In recent years expenditure on social housing has increased, from £800 million in 2001-02 to over £1.4 billion in 2003-04, however the rate of new supply has continued to decline. This is due both to the strong rise in land prices (which has pushed up the cost of units) and the importance attached to improving the existing stock of social housing (bringing the proportion of social units falling below the decency threshold down from 46 per cent in 1996 to 33 per cent in 2002).

35 It is estimated that, over the next ten years, the number of social and affordable houses provided will need to be increased by at least 17,000 per year, requiring annual investment building up to around £1.2 billion, in order to meet the flow of new needy households. If the backlog of those whose need has not been met in the past is to be reduced, then up to 23,000 further houses would need to be supplied, at a cost building up to £1.6 billion. Not all of this cost would necessarily have to be met by Government – there may be further capacity among the Registered Social Landlord (RSL) sector, and some private suppliers are also developing models which seek opportunities to provide without public subsidy.

THE DEVELOPMENT INDUSTRY

36 The recommendations in the Review are intended to change the environment within which the housebuilding industry operates. Reduced house price volatility should lead the industry to be more willing to supply, and there should be less need to focus intensively on land. However, the industry needs to demonstrate a willingness and capability to respond to this changed environment.

37 The Review sets the industry challenging targets to improve service quality and consumer satisfaction ratings and to increase investment in skills and improved production techniques.

38 Local authorities should also consider the level of competition in the new build market when granting permissions. They should discuss the build out rates for large sites, and, where appropriate, encourage developers to split up these sites.

CONCLUSION

39 To improve the responsiveness of UK housing supply, many of the above recommendations are needed. Greater responsiveness could occur without there being a step change in the level of housebuilding – but this is also considered to be necessary at rate present time. Such a step change may mean more direct action by Government, for example through special purpose vehicles to drive forward delivery.

40 This Review was established with a UK remit, but given the devolved nature of housing and planning policies, many of the recommendations apply only to England. The devolved administrations will need to consider for themselves whether these recommendations are appropriate to their own circumstances, in the light of the policy changes the UK Government decides to adopt.

Appendix JS22

The Barker Review: A Decade On (24 March 2014)





Barker Review

a decade on

March 2014

Introduction

The decade that has passed since Kate Barker conducted her Review of Housing Supply for the Government has seen a worsening in all indicators of housing affordability and the associated prospects for aspirational would-be homeowners. Despite the best efforts and intentions of successive ministers, the 10 years since the Review has ultimately been a lost decade in terms of addressing the shortcomings of the housing market. There can be no doubt that the housing crisis facing the country in 2014 is far greater than that discussed by Barker in 2004.

The Barker Review did have a major impact on the policy environment and framework for housing supply. In policy terms it was certainly the most significant report of the first decade of the new millennium, and probably the most significant review since the 1977 Housing Policy Green Paper, and it triggered a range of planning reforms and responses from the industry. However, its impact was undoubtedly overshadowed by the global financial chaos that followed in the years afterwards.

It is testament to the quality of Kate Barker's analysis and the soundness of her recommendations that almost 30 of the 36 recommendations were subsequently implemented by the Government or by industry, especially when considering that several recommendations not carried through by the Government that commissioned the review have subsequently been adopted – in some form – by the Government which came to power in 2010. Some other recommendations were soon after the publication of the report rendered irrelevant by changes to the structures or delivery mechanisms, such as the consistent reform of the English regional government system or the abolition of Public Service Agreements (PSAs).

The severe global recession that followed the implementation of these many reforms inevitably meant that they were extremely unlikely to bring about any sustained increase in house building rates. Indeed, the industry was near decimated by the recession that took hold in 2007-8. However, with what we know now, it is also very hard to see how the reforms of the 2004 system, even without the financial crisis, would alone have delivered the step-change in house building that was required in 2004 and is even more desperately needed in 2014.

One of the most valuable analyses conducted for the Barker Review was the consideration of affordability levels, the various possible objectives and the likely number of housing starts required to achieve each of these ambitions. These ranged from the government's plans at the time to reduce housing inflation to 2.4%, thereby merely reducing the rate at which households were being priced out, up to the most ambitious objective of 'improving the housing market'. A retrospective view of these targets and the actual level of housing supply delivered over the last decade, discussed below, paints a bleak picture. Whether it is because of the limits of the measures recommended and adopted, the impact of the economic turbulence that was to come or, most likely, a combination of the two factors with others thrown in, the crisis in housing supply has drastically worsened in the 10 years since Barker authored the Review of Housing Supply.

Meeting Barker's most optimistic objective of improving the housing market and pricing many more households back into the marketplace would have required an estimated 260,000 private housing starts per year. In 2014 we are now 1.45 million homes short of where we would have been had this been achieved, and the effect of this on housing affordability is nowadays the subject of daily

discussion, media reporting and concern for millions of mainly young people for whom the dream of home ownership is increasingly out of reach and for whom private renting is also very expensive. Even against the most modest of the objectives, the country is now 450,000 homes short of where it should be, with little prospect that the cumulative shortfall will be reduced any time soon. Meanwhile the middle of the three house price targets, to 'reduce the long-term trend' in house price inflation has been missed by just under a million homes and counting. To put this into stark context, that is the same number of homes in the Birmingham primary urban area (the City of Birmingham and surrounding local authority areas).

Barker's research was based on the fact that there would be around 179,000 households formed in each year in the years after 2004. The gravity of the situation today can be summed up by the latest projections of household formation which are now more than 40,000 households per year higher than the evidence used to inform her Review. By applying an equivalent proportional increase to the objectives set out in the Barker Review, we can now estimate that the most modest objective, that would merely see fewer households priced out each year, i.e. slowing down the rapid decline in affordability but not reversing it, would now require a sustained house building rate of 200,000 private housing starts per year. Meanwhile the target of 'improving the housing market' has never been further out of reach, likely requiring an average of 320,000 private housing starts per year.

For every year that these requirements are not matched by the granting of planning permissions and the laying of foundations, the country's affordability crisis deepens and prospects for future generations grow even gloomier.

Policy measures such as the Help to Buy Equity Loan, introduced in April 2013, have, in a very short space of time, proven to be incredibly powerful in boosting supply of new homes by ensuring that those households who would in the past have been able to obtain and service a mortgage are once again able to do so, but the longer term challenge is one of planning. As the economy recovers, some form of normality is restored and the country begins to seriously address the social and economic disaster that has quickly built up in this lost decade, the key challenge now is to address the long-term supply of permissioned land.

Summary

By 2004 the housing crisis was already building...

It is 10 years since the then Chancellor and Deputy Prime Minister commissioned the economist, Kate Barker, to conduct a review of housing supply and make recommendations to improve the functioning of the housing market

The review examined three scenarios for real house price trends ranging from slowing the rate at which households were being priced out to a long-term reduction of house price inflation:

2.4% per annum; the then government's target aimed at slowing the rate at which households were being priced out of the market. Private house building would have had to increase to 160,000 starts per year in order to achieve this
1.8% per annum; to reduce the long-term trend. Private house building would have had to increase to 200,000 starts per year in order to achieve this
1.1% per annum; the EU average at the time, it was considered that achieving this would 'improve the housing market'. Private house building should increase to 260,000 starts per year in order to achieve this

Failure to implement development-friendly policies and the impact of the financial crisis has resulted in a lost decade...

Even against the most modest of these housing targets, which was met once, in 2005/6, the average annual shortfall has been 45,000 homes

Measured against the objective of improving the housing market, the average number of starts over the decade has been 145,000 per year down on the target figure of 260,000

Measured against the middle of Barker's three price inflation targets, **the shortfall of homes over the decade now stands at an estimated 953,000 homes**. This is on top of a backlog that was already large (estimated at between 93,000 and 146,000) – and growing – in 2004.

To put this into perspective, this is equivalent to:

The number of homes in Birmingham and surrounding areas¹
 Half of the Social Housing Waiting List in 2012/13²
 The number of households in Latvia³

Even if the number of starts rose to 210,000 per year overnight, assessed against the middle objective of 'reducing the long-term rate of inflation', the country would be four and a half years behind where it was in 2004

¹ *Cities Outlook 2014*, Centre for Cities data on housing stock, based on information from 2012 for 64 'Primary Urban Areas'. Figures for the Birmingham urban area drawn from data from the local authority areas of Birmingham, Wolverhampton, Solihull, Walsall and Dudley

² DCLG Live Table 600

³ UN Demographics Yearbook

The building of 953,000 homes would require around 0.17% of the available land in England.⁴ Approximately 10% of England is classified as urban, with 1.1% used for domestic buildings

A decade on we are 1.45 million homes short of where Kate Barker projected would have brought about an improved housing market.

But the situation now is even worse...

Barker's research was based on an annual household formation rate of 179,000 for the period to 2011, and while this was largely borne out, the ONS now provisionally projects that 221,000 households will form in each year between 2011 and 2021

Applying the same proportional increase to the objectives and targets examined by Barker in 2004 presents a very gloomy picture for housing affordability in the future

A basic estimate would suggest that in order to achieve the very modest objective of slowing the increase in the affordability gap so that fewer new households are priced out of the market, 200,000 private housing starts are now required each year – a figure last achieved in 1972-73.

'Improving the housing market', would now require 320,000 private housing starts per year over a sustained period, a figure achieved in England in only four years since World War II.

⁴ Based on average density of new development in 2011, *Land Use Change Statistics in England 2011*, DCLG (19 December 2013)

Background to the review in 2004

The Barker Review of Housing Supply, authored by economist, Kate Barker, was published on 17th March 2004. It had been commissioned a year earlier by the then Chancellor, Gordon Brown, and Deputy Prime Minister, John Prescott. Barker was commissioned to examine the operation of the housing market and address land and planning issues that contribute to market volatility and a lack of supply. The immediate background was the failure of housing completions to rise in the 1990s in response to the improved economic and demographic conditions, so that by 2001 completions had fallen to their lowest peace-time level since 1924; even lower than the trough experienced during the early 1990s recession.

Specifically, the remit included:

'issues affecting housing supply in the UK, including competition, the capacity and finance of the house building industry, new technology possible fiscal instruments, the interaction of these factors with the planning system, and sustainable development objectives'.⁵

In her Foreword to the resulting report, written as an open letter to the then Chancellor of the Exchequer and Deputy Prime Minister, the report's author noted that 'housing provision is often controversial and provokes strong reactions'. Barker also warned that 'a weak supply of housing contributes to macroeconomic instability and hinders labour market flexibility, constraining economic growth.'

The report considered a range of prospective objectives for housing completions based around reducing the real house price trend to varying rates around 2% per annum and then proposed 36 recommendations, exploring the role of planning, infrastructure, utilities as well as public land and customer satisfaction with new build homes.

Kate Barker was under no illusions about the scale of the task and the range of actors needed to play their part:

'Delivering an adequate supply of housing requires action by all players: Government; the housebuilding industry; social housing providers; communities and local authorities.'⁶

⁵ Budget Policy Note PN1: *Building a Britain of Economic Strength and Social Justice*, 9 April 2003

⁶ Barker Review: Final Report, page 12

Objectives and housing supply requirements

A better functioning housing market, it was argued, would require a reduction in the trend rate of real house price growth from the 2.7% that was seen in the 20 years before 2004.

Looking at 2002/3 and taking the gross 140,000 private sector starts in that year as a baseline, the Barker Review modelled three scenarios for reducing the trend rate in England, ranging from the pre-existing government plans for reducing the rate to 2.4% to (the then European average trend of) 1.1% in order to 'improve the housing market'.

Scenario	Real price trend	Additional private sector houses required p.a.	Average no. newly formed households priced into the market p.a.		Additional social sector houses required to 2011 p.a.
			2011	2021	
Government plans	2.4%	20,000	-5,000	-7,000	n/a
Reducing the long-term trend	1.8%	70,000	Nil	5,000	17,000
'Improving the housing market'	1.1%	120,000	5,000	15,000	21,000

(The Barker Review of Housing Supply)

Broadly, the three scenarios plotted by Barker range can be categorised as:

'Government plans': Slowing down the rate of increase in the affordability gap by increasing house building by 20,000 per annum on top of 2002-3 figures.

'Reducing the long-term trend': Halt the increase in the affordability gap and slowly make the market more affordable over a 20 year period by building an additional 70,000 homes per annum on top of 2002-3 figures.

'Improving the housing market': Begin the turnaround in affordability slippage within five years and make the market much more affordable over the long-term by building an additional 120,000 homes per annum on top of 2002-3 figures.

Achieving the desired improvement in the housing market would, it was asserted, require an additional 120,000 housing starts per year on top of the 140,000 in 2002/3, taking the annual total to 260,000. According to the Review's modelling, this scenario would see between 5,000 and 15,000 newly formed households priced into the market in each year between 2011 and 2021.

Even a more modest long-term reduction which would halt the deterioration in affordability levels and begin to price in newly formed households towards the end of the 2011-2021 period would have required 210,000 private sector housing starts per annum and 17,000 additional affordable homes per year.

Assumptions

The modelling for the Barker Review was based on assumptions for household formation rates and household size projections that were available in 2004. The figures estimated that an annual net increase in households of 179,000 p.a. in each year between 2002 and 2011.

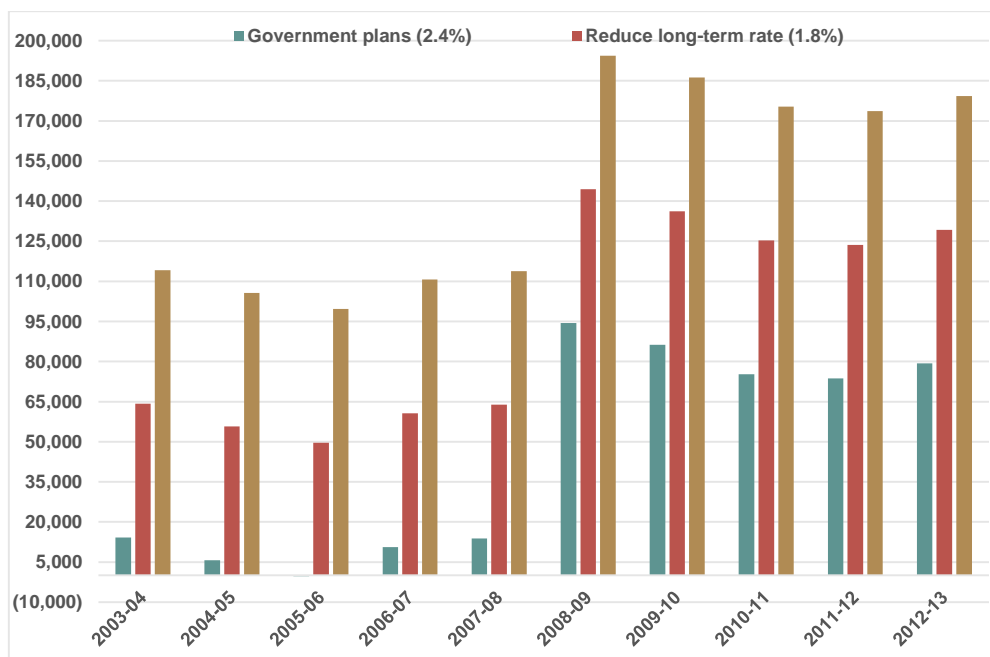
According to the Office for National Statistics (ONS) these estimates were broadly borne out by the formation rate recognised at the 2011 Census, though it is impossible to accurately measure the impact that housing undersupply in the years up to 2007, and the financial crisis and resulting tightening of the mortgage market in more recent years has had on actual household formation.

Recent figures from the ONS show that the number of people aged 20-34 living with their parents has increase by 790,000, to 3.35 million since the publication of the Barker Review, greatly accelerating a trend that had been in existence before 2004 but to nowhere near the same level. Indeed, since the beginning of the credit crunch the average annual increase in young adults residing with their parents has been 3.9% per annum compared with 1.4% per annum in the six years up to 2007.⁷ In addition the rate of home ownership has fallen very sharply amongst households, and especially among those aged under 35.

House building rates since 2004

As we have seen, the Barker Review's central objective was to provide recommendations on interventions and reforms with the aim of achieving between 210,000 and 260,000 new homes per year to 2021. In the 10 years since 2003, the lower target of 160,000 private starts per year has been achieved on just one occasion (2005-06). Even in 2005-06, the number of starts was 50,000 short of 'reducing the long-term trend' in real house price inflation and 100,000 short of the number required to improve the housing market, as defined by Kate Barker.

Shortfall of housing starts against model scenarios, 2003-2013 (England)



The chart above shows the annual gap between actual private housing starts and the projections targeted by Barker under each of the three scenarios. On

⁷ <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/sty-young-adults.html>

average, over the decade and taking in both economically vibrant and depressed periods, the shortfall in the required number of starts compared with actual starts was:

- 45,000 homes per year short of the objective of slowing the rate at which housing was becoming unaffordable
- 95,000 homes per year short of the objective of halting the long-term trend and slowly making the market more affordable
- 145,000 homes per year short of the objective of improving the housing market

The failure to achieve the required build rate has been exacerbated by the recession which led to a single year fall of more than 55% in the number of private housing starts as mortgage finance seized up and confidence plummeted. By 2013 the cumulative shortfall against the level of output estimated to reduce the long-term real house price growth to between 1.1% and 1.8% had reached between 950,000 and 1.45 million, roughly four to seven years of the required supply. The table below illustrates this. Even the most modest objective of the

Year	Starts	Shortfall against Barker's modelled scenarios					
		Government plans to reduce to 2.4% trend (160,000 starts)		Reduce long-term rate (1.8% trend) (210,000 starts)		Improve the housing market (1.1% trend) (260,000 starts)	
		Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
2003-04	145,800	14,200	14,200	64,200	64,200	114,200	114,200
2004-05	154,310	5,690	19,890	55,690	119,890	105,690	219,890
2005-06	160,320	(320)	19,570	49,680	169,570	99,680	319,570
2006-07	149,350	10,650	30,220	60,650	230,220	110,650	430,220
2007-08	146,160	13,840	44,060	63,840	294,060	113,840	544,060
2008-09	65,560	94,440	138,500	144,440	438,500	194,440	738,500
2009-10	73,770	86,230	224,730	136,230	574,730	186,230	924,730
2010-11	84,710	75,290	300,020	125,290	700,020	175,290	1,100,020
2011-12	86,350	73,650	373,670	123,650	823,670	173,650	1,273,670
2012-13	80,710	79,290	452,960	129,290	952,960	179,290	1,452,960

three – effectively to slow the rate of increase in affordability gap – was achieved just once, while the best that has been achieved against the target of actively improving the market saw a shortfall of 100,000 homes.

A decade on therefore from publication of a major government-commissioned report to address the pre-existing housing shortage, the country is now around half a million more homes short of where the pre-existing plans had projected we would be at prior to the Review taking place. Set against the objective of improving the housing market, the shortfall in the number of new homes over the 2004-2014 period represents the combined housing stock of Manchester, Liverpool and Bristol combined⁸, or of the number of households in the Republic of Ireland.⁹

⁸ *Cities Outlook 2014*, Centre for Cities data on housing stock, based on information from 2012

⁹ *Private households by Household Type, Measurement, Country and Year*, UNECE Statistical Division 2011

Even against the middle of Barker's three target scenarios, the country is now 953,000 homes short of a housing stock required to reduce the long-term rate of house price inflation and price households back into the market. This is the same number of homes as can be found in Birmingham and its surrounding area.

The 10 years that have passed since the Barker Review was published have seen the crisis intensify; in practice, despite the best of intentions, it has clearly proved a lost decade. The table below shows the extent to which the country has fallen behind in correcting market and regulatory failure in the housing market. Should supply factors be addressed to such an extent that 160,000 private starts could be achieved, in order to address the cumulative shortfall, 2.8 years' worth of supply would be needed overnight to address the backlog and effectively start again at the 'square one' that Barker began from. Even if this rose to 210,000, an additional 2.2 years' worth of the same supply would be necessary to reinstate the kind of conditions seen in 2004.

Scenario	Cumulative shortfall	Years of supply at given annual build rates (total private homes p.a.)			
		80,000 starts (2012-13)	160,000 starts	210,000 starts	260,000 starts
Government plans	453,000	5.7	2.8	2.2	1.7
Reduce long-term rate	953,000	11.9	6.0	4.5	3.7
'Improve the market'	1,453,000	18.2	9.1	6.9	5.6

Recent research on household formation and its impact on Barker's suggested objectives

Official statistics released in April 2013 projected an increase in household formation of 221,000 households per year between 2011 and 2021.¹⁰

This represents a 42,000 increase on the annual household formation rates experienced in the decade 2001-2011, a 23.5% rise. If accurate, the decade 2011-21 will see the biggest increase in household numbers of any decade since. The table below applies this increased demand to the house building rates put forward by Barker to provide an estimate of the housing starts required to meet the three objectives offered in her report.

	Required housing starts	
	2004 estimate	2013 estimate
Government's plans: slowing the increase in affordability gap	160,000	200,000
Reducing the long-term trend in house price inflation	210,000	260,000
Improving the housing market	260,000	320,000

¹⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190229/Stats_Release_2011FINALDRAFTv3.pdf

The cumulative shortfall in housing starts and completions over the last decade and the interconnected demographic pressures mean that each of the objectives discussed in Barker's final report would require a substantial increase in housing output compared with what was suggested in 2004.

The 2004 target figure for this objective was 260,000 – this is now the same amount that would be estimated to be required in each year in order to achieve the less ambitious objective of 'reducing the long-term trend in house price growth'.

Indeed, even the most modest objective discussed in the 2004; reducing trend house price inflation to 2.4% p.a. could now require 200,000 private starts in each year over a sustained period, a level of overall house building only achieved once in the last 35 years – way back in 1972-73.

Annex A - Barker Review recommendations

Kate Barker made 36 recommendations to Government, regional and local bodies and the house building industry. Not all were taken forward and many others have since been overtaken by broader reforms such as the abolition of regional government and regional planning.

Recommendation 1: Government should establish a market affordability goal. This goal should be incorporated into the PSA framework to reflect housing as a national priority.

Status: Introduced in full by 2008

Public Service Agreements (PSAs) were introduced by the previous Labour Government with departments set targets according to their own policy objectives. In 2008 the framework was reformed to introduce 30 cross-governmental PSAs underpinned by 'Departmental Strategic Objectives'.

By the time that PSAs were abolished by the Coalition Government, a PSA had been introduced aimed at increasing housing supply:

PSA 20: Increase long term housing supply and affordability

In autumn 2009, the government had assessed performance against this target as demonstrating 'strong progress'.

Recommendation 2: Local authorities should use their powers to charge more for second homes to improve efficiency of the use of stock

Status: Introduced in part in 2004 and in full in 2013

In 2003 Council Tax rules previously meant that second homes and long-term vacant properties qualified for a discount of 50%. The then Government then gave local authorities the discretion to reduce the discount to as low as 10%.

The current government has since given authorities the power to charge second home owners full rate Council Tax. This measure, introduced as part of the wide-ranging Local Government Finance Act 2012, came into effect in April 2013.

Recommendation 3: Further research should be undertaken to improve the evidence base for housing policies, for example on the relationship between housing, economic growth and deprivation at a micro level.

Status: Introduced in full in 2006.

The National Housing and Planning Advice Unit (NHPAU) was established in 2006 with the aim of advising the government on the impact on affordability of planned housing provision, and it produced a range of valuable research reports. The NHPAU was abolished in June 2010. We have no comparable source of research and evidence.

The Spatial Economics Research Centre (SERC), based at the London School of Economics (LSE), was established in 2008 and brings together researchers from across the country to extend understanding as to why some regions, cities and communities prosper while others do not. A major strand of the Centre's work is on housing and land markets. The centre is funded through grants from the Economic and Social Research Council, Department for Business, Innovation and Skills (BIS), the Welsh Assembly Government and (between 2008 and 2011) the Department for Communities and Local

Government. SERC's work has, in recent times, focused considerably on housing costs and price volatility and how supply constraints contribute to these factors.

Recommendation 4: Government should establish a review of the housing market to report in no more than three years' time. The purpose of this review would be:

- to measure Government's progress in implementing the recommendations set out in this Report; and
- to assess progress towards achieving a more flexible housing market and to identify any further obstacles.

Status: Not introduced

In its official response the Government reported that it would 'continue to monitor progress in achieving a more flexible housing market'. No formal review took place.

Recommendation 5: Each region, through the Regional Planning Body, should set its own target to improve market affordability.

Status: Not formally introduced; Government Office Regions abolished in 2011; Local Plans, introduced through the National Planning Policy Framework in 2012, are required to 'take account of... affordability

Recommendation 6: The Regional Planning Bodies and Regional Housing Boards should be merged to create single bodies responsible for managing regional housing markets, delivering the region's affordability target and advising on distributing resources for social housing. These Regional Planning and Housing Bodies (RPHBs) would continue to be responsible for the Regional Spatial Strategy (RSS) and the integration of housing with other regional functions.

Status: Regional Planning Bodies and Regional Housing Boards were merged in 2006 and abolished in 2011

Recommendation 7: Government should set out technical guidance, accompanying a revised Planning Policy Guidance 3 (Housing), on determining the scale and allocation of housing provision at the regional level to ensure that methodologies reflect a full consideration of the economic, social and environmental costs and benefits of housing at the regional and local level.

Status: Introduced in 2006

The National Housing and Planning Advice Unit (NHPAU) was established in 2006 and asked to develop a single methodology. The NHPAU was abolished in June 2010 and regional planning was abolished in 2011.

Recommendation 8: Government should set out guidance on the composition of Regional Planning and Housing Bodies.

Status: Not introduced. Government Office Regions were abolished in 2011

Recommendation 9: Local plans should be more realistic in their initial allocation of land, and more flexible at bringing forward additional land for development. When allocating land sufficient to meet their targets for additional dwellings, local authorities should allow for the proportion of sites that prove undevelopable, often as a result of site-specific problems. In drawing up their plans, local authorities should identify their own historic shortfall and allocate an equivalent amount of land to fill this implementation gap.

Status: Introduced in 2006

Planning Policy Statement 3 (PPS 3), published in 2006, instructed local authorities to establish a five year supply of land for residential development in accordance with the needs of the area. This was underpinned by a Departmental Strategic Objective for 90% of authorities to have a five year land supply by 2011. A survey in 2010 found that just over 60% of councils had identified a five year supply.

The National Planning Policy Framework, published in 2012, superseded previous planning guidance and policy statements. It said that local authorities should identify and update annually a 'supply of specific deliverable sites' for five years' worth of housing supply with an additional 5% buffer. In local authority areas in which there has been a record of persistent under-delivery of housing, planning authorities should increase the buffer to 20% 'to provide a realistic prospect of achieving the planned supply'.¹¹

Recommendation 10: Planning guidance should be amended to advise regional and local planning authorities on assessing the value of land to society. This would enable planners to take account of the relative values that society places on different types of land use when allocating land in local development frameworks, recognising the inevitable difficulties with interpretation of this data. The general principle of containing urban sprawl through greenbelt designation should be preserved. However, planning authorities should show greater flexibility in using their existing powers to change greenbelt designations where this would avoid perverse environmental impacts elsewhere. Any change in the designation of greenbelt land should require a strong evidence base, taking full account of the value that society attaches to different types of land use in an area.

Status: Introduced in 2006

Planning Policy Statement 3 (PPS 3) highlighted how Sustainability Appraisals could prove effective in considering the economic, social and environmental costs and benefits of development options. The NPPF reiterated that changes to Green Belt boundaries should be the result of transparent a transparent review of a Local Plan and only be altered in 'exceptional circumstances'.

Recommendation 11: Housing developments differ in their nature. It is not appropriate to apply the same development control process to all developments. The Government should introduce two additional routes for developers to choose between, when applying for planning permission:

- Outline only route – applicants would put forward an outline application which contained more detail than is currently required. Local councillors would grant outline permission, but the granting of outline permission would mark the end of both the formal consultation process and of councillors' involvement. Any outstanding issues or reserved matters would be dealt with by planning officers.
- Design code route – applicants would put forward a proposal for development supported by a design code. Local councillors would satisfy themselves that the code had been drawn up in accordance with planning guidance on both design and community consultation and, if so, would adopt a Local Development Order (LDO) to cover the identified site. This would automatically waive the need for permission to be granted. Planning officers would then monitor to ensure that the conditions set out in the code were met.

¹¹ *National Planning Policy Framework*, Paragraph 47

Status: Not formally introduced

Whilst some Local Planning Authorities trialled design code led development and results were generally good with swifter approval processes, such practice is by no means widespread.

Recommendation 12: Government should take a rigorous approach to revising PPG3. Future revisions should be grounded in an evidence base and should be subject to scrutiny from a panel of housing and planning stakeholders, including the development industry. Restrictions on development should have an identifiable and evidenced benefit that outweighs their costs.

Status: Adopted

PPS3 was published in 2006, subsequently replaced by the NPPF in 2012. The first draft of the NPPF was produced with the input of a practitioners group which included developers and planning professionals.

The NPPF's presumption in favour of sustainable development addresses the need to evidence and identify any restrictions on development.

Recommendation 13: Government should allow Regional Spatial Strategies to deviate from PPG 3 where there is clear evidence to support a different approach within the region. While the agreement of the Secretary of State should be essential, it should only be possible for Government to reject an application to deviate on the grounds that the evidence is not strong enough.

Status: Introduced in 2006 through PPS3, regional planning abolished in 2011.

Recommendation 14: PPG3 should be revised to require local planning authorities to be realistic in considering whether sites are available, suitable and viable. Any site which is not available, suitable and viable should be disregarded for the purposes of the sequential test.

Status: Introduced in 2006 through PPS3. These principles were strengthened as part of the NPPF.

Recommendation 15: Government should assess whether consideration of appeals levels in the distribution of Planning Delivery Grant could help correct the potential perverse incentive for local planning authorities to reject planning applications in order to meet their performance targets. In future, the PDG should take greater account of outcomes, as well as processes.

Status: Introduced in 2005; the grant was replaced in 2008 by the joint Housing and Planning Delivery Grant in 2008 and in 2011 by the New Homes Bonus

In 2005 the Government introduced a measure of abatement into the PDG for authorities whose performance on defending appeals was poor. It was replaced in 2007/8 by the Housing and Planning Delivery Grant (HPDG) which introduced an element of performance-related grant for net housing additions.

In 2011 the new Coalition Government replaced HPDG with the New Homes Bonus which, it was argued, is more simple and transparent. The effectiveness of New Homes Bonus as a pro-development incentive is currently being evaluated by DCLG. In the 2013 Autumn Statement Treasury proposed withholding NHB from sites won on appeal.

Recommendation 16: In order to allow local planning authorities to focus on key development decisions, resources need to be released or strengthened. This could be achieved in a number of ways:

- a) Government should review the scope to increase the range of permitted development rights for householder applications, whereby certain types of development are allowed to proceed without planning permission.
- b) In the meantime, local authorities should bear in mind their power to vary these rights, once the Planning Bill has become law, through establishing Local Development Orders.
- c) Government should also consider increasing planning fees if additional resources are necessary.
- d) When dealing with large-scale developments, local planning authorities should follow existing best practice and form dedicated project teams, bringing together key public sector stakeholders.
- e) Where it is not practicable for authorities to develop the capacity necessary to manage large-scale developments, they should have access to additional planning and legal expertise or resources. This could be achieved through the Planning Advisory Service developing a team of 'trouble-shooters'.

Status

- a) Permitted development rights were increased in 2008 through an amendment to the Town and Country Planning Act 1990. A further major expansion of householders rights took place in 2013.
 - b) The Planning and Compulsory Purchase Act 2004 which took effect from 2006 included provisions on Local Development Orders
 - c) Planning fees were increased by an average of 39% in 2005. Fees have increased several times since then including a one-off average annual increase of 15% in 2011/12. In 2010 the Government consulted on local fee setting but decided against taking this measure forward
 - d) In 2008 the Government published guidance on Planning Performance Agreements in conjunction with the Advisory Team on Large Applications (ATLAS)
 - e) ATLAS was created as an arm of the Planning Advisory Service using additional funding to English Partnerships
- More generally, local planning authorities are seriously under-resourced and house builders encounter protracted delays was a result. No measures are currently in place to boost LPA resources or manpower.

Recommendation 17: Central government funding settlements for local authorities should be made more forward looking. The Government should include in its calculations of Formula Spending Shares a variable to reflect expected housing growth in an area, drawing on housing targets set by the reformed regional planning process.

Status: Introduced in 2005

In July 2005 the Government announced that the move to three year settlements would include the use of projections of changes in populations and the council tax base

Recommendation 18: Building on the broadly positive response to its Local Authority Business Growth Incentive proposal, the Government should consider ways of incentivising local authorities to meet housing growth targets. One way would be to disregard, for a period of possibly up to three years, some or all of the council tax receipts generated by new housing from the calculation of a local authority's grant allocation. This additional revenue should not be ring-fenced.

Status: Introduced in part in 2011

In its formal response to the Barker Review recommendations the then Government cited the Planning Delivery Grant as the means of achieving a strong incentive for housing growth. In 2011, the Coalition Government replaced the reformed PDG with the New

Homes Bonus which provided a payment to local authorities for each net addition to the local housing stock based on the national average Council Tax bill.

Recommendation 19: All Government Departments and agencies should assess the demands implied by the Government's housing targets in their spatial planning and funding decisions. Departments' contributions to meeting ODPM's housing targets should be recognised within their own priorities, including Public Service Agreements.

Status: Not introduced

In the 10 years since the Barker Review there have been numerous announcements and targets have been set for releasing the surplus public sector land that is owned by Whitehall departments. Looking beyond surplus land, a lack of integration across Whitehall has hampered the delivery of sites all over the country. In particular, the failure to provide necessary infrastructure improvements has held back development in many cases.

Recommendation 20: To minimise delays to development, infrastructure providers, such as the Highways Agency and water companies, should be involved from an early stage in developing both the regional spatial strategy and the local development plan.

Status: Introduced in 2005

The Highways Agency (HA) became a major statutory consultee in the development of Regional Spatial Strategies. Under the new regime, the HA must report to the DCLG on its performance in responding to planning applications. In its most recent report the HA reported that 99.6% of responses were within 21 days of receiving the application. At the Autumn Statement in December 2013, the Government announced that it would consult on proposals 'to reduce the number of applications where unnecessary statutory consultations occur and pilot a single point of contact for cases where conflicting advice is provided by key statutory consultees.'¹²

Recommendation 21: English Partnerships (EP) should have a lead role in delivering development through partnering with public and private sector bodies in assembling complex sites, masterplanning, remediating land and developing supporting infrastructure. At the same time, Government should provide greater certainty as to the principles by which EP would, or would not, intervene, so as to avoid crowding out private sector activity, or stunting the development of new markets. Devolved administrations may wish to assess the roles of their own housing and regeneration agencies in the context of this Review's recommendations.

Status: Introduced

English Partnerships took on a more strategic role in bringing forward development on surplus public sector land and brownfield prior to its merger with the Housing Corporation and functions of the Department for Communities and Local Government in 2008. The new unified housing and regeneration agency, the Homes and Communities Agency (HCA) became operational in December 2008 and has gradually adopted a larger role in the assembly and disposal of public sector land. It is now responsible for disposal of almost all central government departments' surplus land.

¹² *Autumn Statement 2013*, page 103

Recommendation 22: A Community Infrastructure Fund (CIF) of £100-200 million should be established within ODPM. Regions should be encouraged to submit bids for support towards the up-front costs of medium-sized utilities and transport infrastructure schemes, which would bring forward otherwise unviable development. Bids for support towards gap funding schemes, such as the ringmaster approach for transport infrastructure, should be particularly welcome. In these instances, Government should seek to operate clawback mechanisms where this is practicable.

Status: Introduced in 2005

The Government announced at the 2004 Spending Review that a new £200 million Community Infrastructure Fund would become operational in 2005. Two rounds of funding were made before the new Government established a Local Infrastructure Fund at the Autumn Statement 2012. Initially worth £474 million, the Chancellor increased the Government's commitment at the 2013 Autumn Statement to extend the initiative to £1bn aimed at unlocking 250,000 homes over six years.

The Community Infrastructure Levy, introduced in 2011, gave local authorities the power to levy a charge on new developments in their area in order to raise money for infrastructure funding.

Recommendation 23: Central and regional government should be more strategic in its use of area-based special purpose vehicles to deliver housing development. Where problems of land acquisition, servicing and infrastructure provision are identified through the regional planning process, Government should engage with English Partnerships to identify the most appropriate vehicle for delivering development. Greater use should be made of both UDCs and New Towns, taking advantage of their ability to deliver both additional housing and the infrastructure necessary to support it.

New guidance on the circumstances to which different vehicles are most suited, and on using compulsory purchase powers, should be included in the proposed delivering development toolkit.

Status: Not formally adopted.

Since the Barker Review was published two active Urban Development Corporations (UDCs) have concluded their activities in Thurrock and in London Thames Gateway (covering 'London Riverside' and Lower Lea Valley). West Northamptonshire UDC is due to be wound down in April 2014. The London Legacy Development Corporation, is a Mayoral Development Corporation for the Olympic Park in Stratford set up using new powers bestowed upon the Mayor in the Localism Act 2011.

In advance of the 2014 Budget, the Chancellor, George Osborne, announced that the Government will establish a UDC to overcome the barriers to development in the planned 'Ebbsfleet Garden City'.

The Planning and Compulsory Purchase Act 2004 provided clarification on the use of compulsory purchase powers and the Planning Act 2008 was further intended to speed up the planning process for major infrastructure projects.

Recommendation 24: Section 106 should be reformed to increase the certainty surrounding the process and to reduce negotiation costs for both local authorities and developers. If the Government accepts the recommendations outlined in Chapter 4 concerning the capture of development gains:

- Section 106 should be 'scaled back' to the aim of direct impact mitigation and should not allow local authorities to extract development gain over and above this, except as indicated below. ODPM should issue guidance, or new legislation, to this end.
- Section 106 should retain its current affordable and/or social housing requirements as set out in Circular 6/98, and other specific regional guidance.
- Local authorities should receive a direct share of the development gain generated by the Planning-gain Supplement in their area, to compensate for a reduced Section 106. Local authorities should be free to spend this money as they see fit. This share should at least broadly equal estimates of the amount local authorities are currently able to extract from Section 106 agreements.

If the Government decides to maintain the current fiscal framework as it is, then it should press ahead with the Section 106 reforms, on which it has recently consulted, that aim to introduce an optional planning charge in place of a negotiated agreement. However, this would be second best and leaves open the possibility of prolonged and costly Section 106 negotiations for large developments.

Status: Introduced in a form in 2011

At the end of 2005 the Government consulted on the introduction of a Planning Gain Supplement as recommended by Barker. The Planning Gain Supplement (Preparations) Act 2007 allowed for preliminary preparations but the lack of widespread support, the industry's inability to design a workable PGS, and the worsening economic environment meant that PGS was not implemented.

By October 2007 the Government announced that it now favoured a levy on development to secure contributions from developers. The Community Infrastructure Levy (CIL) was legislated for through the Planning Act 2008. This was followed by implementing regulations in April 2010. Its future was thrown into doubt as the Conservatives, the lead partner in the new Coalition Government had previously stated that it would scrap CIL. By November 2010 the new Government indicated that it would press ahead with a reformed CIL. CIL was therefore finally confirmed in law at the passage of the Localism Act 2011.

Recommendation 25: Government should consider the extension of the contaminated land tax credit and grant scheme to land that has lain derelict for a certain period of time. This should be done on the basis that extra public money levered into the market through such a scheme would encourage genuine new investment in brownfield remediation, and not simply subsidise development that would take place in any case.

Status: Not introduced

The Government consulted on an extension of the tax credit but announced at the Budget 2006 that extending it to long-term derelict land was not possible to do in a cost effective way. The Treasury instead reiterated its commitment to redeveloping brownfield land.

Recommendation 26: Government should use tax measures to extract some of the windfall gain that accrues to landowners from the sale of their land for residential development. Government should impose a Planning-gain Supplement on the granting of planning permission so that landowner development gains form a larger part of the benefits of development.

Status: Not introduced

This was considered as part of the consideration of the introduction of a Planning Gain Supplement that was not taken forward after 2007.

Recommendation 27: The provision of social housing should be increased. At least 17,000 additional houses are required each year compared with current provision to keep up with demographic trends. Addressing the backlog of housing need would raise this to 23,000 per annum (assuming substitution from sub-market to market housing, as market affordability improves). Based upon current costs of provision, additional investment building up to £1.2 to £1.6 billion per annum would be needed to support this expansion, not all of which will be from Government.

Status: Adopted

Government expenditure on affordable housing increased during the period 2004-2009. The Coalition Government introduced a new Affordable Rent product in 2011 and the majority of the latest Affordable Housing Programme is available through this product. The 2015-18 programme aims to increase the supply of new affordable homes in England by making a contribution to the delivery of 165,000 in the three year period through investment of £1.7 billion.

Recommendation 28: Government should continue to explore the scope to achieve both greater RSL efficiency and higher funding through debt finance, to increase the level of housing through the most cost effective means.

Various reforms to housing association financing have taken place over the last decade. In recent years, following the reduction in public grant available and the drying up of traditional long-term bank finance, Registered Providers have increasingly explored options such as retail bonds. Places for People was the first to launch such a bond in 2012 with its 10 year inflation linked bond. In October 2013, the housing association A2Dominion followed suit.

Recommendation 29: Government should explore moving to an alternative scheme to Right to Buy and Right to Acquire, which is provided at lower cost and enables greater recycling of revenues to increase the social housing stock.

Status: Introduced in part in 2012

The current government introduced an increase in Right to Buy discounts for council tenants in 2012. This increased the discount cap to £75,000, accompanied by a new measure to ensure that each home sold is replaced by another new home for affordable rent.

Recommendation 30: Government should deliver its proposals to promote greater interaction between institutional investors and the residential property market, through the introduction of tax transparent property investment vehicles.

Status: Introduced in part

Over the last 10 years successive governments have considered the potential of institutional investment in the private rented sector. A discussion paper on the creation of Real Estate Investment Trusts (REITs) was published in 2005. The most recent and significant contribution to this debate was Sir Adrian Montague's report in August 2012. *The Review of the Barriers to Institutional Investment in Private Rented Homes* made a series of recommendations. This led to the 2012 Autumn Statement announcement of £200m equity finance for the building of private-sector rented housing, subsequently increased to £1bn because of the level of interest. The Treasury also announced a £10bn loan guarantee fund for Affordable Housing and private rented housing.

Recommendation 31: Planning Policy Guidance 3 (Housing) should require local planning authorities to have regard to the impact on competition when allocating sites in their Local Development Frameworks. For example, if there is a choice between allocating a number of small sites or a single large site for development, competition considerations would favour a larger number of smaller sites.

When granting planning permission on large sites, local planning authorities should discuss build out rates. To encourage faster build-out, planning authorities should use their discretion in setting time limits on planning permissions and seek to agree an expected build out rate, as a condition of planning permission. If the rate of build-out has not increased appreciably by 2007, subject to conditions in the housing market, Government should review all available policy options to address this issue.

Status: Not introduced

Recommendation 32: The housebuilding industry must demonstrate increased levels of customer satisfaction:

- The House Builders Federation should develop a strategy to increase the proportion of house buyers who would recommend their housebuilder from 46 per cent to at least 75 per cent by 2007. Over the same period, levels of customer satisfaction with service quality should rise from 65 per cent to at least 85 per cent.
- The House Builders Federation should develop a code of conduct by the end of 2004 for new house sales in full compliance with the framework provided by the Office of Fair Trading's Consumer Codes Approval Scheme. The code of conduct should require fair contracts complying with the Unfair Terms in Consumer Contracts Regulations 1999.

If progress is unsatisfactory, or if customer satisfaction levels do not rise substantially in the next three years, the Office of Fair Trading should conduct a wide-ranging review of whether the market for new housing is working well for consumers.

Status: Introduced in full in 2006

The Home Builders Federation introduced a Customer Satisfaction Survey in 2005 and the first results were published in 2006. The survey is undertaken by NHBC and has subsequently been extended to cover the whole industry, not just HBF members. Industry results are published annually, as are customer satisfaction Star Ratings for HBF member companies. Since its inception the Customer Satisfaction Survey has shown year on year improvements in customer satisfaction rates, so that in the latest results (covering 2012-13), 90% of home buyers said they would recommend their home builder to a friend and the same proportion were satisfied with the overall quality of their home.

The industry developed a Code of Conduct which was formally introduced in 1st April 2010.

Although the industry introduced a customer satisfaction survey and Code of Conduct, the OFT carried out a market study of the home building industry. The final report was published in 2008.

Recommendation 33: The House Builders Federation, in conjunction with NHBC, ConstructionSkills and other interested parties, should develop a strategy to address barriers to modern methods of construction. This strategy should be developed to fit alongside existing initiatives, working closely with Government to identify further measures that can be taken. A range of approaches should be explored, in particular actions by industry, and changes to NHBC policy and practice, as well as representations to Government on areas such as changes to building regulations.

Status: HBF led a project to follow up on this Recommendation, involving all the key parties. It produced a report which analysed the issues and concluded in essence that the barriers to greater uptake first and foremost stemmed from the lack of a sufficient assured

volume of housing supply (largely due to planning-related constraints) which meant that the potential economies and scale of MMC could not be achieved in practice. There were also recommendations on a range of other issues, including skills.

Recommendation 34: CITB-ConstructionSkills and the House Builders Federation should work together to develop a strategy for substantially increasing the take-up of apprenticeships from the current level of three apprentices per 100 workers, to bring the UK to the levels of leading international comparators, such as the Netherlands and Germany. The development of this strategy should also explore whether the appropriate number and range of courses exist, and whether housebuilders are investing sufficiently in their own workforce training, as well as addressing the skills needed for modern methods of construction. In the short term, Government should consider increasing support for skills in the construction sector, alongside any increases in the training levy. If skills constraints are not adequately addressed by March 2007, Government should conduct a review of the effectiveness and impact of CITB-ConstructionSkills in the housebuilding industry.

Status: Introduced in part but affected by the recession

HBF investigated these issues in the months after the Barker Review and commissioned Professor Michael Ball to report on whether the house building industry would have the capability to expand its skilled workforce to meet the objective of building more than 200,000 homes per year. Professor Ball's report, *The Labour Needs of Extra Housing Output*, published in 2005, estimated that each new dwelling creates 1.5 direct house building jobs, meaning that an output level of 250,000 homes per year would require a workforce of 375,000

HBF launched several initiatives with its Major Home Builders Group to run new apprenticeship pilots and adopted the Qualifying the Workforce (QtW) Initiative, amongst others. The QtW scheme has proven very successful and is still in operation.

Apprenticeship schemes and employment in the industry generally were very badly affected by the recession but the turnaround over the 12 months means that the industry is looking once again to rapidly expand its workforce and HBF is currently working with partners and members on the development of a new skills strategy

Recommendation 35: The industry should work together with CABI to agree a code of best practice in the external design of new houses. Where planners and housebuilders disagree on specific design issues, they should seek arbitration, possibly through CABI, to resolve these matters.

Status: Introduced between 2003 and 2007

HBF worked with CABI and Design for Homes to develop the Building for Life Guide (now the Building for Life 12 Guide)¹³ as an industry standard, endorsed by government, for well-designed homes and neighbourhoods. Its focus is much wider than on external design of individual dwellings, covering transport links and connections with existing neighbourhoods, way-finding and amenity space as well as character and context. Building for Life 12 demonstrates the favoured approach of an industry-owned means of promoting good urban design.

The genesis of Building for Life predates the Barker Review but the recommendations in 2004 led to an acceleration in adopting its principles and Building for Life was used as the basis for the first national audit of housing design quality during the period 2004 to 2007. It is now the accepted standard for central government, many local authorities and housing associations.

¹³ <http://www.designcouncil.org.uk/knowledge-resources/building-life-12>

Recommendation 36: The House Builders Federation, in consultation with its members, should draw up a best practice guide for voluntary compensation schemes to directly compensate those immediately affected by the transitional effects associated with development. This might include cash payments to individual households.

Status: Not introduced

Industry and government were cautious about implementing and the recommendation was not therefore taken forward. In January 2013 the Government announced that local communities would directly receive between 15 and 25% of CIL revenues collected by local authorities. In a proposal put forward in the National Infrastructure Plan in December 2013, the Government said it would develop a pilot that sees a share of the “development benefits” passed directly to individual households.



About HBF

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's members account for around 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

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*“The voice of the
home building
industry”*

Appendix JS23

The House of Lords Select Committee on Economic Affairs:
Building More Homes (15 July 2016)





HOUSE OF LORDS

Select Committee on Economic Affairs

1st Report of Session 2016–17

Building more homes

Ordered to be printed 5 July 2016 and published 15 July 2016

Published by the Authority of the House of Lords

Select Committee on Economic Affairs

The Economic Affairs Committee was appointed by the House of Lords in this session “to consider economic affairs”.

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[Lord Layard](#)

[Lord Burns](#)

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[Lord Turnbull](#)

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Declaration of interests

See Appendix 1.

A full list of Members’ interests can be found in the Register of Lords’ Interests:

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Q in footnotes refers to a question in oral evidence.

EXECUTIVE SUMMARY

“We are ... very conscious that we have not built enough homes in this country year on year for many decades ... We have been very clear that we want to be very ambitious. We want to deliver homes across all tenures. We want to drive home ownership up as well. Working to deliver one million homes in this Parliament is a target we should be very ambitious about, and go beyond, if we can.” Brandon Lewis MP, Minister for Housing, 22 March 2016.¹

A growing population, rising immigration and rising incomes have increased demand for housing in England in recent decades.² But, as the Minister admitted, too few homes have been built over this period. House prices and rents in some parts of England have risen sharply. There has been a decline in home ownership over the past decade. This, coupled with the decline in the number of homes available in the social sector, means that an increasing proportion of people are now housed by private landlords.

We must build enough homes to make housing more affordable for everyone—to rent or to buy. Aspirant home owners who are unable to afford a deposit pay substantial proportions of their income on rent; families on waiting lists for social housing contend with insecure tenancies and rogue landlords while spending on housing benefit has almost doubled in real terms over the last two decades.

As the Minister explained to us, the Government is aiming to address problems in the housing market by building one million homes in England by the end of this Parliament while also helping people into home ownership through various schemes.

Since the referendum on the UK’s membership of the European Union in June 2016, the Minister has effectively abandoned this target. Prior to the vote he warned that the target would be difficult to achieve if the UK voted to leave the European Union.³

On 1 July 2016, the Chancellor of the Exchequer effectively abandoned his target of achieving a budget surplus in 2019/20. This could pave the way for releasing restrictions on local authorities and enable them to boost housebuilding activity substantially as this report recommends.⁴

The Government’s ambition is welcome but this must be matched by appropriate action on a much larger scale than currently envisaged and across all tenures. The Government is primarily focused on building for home ownership, neglecting housing for affordable and social rent.

It has been ten years since 200,000 homes (the implied annual rate from the Government’s target) were added to the housing stock in a single year. But the evidence we have heard suggests this will not be enough to meet future

1 [Q 237](#).

2 As housing is a devolved matter, this report concentrates on England only. The problems highlighted and the solutions offered however could equally apply to other areas of the UK.

3 Mr Lewis told a Housing Conference: “I don’t set targets, I never set a target”. Inside Housing, *Lewis: million homes ‘was never a target*, 29 June 2016: <http://www.insidehousing.co.uk/lewis-million-homes-was-never-a-target/7015848.article> [accessed July 2016]

4 In a speech to the Greater Manchester Chambers of Commerce on 1 July 2016, the Chancellor said: “The Government must provide fiscal credibility, so we will continue to be tough on the deficit, but we must be realistic about achieving a surplus by the end of this decade. This is precisely the flexibility that our rules provide for.”

demand and the backlog from previous years of undersupply. To meet that demand and have a moderating effect on house prices, at least 300,000 homes a year need to be built for the foreseeable future. Otherwise the average age of a first time buyer will continue to rise.

In a functioning market, the private sector, housing associations and local authorities would be building enough to meet anticipated demand. But they are not. The business model of the large developers looks to profit margins rather than volume, housing associations are facing loss of revenue due to Government policy on social rents and local authorities, despite some having the appetite, are not in a position to finance large housebuilding programmes.

If the Government is serious about its desire to build more houses across all sectors, it should relax the arbitrary limits on how much local authorities are able to borrow to build social housing. There is no set limit on the amount a local authority can borrow to build a swimming pool, the same should apply to housing. The Government should also provide financial support and flexibility for local authorities to enter into partnerships with housing associations and institutional investors. A sustained increase in local authority housebuilding can take advantage of historically low long-term funding rates, deliver a consistent supply of new homes across the economic cycle and bring much needed competition to oligopolistic large building firms which dominate the housebuilding market.

A major source of land for housebuilding is land that is publicly owned. We welcome the Government's recognition of this, but efforts to release surplus land have been ineffective so far. The Government should make far more public land available for housing and give a senior Cabinet minister responsibility for the delivery of the programme, with support from the National Infrastructure Commission.

To stimulate building in the private sector, the Government should address the large gap between the number of planning permissions granted and the number of homes actually built. To penalise hoarders of permissioned land, local authorities should be granted the power to levy council tax on developments that are not completed within a set time period. To ensure local planning departments are adequately resourced, local authorities should be able to set and vary planning fees that are charged. The whole planning process should be simpler, more transparent and more helpful to small builders.

The Minister told us that the Government is "very ambitious" about its housing policy. By implementing the recommendations in this report, the Government will show it has the political will to meet that ambition.

OUR MAIN CONCLUSIONS AND RECOMMENDATIONS

The Government's housing target

1. The Government's target of one million new homes by 2020 is not based on a robust analysis. **To address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future.** One million homes by 2020 will not be enough.
2. To achieve its target **the Government must recognise the inability of the private sector, as currently incentivised, to build the number of homes needed.**
3. **The Government's focus on home ownership neglects other tenures;** those on the cusp of ownership are helped and those who need secure, low cost rental accommodation are not.
4. Local authorities and housing associations must be incentivised and enabled to make a much greater contribution to the overall supply of new housing. **Without this contribution it will not be possible to build the number of new homes required.** The likely reduction in the housing benefit bill over the long-term is a further reason to increase the supply of social housing.

Local authority building

5. The Government must ensure local authorities who wish to build social housing have access to the funds to do so. The current restrictions on the ability of local authorities to borrow to build social housing are arbitrary and anomalous. **Local authorities should be able to borrow to build social housing as they can for other purposes.**
6. We endorse the efforts of local authorities to innovate, cooperate and enter into partnership with others in the housing sector. **We encourage local authorities to share their experience and expertise to ensure the proliferation of successful schemes.**

Building on public land

7. **A senior Cabinet minister must be given overall responsibility for identifying and coordinating the release of public land for housing,** with a particular focus on providing low cost homes.
8. The number of new homes the Government expects to be built on public land by 2020 amounts to nearly one third of their housebuilding target. **The Government should ask the National Infrastructure Commission to oversee the number of homes that are actually built on public land.**
9. The release of public land provides a good opportunity to support the building of low cost homes and help smaller builders return to the market. **The requirement to achieve best market value when releasing public land should be relaxed.**

Planning reform

10. To incentivise local authorities and provide more resources for stretched planning departments, **the Government should allow local authorities to set and vary planning fees in accordance with the needs of their local area.**

11. There is a large gap between the number of planning permissions granted and the number of houses actually built. **We recommend that local authorities are given the power to levy council tax on developments that are not completed within a set time period.**
12. Overall, planning should be simpler, more transparent and more helpful to small builders.

Use of the existing housing stock

13. Council tax is regressive. **The bands should be amended so that owners of more expensive properties contribute proportionally more than owners of less expensive properties.** This should be done in a revenue neutral way.

Appendix JS24

National Housing Federation Press Release (18 May 2018)



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England short of four million homes

18 May 2018

Leading housing and homelessness charities call for the Government action to tackle the true extent of the housing shortage, ahead of its social housing green paper.

New figures that reveal the true scale of the housing crisis in England for the first time have been published today by the National Housing Federation – which represents housing associations in England, social landlords to 5 million people – and Crisis, the national charity for homeless people.

The groundbreaking research, conducted by Heriot-Watt University, to be published in full this summer, shows that England's total housing need backlog has reached four million homes. A new housing settlement is needed to address this shortage, providing a home for everyone who currently needs one, including homeless people, private tenants spending huge amounts on rent, children unable to leave the family home, and even couples delaying having children because they are stuck in unsuitable housing.

To both meet this backlog and provide for future demand, the country needs to build 340,000 homes per year until 2031. This is significantly higher than current estimates (including the Government's target of 300,000 homes annually), which have never before taken into account the true scale of housing need created by both homelessness and high house prices.

However, simply building a total of 340,000 homes each year will not meet this need – they will need to be the right type of homes. 145,000 of these new homes must be affordable homes, compared to previous estimates of the annual affordable housing need of around 78,000 [1]. This means that around two-fifths of all new homes built every year must be affordable homes – in 2016/17, only around 23% of the total built were affordable homes [2].

The new research also goes further than previous studies, breaking down exactly what type of affordable homes are needed:

- 90,000 should be for social rent
- 30,000 should be for intermediate affordable rent
- 25,000 should be for shared ownership

The research comes ahead of the publication of the Government's social housing green paper, expected in the summer. The Government promised the green paper, announced in September last year after the tragic fire at Grenfell Tower, would bring about a "fundamental rethink" of social housing in the UK. The social housing sector's leading voices, including the National Housing Federation, Crisis, Shelter, the Joseph Rowntree Foundation, and the Chartered Institute of Housing, are calling on the Government to use this opportunity to urgently redress the shocking shortfall in affordable housing.

- In September 2017, the Prime Minister promised to invest £2 billion in affordable housing, indicating that this could deliver around 25,000 new homes for social rent over the next three years.
- Even when it is made available, this new research shows it would deliver less than 10% of the social rented homes needed each year, so it is clear that additional funding is needed. However, this alone will not meet the full extent of the housing need in England.
- This means that the Government must make ambitious, comprehensive reforms to the land market to help deliver more homes and make up this housing shortfall. This must include prioritising the sale of public land for social housing, as well as exploring ways to reduce the cost of private land.

It will take time to build up the country's affordable housebuilding programme to the levels needed but lessons from the past show that, with government backing to release land at affordable prices and to increase investment, housing associations and councils have the potential to increase the supply of new homes for social rents, and low cost home ownership. In post war years until the 1970s councils regularly built more than 100,000 homes a year and previous research shows that an increase in housebuilding alone would lead to a decrease in the most acute levels of homelessness [3].

Instead, Government funding for social housing has been steadily declining for decades: in 1975/76, investment in social housing stood at more than £18 billion a year, but had declined to just £1.1 billion in 2015/16. Over the same period, the housing benefit bill grew from £4 billion to £24.2 billion each year [4].

Meanwhile, homeownership rates have plummeted among young people [5]. Rough sleeping has risen by 169% since 2010, while the number of households in temporary accommodation is on track to reach 100,000 by 2020 unless the Government takes steps to deliver more private, intermediate and social housing [6].

Quotes

David Orr, Chief Executive of the National Housing Federation, said:

This groundbreaking new research shows the epic scale of the housing crisis in England. The shortfall of homes can't be met overnight – instead, we need an urgent effort from the Government to meet this need, before it publishes its social housing green paper in the summer.

The green paper will set out the Government's approach to tackling a number of key issues, like stigma of social housing tenants. However, it is clear that many of these stem from a chronic underinvestment in affordable housing. Fixing this should be the Government's top priority. As a first step, ministers should make the £2 billion they promised for social rent available immediately.

The Government must also totally change the way it sells surplus land. The priority here must be supporting developments that will deliver a public good on public land, rather than simply selling it off to the highest bidder.

Jon Sparkes, chief executive of Crisis, said:

Today's findings are stark and shocking, but they also represent a huge opportunity for us as a country to get to grips with our housing and homelessness crisis – and to end it once and for all.

Right now across England, councils are desperately struggling to find homeless people somewhere to live. This means thousands of people are ending up trapped in B&Bs and hostels or on the streets, exposed to danger every night. It also means that far too many people are living on a knife edge, in danger of losing their homes because of sky-high housing costs.

But we know that homelessness is not inevitable and that with the right action, it can become a thing of the past. To truly get to grips with this crisis and ensure everyone has a safe and stable home, we must build the social and affordable housing we need to end homelessness once and for all.

Terrie Alafat CBE, Chief Executive of the Chartered Institute of Housing, said:

This new report once again highlights the chronic housing shortage we face in the UK and it is clear that only a bold and ambitious plan to solve the housing crisis will prevent a decent, genuinely affordable home being out of reach for our children and their children.

What the report also shows is that this isn't just a numbers game and we have to make sure we build the right homes, in the right places and that people can afford them. For most people social rented housing is the only truly affordable option and the government must support the building of many more of these crucial homes.

It should also urgently address the imbalance in its housing budget, which currently sees it spend just 21% of total housing funding on affordable housing, and give all of the organisations ready to deliver the homes we so desperately need the support and resource to do so.

Campbell Robb, Chief Executive of the independent Joseph Rowntree Foundation, said:

It is unacceptable that currently in our society millions of people are locked out of being able to afford a decent and secure home. For years our failure to deliver enough affordable housing in England has led to rising levels of poverty and homelessness across our country. Now is the time to redesign our housing market so that it works for everyone – no matter who they are or where they come from. That's why it is crucial the Government seizes the opportunity offered by the Social Housing Green Paper to deliver the genuinely affordable homes we desperately need.

Polly Neate, Chief Executive of Shelter, said:

"We are in the midst of a housing emergency where an entire generation faces a daily struggle for a decent home.

"We welcome this important report from housing associations themselves as a powerful sign of the growing consensus that the current system is totally failing. We simply cannot go on with social housebuilding at its lowest since the second world war, while rough sleeping is its highest for a decade.

"Government can turn things around but only by building many more of the high quality, genuinely affordable homes this country is crying out for."

Leslie Channon, Chair of 'A Voice for Tenants' Steering Group, said:

"One of the primary concerns raised by tenants in the recent Ministerial tenant events was the chronic shortage of social rented homes in England. It is vital that the Government works closely with landlords and tenants to deal with this crisis as soon as it possibly can."

Case study

Mark, 38 and Angela, 43, Pool, Cornwall, Coastline Housing

One family that's been severely affected by the shortage of homes is Mark and Angela, who live in Cornwall with their four children. They rented privately for 11 years and had to move nine times – in some cases, this was because of the high cost of rent, in others it was in search of more space for their family. "We always felt really unstable and uncertain renting," Mark says. "It was really hard and we were always so worried about the impact it would have on the kids."

In summer 2017, Mark approached Coastline Housing about its rent to buy programme at the Heartlands development near Redruth in Cornwall. In December, Mark and Angela heard the good news: they had been accepted onto the scheme. "I'll always remember the date 18 December," Mark recalls, "because that's the date Coastline changed our lives by offering us this new home." On Christmas Day, the couple broke the news to their children with a poem that they had written to celebrate. "We're over the moon," Mark says. "We've only lived here for three weeks, but we already feel more settled and happier. We've found somewhere we can call home."

References

[1] Figure taken from Holmans, A. [New estimates of housing demand and need in England, 2011 to 2031](https://www.cchpr.landecon.cam.ac.uk/Downloads/HousingDemandNeed_TCPA2013.pdf) [https://www.cchpr.landecon.cam.ac.uk/Downloads/HousingDemandNeed_TCPA2013.pdf].

[2] Calculated from figures taken from Ministry of Housing, Communities and Local Government, [Live Table 1000](https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply) [<https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>] and [Live Table 123](https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing) [<https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>].

[3] See Bramley, G. (2017) [Homelessness projections: Core homelessness in Great Britain Summary Report](https://www.crisis.org.uk/media/237582/crisis_homelessness_projections_2017.pdf) [https://www.crisis.org.uk/media/237582/crisis_homelessness_projections_2017.pdf], which shows a 60% increase in all housebuilding alone would lead to a progressive reduction in core homelessness of 15 per cent by 2031.

[4] All figures given as constant (2016/17) prices. Figures taken from Chartered Institute of Housing, [UK Housing Review 2018](http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Spending_on_new_homes_plummets_while_housing_benefit_soars_new_analysis) [http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Spending_on_new_homes_plummets_while_housing_benefit_soars_new_analysis].

[5] Figures taken from Institute for Fiscal Studies, [The Decline of Homeownership Among Young Adults](https://www.ifs.org.uk/uploads/publications/bns/BN224.pdf) [<https://www.ifs.org.uk/uploads/publications/bns/BN224.pdf>].

[6] Figures taken from Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S., Watts, B. and Wood, J. [The Homelessness Monitor: England 2018](https://www.crisis.org.uk/media/238700/homelessness_monitor_england_2018.pdf) [https://www.crisis.org.uk/media/238700/homelessness_monitor_england_2018.pdf].

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MHCLG Single Departmental Plan (23 May 2018)





1. Home (<https://www.gov.uk/>)
 2. Ministry of Housing, Communities and Local Government single departmental plan (<https://www.gov.uk/government/publications/department-for-communities-and-local-government-single-departmental-plan>)
-
1. Ministry of Housing, Communities & Local Government (<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government>)

Corporate report

Ministry of Housing, Communities and Local Government single departmental plan

Updated 23 May 2018

Contents

Our objectives

1. Deliver the homes the country needs
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3. Deliver a sustainable future for local government, strengthening its connection with the communities it serves
4. Create socially and economically stronger and more confident communities
5. Secure effective support for those affected by the Grenfell Tower disaster, delivering the changes this tragedy demands and ensuring people are safe and feel safe within their homes
6. Support a smooth exit from the European Union
7. Maintain MHCLG as a great place to work

Our equality objectives

Our finances

Our people



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Our single departmental plan sets out our objectives and how we will achieve them.

Secretary of State for Housing, Communities and Local Government

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>)

Permanent Secretary

Melanie Dawes CB (<https://www.gov.uk/government/people/melanie-dawes>)

MHCLG aims to help create great places to live and work right across the country and to back communities to come together and thrive. We strive to:

- Ensure people throughout the country have access to affordable and high-quality housing
- Provide opportunities for all parts of the country to thrive economically
- Build integrated communities
- Support effective local government

Our objectives

We will:

1. Deliver the homes the country needs
2. Make the vision of a place you call home a reality

3. Deliver a sustainable future for local government, strengthening its connection with the communities it serves
4. Create socially and economically stronger and more confident communities
5. Secure effective support for those affected by the Grenfell Tower disaster, delivering the changes this tragedy demands and ensuring people are safe and feel safe within their homes
6. Support a smooth exit from the European Union
7. Maintain MHCLG as a great place to work

1. Deliver the homes the country needs

Lead ministers

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Dominic Raab MP (<https://www.gov.uk/government/people/dominic-raab>), Minister of State for Housing

Lead official

Helen MacNamara (<https://www.gov.uk/government/people/helen-macnamara>), Director General, Housing

1.1 Housing supply

MHCLG will support the delivery of a million homes by the end of 2020 and half a million more by the end of 2022 and put us on track to deliver 300,000 net additional homes a year on average.

How we will achieve this

Deliver the reforms proposed in our Housing White Paper and at Autumn Budget to ensure the planning system supports our housing supply objectives.

Improve productivity and competition in the housing market, opening it up to smaller builders and those who embrace innovative and efficient methods while supporting the work of DfE and BEIS to improve the provision of construction skills.

Provide Home Building Fund short-term loan finance targeted at SMEs, custom-builders and innovators; and new guarantees to support housebuilding, including SMEs and purpose-built rented housing.

Deliver the Housing Infrastructure Fund grant funding to provide infrastructure which unlocks homes in areas where housing need is greatest and deliver Home Building Fund long-term loan funding for infrastructure and large sites.

Support local authorities and housing associations to increase the supply of affordable homes. Provide grant funding in the Affordable Homes Programme and lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure.

Boost availability of land in the right places for homes and ensure that better use is made of underused land.

How we will achieve this

Make the most of surplus land already in public ownership: release surplus central government land and support local authorities to release their land.

Support ambitious local authorities to bring forward land to create new settlements.

Provide funding to enable Homes England to acquire, assemble and de-risk sites and accelerate building of homes on small, stalled sites.

Increase home ownership and housing supply through the Help to Buy Equity Loan scheme.

Encourage the best practice in delivering high quality design to underpin the creation of great places to live.

Our performance

Net additional dwellings per annum

Change between chart and table

Year	Net additional dwellings
2016-17	217,350
2015-16	189,650
2014-15	170,690

Year

Net additional dwellings

2016-17

217,350

2015-16

189,650

2014-15

170,690

The cumulative total of net additions since April 2015 is 407,000.

Source: Net supply of housing data (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>); release schedule: annually

Gross supply of affordable housing completions

Change between chart and table

Year	Gross supply of affordable housing completions
2016-17	41,530

Year	Gross supply of affordable housing completions
2015-16	32,630
2014-15	66,700

Year

Gross supply of affordable housing completions

2016-17

41,530

2015-16

32,630

2014-15

66,700

Source: Affordable housing supply data (<https://www.gov.uk/government/collections/affordable-housing-supply>);
release schedule: annual

2. Make the vision of a place you call home a reality

Lead ministers

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Heather Wheeler MP (<https://www.gov.uk/government/people/heather-wheeler>), Parliamentary Under Secretary of State

Lead official

Helen MacNamara (<https://www.gov.uk/government/people/helen-macnamara>), Director General, Housing

2.1 Helping vulnerable people

How we will achieve this

Implement the Homelessness Reduction Act in April 2018, and explore ways to bring down the number of people in temporary accommodation.

Develop a strategy to halve rough sleeping by 2022 and eradicate it by 2027.

Reform funding for supported housing provision.

2.2 Access and experience

How we will achieve this

Launch the Voluntary Right to Buy pilot for tenants of housing associations in the Midlands.

How we will achieve this

Reform the leasehold market so it is fairer and more transparent, and provides greater choice for home-owners.

Bring forward a green paper on social housing in England.

Reform the private rented sector so it is fairer and more affordable.

Reform the home-buying process so that it is more efficient and less costly.

Our performance**Rough sleeping count for England**

Change between chart and table

Year	Number of rough sleepers
2017	4,751
2016	4,134
2015	3,569

Year

Number of rough sleepers

2017

4,751

2016

4,134

2015

3,569

Source: Rough sleeping in England data (<https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2017>); release schedule: annually

Unintentionally homeless and in priority need (acceptances)

Change between chart and table

Year	Unintentionally homeless and in priority need (acceptances)
2017	56,500
2016	59,260
2015	57,890

Year

Unintentionally homeless and in priority need (acceptances)

2017

56,500

2016

59,260

2015

57,890

Source: Homelessness data (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>);
release schedule: annually

3. Deliver a sustainable future for local government, strengthening its connection with the communities it serves

Lead ministers

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Rishi Sunak MP (<https://www.gov.uk/government/people/rishi-sunak>), Parliamentary Under Secretary of State (Minister for Local Government)

Lead official

Jo Farrar (<https://www.gov.uk/government/people/jo-farrar>), Director General, Local Government and Public Services

How we will achieve this

Aim to set baseline funding allocations for councils from 2020-21 by delivering up-to-date assessment of their relative needs and resource.

Reform local government finance system, giving local government more control over the money it raises through increased retention of local business rates.

Deliver the Local Government Finance Settlement 2019-20.

Consider risks facing individual authorities, and deliver and manage interventions in cases of best value failure.

Consider unitarisation and mergers between councils where requested.

Establish and apply good practice more effectively across local government to raise standards and performance.

Establish a local authority digital service function that helps councils to deliver digital efficiency enablers and bring forward proposals to support increased efficiency in councils by 2019-20.

Our performance

4 year settlement for local councils accepted by 97% of local councils for 2018-19

Source: Local government finance settlement (<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2018-to-2019-written-statement>)

4. Create socially and economically stronger and more confident communities

Lead ministers

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Jake Berry MP (<https://www.gov.uk/government/people/jake-berry>), Minister for the Northern Powerhouse and Local Growth

Lord Bourne of Aberystwyth (<https://www.gov.uk/government/people/lord-bourne-of-aberystwyth>), Minister for Faith

Lead officials

Simon Ridley (<https://www.gov.uk/government/people/simon-ridley>), Director General, Decentralisation and Growth

Jo Farrar (<https://www.gov.uk/government/people/jo-farrar>), Director General, Local Government and Public Services

4.1 Build integrated communities

How we will achieve this

Consider the responses to the Integrated Communities Strategy green paper consultation and take forward agreed actions to make communities economically and socially sustainable.

Establish a National Memorial and Learning Centre to remember the victims of the Holocaust and to educate about the importance of combatting intolerance and hatred.

4.2 Better public services that respond to community needs

How we will achieve this

Support local delivery of the national Troubled Families Programme and ensure that all local authorities are the commissioners of high quality family support.

Build community resilience, supporting them to be ready for, respond to, and recover from emergencies (supports [SDG 11](#)).

Work with the [DHSC](#) to: join up health, social care, and housing services; give local authorities access to dedicated funding for adult social care; prepare a Green Paper on care and support for older people; and co-lead a piece of work on care and support for working age adults.

4.3 Deliver local growth strategies

How we will achieve this
Increase growth throughout the Northern Powerhouse by working locally and across government to maximise the impact of investment (supports SDG 10).
Drive economic growth in the Midlands Engine by delivering the current strategy.
Develop Local Industrial Strategies that identify priorities to improve innovation, infrastructure, skills and business growth (supports SDG 8).
Drive economic and housing growth through a joined-up programme for the Oxford-Milton Keynes-Cambridge corridor, working closely with DfT (supports SDG 9).
Implement and deepen devolution for existing mayors; explore further mayoral devolution deals where there is local support; develop a devolution framework for England; and progress city and growth deals in the devolved administrations.
Use the review of Local Enterprise Partnerships to improve their governance and effectiveness, to help deliver Industrial Strategies.

4.4 Invest in our communities

How we will achieve this
Deliver a new UK-Shared Prosperity Fund to support growth in local economies across the UK (supports SDG 10).
Continue to deliver the ERDF to support growth throughout the country.
Run a significant campaign that celebrates the Great British High Street, culminating in the Great British High Street Competition awards ceremony in November 2018.

Our performance

Families engaged in the Troubled Families Programme 272,100 by September 2017

Source: Evaluation of the Troubled Families Programme (<https://www.gov.uk/government/publications/national-evaluation-of-the-troubled-families-programme-2015-to-2020>)

Number of Devolved Administration City Deals

Change between chart and table

Year	Number of Devolved Administration City Deals
2016-17	6
2015-16	4

Year	Number of Devolved Administration City Deals
2014-15	1

Year

Number of Devolved Administration City Deals

2016-17

6

2015-16

4

2014-15

1

Source: City Deals and Growth Deals (<https://www.gov.uk/government/policies/city-deals-and-growth-deals>); release schedule: annually

Number of Combined Authority Mayors elected 6 2016-17

Source: City Deals and Growth Deals (<https://www.gov.uk/government/policies/city-deals-and-growth-deals>); release schedule: annually

Number of projects which received ERDF growth funding 506 by February 2018

Source: MHCLG data collected on ERDF

5. Secure effective support for those affected by the Grenfell Tower disaster, delivering the changes this tragedy demands and ensuring people are safe and feel safe within their homes

Lead ministers

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Dominic Raab MP (<https://www.gov.uk/government/people/dominic-raab>), Minister of State for Housing

Lead official

Jo Farrar (<https://www.gov.uk/government/people/jo-farrar>), Director General, Local Government and Public Services

5.1 Support for those affected

How we will achieve this

Support those affected by the Grenfell Tower fire, including working with Royal Borough of Kensington and Chelsea to meet commitments to permanently rehouse households, and to co-design with residents, refurbishment of the Lancaster West Estate.

How we will achieve this

Work with the Grenfell Tower Inquiry to ensure all requests are met in the agreed timeframe and meet the Inquiry's needs.

5.2 Ensure residents are and feel safe from fire**How we will achieve this**

Identify high rise residential buildings that have unsafe aluminium composite material cladding and monitor and support their remediation.

Respond to the changes identified in to Dame Judith Hackitt's Independent Review of Building Regulations needed to make the building safety system fit for purpose.

Our performance

You can find information on how we are doing on the Building Safety Programme page (<https://www.gov.uk/guidance/building-safety-programme>).

6. Support a smooth exit from the European Union**Lead ministers**

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Jake Berry MP (<https://www.gov.uk/government/people/jake-berry>), Minister for the Northern Powerhouse and Local Growth

Lead official

Simon Ridley (<https://www.gov.uk/government/people/simon-ridley>), Director General, Decentralisation and Growth

6.1 Support a smooth exit from the European Union**How we will achieve this**

Deliver a programme to manage the UK's exit from European funding programmes, in line with the UK's EU exit objectives and negotiation plan.

Deliver a programme to understand and manage the implications of EU exit on local government.

Deliver a programme to understand and manage the implications of EU exit on our housing delivery objectives.

7. Maintain MHCLG as a great place to work

Lead minister

The Rt Hon James Brokenshire MP (<https://www.gov.uk/government/people/james-brokenshire>), Secretary of State for Housing, Communities and Local Government

Lead official

Rachel McLean (<https://www.gov.uk/government/people/rachel-mclean>), Director General, Chief Financial Officer

7.1 Our people

How we will achieve this

Reduce the time it takes to hire, support the introduction of new tools and technology to improve selection and use a new recruitment hub to reduce the administrative burden on vacancy managers.

Develop a Core Curriculum with an enhanced focus on digital, commercial, project delivery and line management capabilities.

Continue to prioritise inclusion and diversity and increase representation in the Senior Civil Service.

Champion our people through the annual Departmental People Awards, and continue to develop diverse talent.

7.2 Great policy making

How we will achieve this

Ensure our planning, risk management, and performance monitoring capabilities are fit for the challenge of the department's increased delivery objectives.

Optimise our use of data to give ever greater insight into policy development and the outcomes of our work.

Build our digital capacity so that the opportunities and risks of the internet age are reflected in all of our policy development and delivery arrangements.

Increase flexibility and productivity in the workplace through IT modernisation and better use of physical space.

Continue enhancing the governance of our ALBs so that the full resources of the Group are always deployed to best effect.

Our performance 64% Civil Service People Survey engagement score 2017

Source: Civil Service People Survey

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/659569/Civil_Service_People_Survey_2017_Summary_of_main_department_scores_2009_to_2017.pdf)

Our equality objectives

We have set objectives to help us advance equality. These are:

1. Promote equality in policy work
2. Have a representative workforce that places equality and diversity at the core of all employment policies and practices at all levels
3. Improve the equality and diversity data we collect and use it to progress talent from underrepresented groups
4. Create a more inclusive workplace culture, where employees have equal opportunities to succeed

Our finances

2018/19 Departmental Expenditure Limit (DEL): £16.5 billion

2018/19 Resource DEL (including depreciation): £7.1 billion

2018/19 Capital DEL: £9.4 billion

2018/19 Annually Managed Expenditure (AME): £22.6 billion

Control totals included in this document are in line with those presented in the Main Supply Estimates 2018/19 and are currently subject to Parliamentary approval. Any changes arising from the Parliamentary approval process will be reflected in due course.

Source: Main Supply Estimates 2018/19

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679732/PU2139_Vote_on_Account_2018-19_final_print.pdf)

Our people

As at 31 December 2017, MHCLG had 2,190 full-time equivalent employees, not including its agencies.

Source: ONS Public sector employment data

(<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable>); release schedule: quarterly

How we contribute to cross-government priorities

We work across government on cross-cutting issues, including:

- Housing
- Tackling modern slavery and people trafficking
- Rough sleeping and homelessness reduction
- Industrial Strategy
- Environment and clean growth
- Immigration
- Mental health

- Digital
- Race disparity

Appendix JS26

Allocations Policy 2018



Select Move Sub-Regional Choice Based Lettings Scheme

Common Allocation Policy 2018

1. Introduction and background

1.1 Introduction

This document represents the social housing allocation scheme for

Chorley Borough Council
Preston City Council
South Ribble Borough Council

The following Registered Providers

Accent Foundation
Community Gateway Association
Jigsaw Housing Group
Onward Homes
Great Places
Your Housing
Progress Housing Group
Places for People
Sage Housing

The Registered Providers will use this scheme to allocate a minimum of 75% of its true voids in a financial year, and each provider may use their discretion to advertise and allocate the other 25% using alternative platforms. In order to allow the local authority to monitor the number and type of properties allocated within their area, Registered Providers will use the Select Move IT system as the reporting mechanism for recording all allocations regardless of which platform they have used.

When calculating the number of voids no account shall be taken of:

- Mutual Exchanges
- Successions
- Decants to facilitate major works or improvements, where the tenant will be returning

The properties advertised through this policy will be a cross section of the quality, location, size, and type of property owned or managed by the Registered Provider that becomes vacant throughout the year. RSLs will work with the relevant Local Authority if a more specific type and size of property is required in order for the Local Authority to more effectively discharge their duty.

Once the property is placed on Select Move the Registered Provider cannot advertise it on another platform until it has completed one full advertising cycle and

the shortlist exhausted. The Registered Provider can then advertise and allocate the property through any platform. The local authorities and housing associations listed above have signed a Memorandum of Understanding agreeing to this scheme under a partnership arrangement to operate the Select Move sub- regional choice based lettings scheme.

Registered Providers with housing in the Chorley, Preston and South Ribble areas who are not Select Move partners will be subject to local nomination agreements with local authorities to allocate properties.

1.2 Legal Framework

Local authorities are required by the Housing Act 1996 to have a published allocation scheme and this document takes into account the requirements of the Act as amended by the Homelessness Act 2002 and the Localism Act 2011. The scheme incorporates the 2012 regulations concerning armed forces personnel and the 2015 Right to Move regulations and guidance and the Allocation Codes of Guidance 2012 & 2013. The policy has also been developed to remain compatible with other related legislation and guidance, the details of which can be found at Appendix G This scheme will be revised as necessary to incorporate any subsequent legislation and statutory guidance.

1.3 Governance

The Memorandum of Understanding provides that the scheme is managed by a Steering Group that meets at least 6 times a year. An Operational Group meets at least 6 times a year which reports on operational and performance matters.

1.4 Select Move website

A shared web based IT system, (the Select Move website) allows the partners to operate a common housing application form, housing register and allocations policy.

The Select Move website provides an online housing application form, with registered applicants able to place expressions of interest or bids for properties advertised on the website.

The website provides other services including self -service housing advice, a mutual exchange service, private rented and low cost home ownership information.

1.5 Policy Statement

The aim of the scheme is to ensure that homes are allocated to eligible and qualifying applicants in a fair, consistent and accountable manner in accordance with legislation and guidance.

Homes will be allocated to applicants after taking into account the following: their housing needs and choices, their financial situation and ability to manage a tenancy, the local community and the locality whilst ensuring the best use of housing stock.

An allocation of housing is defined as the nomination of any person to be a secure, introductory assured of fixed term tenant provided by a Local Housing Authority or Registered Provider.

Allocations also include where a tenant is applying for a transfer from one Select Move partner to another. In this case the tenant must have complied with the terms of their tenancy to qualify to join the register.

1.6 Equality Statement

The Partners are committed to equality of opportunity and anti-discrimination in relation to their service provision and seek to promote social inclusion. Applicants will not be discriminated against when seeking or accessing accommodation in accordance with the general equality duty set out in the Equality Act 2010.

Partners will ensure that everyone has an equal opportunity to access the Select Move services (subject to eligibility legislation) and they will ensure that they are responsive to any special needs of service users.

1.7 Consultation

Any significant changes to this policy will be approved by the relevant Board, Committee or portfolio holder for each participating local authority and by the relevant decision-making bodies of the Registered Providers as appropriate. Any significant changes will also be subject to consultation with relevant statutory and voluntary sector organisations and tenant representatives and applicants to the scheme. The Select Move Steering Group shall be responsible for determining whether any proposed changes are significant and should be the subject of consultation.

2. Applying to Select Move

2.1 Who can apply to join Select Move?

Housing legislation requires that applicants are assessed to determine whether by law they are eligible for an allocation of accommodation. If the applicant is eligible, their application is assessed against the Select Move qualifying criteria. The Select Move partner receiving the application will be responsible for investigating and determining the application, although transfer applications will be passed to the tenant's landlord for assessment. Applicants are notified in writing of the outcome of their application. Current tenants of the partners will need to have been a tenant for a minimum of 12 months before being allowed to join the register unless there are exceptional circumstances.

2.2 Eligibility Criteria

The Housing Act 1996 (as amended) states that the following types of household are not eligible for a housing allocation and therefore cannot join the Select Move scheme.

- Persons from abroad who the relevant Secretary of State has deemed ineligible for an allocation of social housing.
- Persons subject to immigration control.
- Other persons from abroad who are ineligible as a result of legislation.

Where there are two or more applicants and one or more is classed as ineligible a tenancy will only be granted to the eligible applicant(s).

2.3 Qualifying Criteria

An applicant will qualify to join the Select Move scheme if they are;

An eligible person and

Aged 16 or over. Persons aged 16 or 17 can qualify to join the scheme but will not be made an offer of accommodation without a relevant support package being in place that is agreed where necessary between the Local Authority and the Registered Provider.

All applicants must demonstrate that they have a local connection by meeting one of the following criteria. Local Connection will only be awarded to the specific area of Chorley, Preston and/or South Ribble where they can evidence that they meet one or more of the following criteria:

- The applicant must be able to demonstrate that they have lived 6 out of the last 12 months or 3 out of the last 5 years continuously in the specific Local Authority area.
- The applicant must be able to demonstrate that they have parents, children or adult siblings who currently permanently reside in the specific Local Authority area and have done so continuously for at least 5 years.
- The applicant is currently employed in the specific Local Authority area. Employment is work that is not temporary or seasonal, is for at least 16 hours per week and has been continual for at least 6 months and the applicant must be working at the point an offer of a tenancy is made. (banding is global)
- The applicant is currently making a positive community contribution or undertaken voluntary work in the specific Local Authority area for at least 10 hours per month over the last 12 months.
- The applicant needs to give or receive long term care, which is effective and genuine to another person who permanently resides within the specific Local Authority area and who could not otherwise manage without the care provided

and there is a need for the applicant to move into the area in order to facilitate the provision of such long term care.

- The applicant at the time of the application is serving in or has formerly served in the UK regular forces within the last 5 years.
- The applicant has recently ceased or will cease to be entitled to reside in accommodation provided by the UK Government following the death of that persons spouse or civil partner who has served in the UK regular forces and their death was attributable wholly or partly to that service.
- The applicant at the time of the application is serving in or has formerly served in the reserve forces and who is suffering from a serious injury, illness or disability which is attributable wholly or partly to that service.
- Applicants/households that cannot demonstrate a local connection but have an exception welfare need will be accepted on to the scheme e.g. harassment, domestic abuse, witness protection etc.
- Applicants under the Right to Move Regulations i.e. social tenants moving into the area to take up employment. See Appendix E.

3. Non- Qualifying Criteria

Applicants/household will not qualify to join the Select Move scheme if one of the following applies:

3.1 Financial circumstances

The applicant/household is a current tenant of a Registered Provider and has any outstanding housing related debt.

The applicant/household have a housing related debt such as rent arrears, repairs recharges, leasehold service charges and/or sundry debts of £1000.01 or more that can be proven by a social and/or private landlord. Applicants/household with housing related debts of below £1000 will qualify provided that they have made and maintained a repayment plan in accordance with the criteria below:

- Housing related debt under £500, an agreed repayment plan must have been maintained for a minimum of 3 months before they can register.
- Housing related debt between £500.01 and £1000 an agreed repayment plan must have been maintained for a minimum of 6 months and the debt must be reduce to under £500 before they can register.
- Payments must be maintained under the plan before any offer of accommodation is made.

The applicant or household member is an owner occupier or has equity in a property (whether or not the property is located in the UK). Consideration of applications from owner occupiers will be given where the Local Authority has a statutory duty to assist e.g. homelessness or where the applicants housing needs can only be met by social housing e.g. sheltered housing required.

The applicant's household has a gross annual income (including benefit income) of £60,000 or more and/or have savings or assets greater than £30,000. These amounts will be reviewed annually.

The applicant's/household financial and personal circumstances are such that they do not qualify for charitable housing assistance from a partner Registered Provider that has charitable rules and objectives.

3.2 Support needs

If the applicants care and support needs are assessed by a partner organisation as being such that an individual's specific needs cannot be met in general or sheltered accommodation they will not qualify for accommodation.

3.3 Unacceptable behaviour

Certain behaviour and/or convictions of the applicant(s) or household member may result in them being disqualified from joining the scheme. Examples include where the applicant or household member has:

Unspent criminal convictions that make them unsuitable to be a tenant due to the threat or risk they pose. This will be determined by the information provided by probation, police intelligence and evidence available via the approved protocol.

Engaged in anti-social behaviour such that action has been taken, or could have been taken against that person such as a Civil Injunction, Criminal Behaviour Order, Community Protection Notice, Demotion Order or Possession Order.

Previously been evicted by a Select Move partner and the reasons for the eviction whether behavioural or financial are still considered a risk to the landlord. The applicant/household member has the right to appeal this decision. Appeals will be considered by the Registered Provider that carried out the eviction. Any further appeals will not be considered within 12 months.

Been convicted of using or allowing current or former accommodation to be used for illegal and/or immoral purposes.

Been responsible for neglecting, damaging or abandoning a previous property.

Been responsible for providing false information in connection with making a housing application and or obtaining a tenancy.

Been responsible for tenancy fraud.

When assessing whether the behaviour of the applicant or household member is serious enough to disqualify them from joining the scheme, the following matters will be considered by the Select Move partner assessing the application.

Has the applicant or household member behaved in such a way that they are considered to be unsuitable to be a tenant of a Select Move partner and at the time of the application is the applicant or household member still considered to be unsuitable to be a tenant of a Select Move partner by reason of their behaviour or the behaviour of any person named on the application and if the behaviour is serious enough to entitle a landlord to commence legal proceeding and/or the behaviour poses a serious risk to staff of any Select Move partner, tenants of a Select Move partner or the local community.

Partners will however consider the circumstances of each case individually and applicants/household members are entitled to present any mitigating circumstances and information for consideration. Consideration will also be given to those applicants/household members with housing related debt and/ or convictions where there is a statutory duty to assist by the Local Authority. These applicants will be required to demonstrate a commitment to reducing the debt and the maintenance of a repayment plan or improved behaviour or reduced risk.

3.4. Applicants who do not qualify

An applicant who is eligible but does not qualify for accommodation under this scheme can apply to the partner landlord of their choice to be placed on the Open Property Register (OPR) for low demand properties. OPR properties are not subject to this scheme. Please see Appendix F for the OPR policy.

4. Application assessment

4.1 Verification

The registration process will involve verification checks and assessments carried out by the partners to the scheme at application and offer stage, and it will be the applicant's responsibility to provide any evidence that is requested. This can include;

Evidence of eligibility for all persons named on the application or added to the application and any of the following will be required as evidence for these persons current passport, current national identify card, photo driving licence, birth certificate and/or current benefit award letter dated within the last 3 months. Proof of child Benefit is required for children.

Affordability assessments will be undertaken on applicants and their households to determine ability to sustain a tenancy financially. If a tenancy is deemed to be unaffordable, Select Move Partners are committed to providing information/advice and sign posting to alternative options to support the applicant/household to obtain accommodation. The outcome of the affordability assessment will not prevent the application from being made active, however it may preclude an offer being made.

Evidence from the applicant that they have a local connection to at least one of the Local Authority areas of Chorley, Preston or South Ribble.

Obtaining references from the applicant/households current/former landlords.

Requesting information about the applicant/households current or former housing related debts.

Requesting information about the applicant/households current or previous anti-social behaviour.

Requesting information about an applicant/households offending history, for example from the Probation Service further to disclosure about offending.

Undertaking inspections of the current property to ensure that the conditions of the tenancy are being complied with and the details given on the application form are correct.

Evidence of successful completion of pre-tenancy training if a request has been made for the applicant to complete this training.

Until the verification checks have been completed and accepted as satisfactory by a partner to the scheme an applicant will not be able to register an expression of interest in a property.

4.2 Child Access

If an applicant has access to children, they will need to provide evidence such as a copy of an access agreement, court order, custody or residence order or details of their ex-partner where appropriate. In some areas applicants may only be offered certain property types to make best use of the available housing stock and any offer must be an affordable option.

4.3 False or withheld information

It is a criminal offence for any applicant to knowingly give false information or to withhold information relevant to their application. An offence may be committed if an applicant knowingly gives false information or knowingly withholds information which has reasonably been requested at any stage of the application process. An offence is also committed if the applicant allows a third party to provide false information on his or her behalf, or at his or her instigation. In these circumstances action may be taken with regard to the tenancy awarded and/or their application.

4.4 Change of circumstances

Applicants are required to notify a partner immediately of any change in circumstances – for example:

A change of address for themselves or any person on the application;

Any additional person to be added to the application;

If any member of family or any other person on the application is no longer a party to the application.

Any other change that might affect eligibility, qualification, banding or effective date.

Where the applicant has not notified a partner of a change of circumstances and this would have affected eligibility, qualification, banding or effective date any other partner will be entitled to:

Withdraw an offer of accommodation

Skip the application during any short listing process

Close the application

Put the application in pending until all relevant information is received.

4.5 Deliberately worsening or changing circumstances

Where an applicant has deliberately worsened or changed their circumstances to gain additional priority or gain a more favourable effective date or gain eligibility or qualification, they will be assessed on their circumstances before their situation changed.

Examples of these circumstances include:

An applicant has moved from suitable accommodation which was reasonable for them to continue to reside in to accommodation that is less suitable;

An owner –occupier who has unnecessarily transferred their home to another person within the last five years from the date of their application, unless such transfer was necessary in order for that person to continue to occupy their home

An applicant who has unnecessarily dispersed, transferred or deprived themselves of assets or money which could have been used to secure suitable accommodation within the last five years from the date of their application;

An applicant who has moved family members or other persons into their home from accommodation suitable for their needs such that the applicant's home is now unsuitable.

Priority will not be awarded to applicants who have moved into a property unless there has been a change in circumstances

4.6 Priority

Priority for accommodation will be awarded in accordance with the following criteria;

Bedroom need. Households whose minimum bedroom need matches the bedroom size of the property will be prioritised first.

Banding. The Select Move scheme operates with five bands A to E. Band A is the highest priority and band E being the lowest.

Local connection. Those with a local connection to the local authority area of the advertised property will be given preference in each band.

Effective date. An effective date will be used to determine an applicant's position within the band after local connection has been taken into account.

Appendix A provides further detail of the shortlisting criteria.

4.7 Determining the Effective Date

The following criteria will be used to determine the effective date;

For a new applicant the effective date will be the date the application is received by a Select Move partner.

If an applicant is subsequently awarded a higher band priority the banding date will be the date the higher band priority was awarded.

If an applicant is subsequently awarded a lower band the banding date will be the date the application was accepted onto the Select Move scheme – i.e. the original effective date.

If an applicant is given priority because they are moving on from supported housing the effective date will be the date they moved into the supported housing.

For qualifying and eligible current or former UK service personnel or their spouse or civil partner who are in urgent housing need (Band A – C) as determined by a local authority partner, the effective date will be backdated to equal their total period of service in the UK armed forces (or the service of spouse or civil partner).

Where the applicant becomes homeless unintentionally within 2 years of accepting a homeless duty private sector tenancy the effective date will be the date of the new application.

5. Global and local banding categories

Every application is awarded a local and global band, these may differ. The local band will reflect the priority awarded for housing within the applicant's local authority area only. The global band reflects the priority awarded across the partnership. Priority banding will only be awarded where an applicant's circumstances are different from when they took their tenancy.

5.1 The banding scheme

BAND A: Urgent Need Band	
Medical/Welfare Grounds GLOBAL	<ul style="list-style-type: none">An immediate life threatening or progressive condition which is seriously affected by the current housing and where re-housing would solve or alleviate that medical condition or make it significantly easier to manage.- To be agreed by a manager

	<ul style="list-style-type: none"> • A member of the household seeking accommodation cannot be discharged from hospital or rehabilitation accommodation until suitable housing is provided and the household had settled accommodation in a Select Move partner's area prior to hospital admission. • A member of the household is elderly, disabled or has a progressive illness and is likely to require admission to hospital or residential/nursing care in the immediate future and re-housing would enable that person to remain living at home. To be agreed by a manager • The household seeking accommodation has welfare needs so severe that the protection of vulnerable adults or children is only possible if the household were to move to a new home and where the present circumstances could deteriorate to such an extent as to place household members at risk, or in need of residential care unless re-housing is offered.
<p>Care Leavers</p> <p>GLOBAL</p>	<p>Care leavers who are threatened with homelessness and who will continue to be supported by their local Leaving Care Team assessed through the agreed protocol. Applicants are awarded this category in accordance with protocols between the Council's Housing and County Council Children Services Department. An applicant must be a former relevant child as defined by the Children Leaving Care Act 2002. They must have vulnerability and urgent housing need that is best met by the provision of long term settled housing.</p>
<p>To release an Adapted property</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Where a partner tenant does not require a specially adapted property for disabled use, and there is demand for its use.
<p>Exceptional need to move, determined by partners within the agreed procedures</p>	<ul style="list-style-type: none"> • Agreed in exceptional circumstances due to significant problems associated with the applicants' occupation of a dwelling in the social or private rented

<p>Domestic Violence/MARAC, Racial, Homophobic or Transgender Harassment, witness or child protection, management transfers</p> <p>GLOBAL</p>	<p>sector and there is a high risk to the tenant or their family's safety if they remain in the dwelling/area. For social housing tenants transfers will be to properties of the same size and type where required, but locations or areas are likely to change. A list of cases that could qualify is detailed in the policy. See appendix D.</p> <ul style="list-style-type: none"> • Emergency need to move due to exceptional circumstances where there is high risk to the tenant or family's safety if they remain in the dwelling/area. • Urgent management transfer cases accepted by a participating landlord or waiting list cases accepted by a participating local authority. • Applicants who have been assessed by the LA as being owed the homelessness relief duty and who are vulnerable as a result of being victims of violence or harassment • Applicants who have been assessed by the LA as being unintentionally homeless and in priority need as a result of being victims of violence or harassment
<p>Statutory overcrowded</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Those that are statutory overcrowded as defined by the Housing Act 1985
<p>Private Sector properties unsanitary or unfit.</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • A private sector property either owned or rented where a statutory notice has been issued by the Environmental Health Department that an unfit property is to be demolished under the Housing Act 2004 • They are a private sector tenant and the Council has decided that the property poses a Category 1 hazard under the Health and Safety Fitness Rating and the Council are satisfied that the problem cannot be resolved by the landlord within 6 months and as a result continuing to occupy the accommodation will pose a risk to the applicant's health. This includes a property that has severe damp, major structural defects including subsidence, flooding, collapse of the roof or have living conditions which are

	a statutory nuisance, and there is no prospect of the problems being remedied within a 6 month time period.
Supported Accommodation GLOBAL	<ul style="list-style-type: none"> Applicants leaving supported accommodation and have been assessed by the support provider as ready for independent living via the approved route in each partner local authority and the resulting vacancy can be used by someone else who needs the support.
Homeless households owed a full homeless duty under section 193(2) or 195(2) Housing Act 1996 LOCAL	<ul style="list-style-type: none"> Statutory homeless cases accepted by local authorities within the scheme.

Band B:	
Overcrowded GLOBAL	<ul style="list-style-type: none"> An applicant who needs to move due to severe overcrowding – short by 2 or more bedrooms in accordance with the criteria in Appendix A Table 2 .
Medical mobility cases / Medical grounds GLOBAL	<ul style="list-style-type: none"> An applicant who have an urgent need to move on medical grounds because their current home is having a severe adverse effect on the health of a member of the household. The household includes a child or young person with a long term disability or learning difficulty, who needs to access specialist education or training facilities and cannot do so from their present home. Supporting evidence must be provided.
Essential Care LOCAL	<ul style="list-style-type: none"> The household includes a person who receives/provides or needs to receive/provide essential long term care to someone in any part of the Select Move area and they cannot deliver that care effectively from their current location. Approved foster carers and adopters who require larger accommodation on the recommendation of children’s services.

<p>Applicants owed a prevention or relief duty – Band B priority to be awarded by the LA after a 3 month period with waiting time continued</p> <p>LOCAL</p>	<p>Applicants owed a Prevention or Relief duty who are engaging with the Local Authority and their personal housing plan and who are actively bidding</p>
<p>Applicants who are owed a relief duty by the LA and are entitled to accommodation under section 188 of the Housing Act - priority to be awarded immediately that the section 188 duty arises with waiting time continued</p> <p>LOCAL</p>	<ul style="list-style-type: none"> Applicants that the LA assess are owed a relief duty and are entitled to temporary accommodation
<p>Right to Move Local</p>	<ul style="list-style-type: none"> Existing social tenants needing to move into the Select Move area for employment reasons see Appendix E

<p>Band C</p>	
<p>Applicants who are owed the homelessness prevention or relief duty – priority kept under review for a 3 month period</p>	<p>Applicants who the LA assess as being owed the homelessness prevention or relief duty. Band B to be awarded with waiting time continued after a 3 month period with waiting time continued subject to engagement with the LA and personal housing plan and actively bidding on properties</p>
<p>Hardship and welfare</p> <p>LOCAL</p>	<ul style="list-style-type: none"> An applicant who needs to move to a particular locality and otherwise would suffer significant hardship to themselves or to a member of their household
<p>Under Occupying</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> A tenant of a partner housing association under occupying family housing by two or more bedrooms in accordance with the criteria in Appendix A Table 2 or

	<ul style="list-style-type: none"> • A tenant of a partner housing association seeking a move to non-family housing that will free up a house to enable use by a family.
<p>Applicants with dependent children living in accommodation that lacks level access</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • An applicant without ground level access or in upper floor accommodation who lives with at least one child under the age of 5, including pregnant women once their Mat B1 has been received.
<p>Applicants living in accommodation that lacks basic facilities</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Applicants without access to any of the following: <ol style="list-style-type: none"> 1. Bath or Shower 2. A toilet 3. Cooking facilities 4. Running hot water supplies Electric/gas needed for essential activities <p>Subject to verification by the local authority.</p>

Band D	
<p>Applicants not assessed as being owed a reasonable preference but who meet the partnership positive community criteria</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • An applicant employed or undertaking training within the borough to which they are applying. • An applicant that can demonstrate a contribution to the local community such as voluntary work. This could be specific to the area where the work takes place or could be positive work on an estate. • An applicant with a family connection to the specific area which is required due to giving or receiving care or specific support purposes. •
<p>Under-Occupancy</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Partner tenants who are under-occupying
<p>Households Over-Occupying by 1 bedroom.</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Households over-occupying by 1 bedroom according to the bedroom standard as detailed in Appendix A Table 2 regardless of household type or landlord.

E Band	
<p>No Housing Need</p> <p>GLOBAL</p>	<ul style="list-style-type: none"> • Applicants that do not qualify for additional preference but would like to move to alternative accommodation.

6. Allocations and lettings

6.1 Quota system

When advertising properties on the Select Move scheme, partners will use the following quota system:

Band A	40%
Band B	30%
Band C	20%
Band D	10%
Band E	0%

6.2 Advertising

Properties will be advertised as and when notice is received and therefore will be uploaded at anytime between a Monday and Friday to the website.

Each listed property will have a closing date within which the customers will need to register their bid.

Large family homes of 4 bedrooms or more including 3 bed parlour homes, bungalows and newly built homes will be advertised for a minimum of one week including weekends and bank holidays as will any properties with adaptations.

All other properties advertised on Select Move will be advertised for a minimum of 5 days including weekends and bank holidays.

6.3 Direct matches

A direct match will occur where a property has been identified for a particular applicant and which has been approved by a senior manager in the partner organisation making the match.

Direct matches are used in exceptional circumstances for emergency re-housing such as fire, flood, major incident, urgent major repairs, witness protection, child protection, serious domestic abuse or other exceptional housing management reason. Instances of direct matching will be monitored by the Operational Group for compliance with the shortlisting and offers procedure.

6.4 Numbers of expressions of interest, numbers of offers and other restrictions

An applicant who has been accepted as statutory homeless by a Local Authority will receive one suitable offer of accommodation which can be from the social rented or

private rented sector as determined by the local authority. If a homeless applicant refuses one suitable offer of accommodation then the applicant will lose their reasonable preference banding and will be placed in a lower band to reflect their housing needs. The Local Authority will have no further legal duty to provide accommodation. If an applicant wishes to request a review in relation to the suitability of an offer or their status as a homeless applicant they must make an application to the relevant local authority.

Applicants awarded band A or band B priority may lose their priority status if they refuse an offer of accommodation for which they, or their proxy, bid and the property is considered suitable taking into account:

The size of the property

The physical access to the property and the internal layout

The facilities provided

The location of the property and

It was accurately described on the Select Move advertisement.

Any applicants in band A and band B will have their application reviewed every 10 weeks to ensure that the applicant is expressing an interest on suitable vacancies advertised. . Where the applicant fails to express an interest their band placement will be formally reviewed and in appropriate circumstances expressions of interest will be placed on their behalf. Where priority has been awarded by the Local Authority under homelessness duties the Local Authority will have the discretion to review the application weekly. This includes applicants awarded Band C priority by the Local Authority

6.5 Offers of accommodation

An offer of accommodation can be made by telephone, e-mail or in writing subject to the contact details on the application form.

It is the responsibility of the applicant to ensure that their personal contact details are kept up to date and that they notify Select Move of any planned holidays or expected absences.

If an applicant does not reply to an offer within 2 working days, or 24 hours if the property is ready to let, the offer will be deemed to be withdrawn. A further attempt will be made to contact the applicant within 10 working days to determine whether they wish to remain on the list. If there is still no response, the application will be closed.

If an applicant banded A to C by a Local Authority fails to reply the relevant Local Authority will be informed in order that further efforts can be made to contact the applicant.

6.6 Planning restrictions

Planning requirements may restrict which applicants can be considered for a particular property e.g. must live in a particular area etc. These restrictions will be clearly set out

in the advertisement by the partner and short listing decisions will be only be made by the partner in accordance with the requirements of the planning consent.

6.7 Local Lettings Policies

Select Move partners may draw up local lettings policies that are aimed at creating and maintaining sustainable communities which are: time limited and consulted with the Local Authority and stakeholders and agreed with the Steering Group.

Applicants may as part of a local lettings plan be required to attend training to demonstrate their ability to sustain a tenancy. Where training is identified as being necessary, the applicant will need to successfully complete this training before an offer of accommodation is confirmed.

Local lettings policies must be formally publicised by the partner implementing the policy and must also carry out an equality impact assessment.

6.8 High risk ex-offenders

Applicants who are considered by relevant agencies as high risk ex-offenders will be required to have an appropriate risk assessment with partner or multi agencies before an offer of accommodation is made. The aim of this risk assessment will be to ensure that appropriate support and/or supervision is in place before the offer of accommodation is made. This may mean that restrictions will be placed on the property type and/or location offered.

6.9 Vulnerable applicants

Each partner is committed to equality of access to the Select Move scheme. Applicants with special or specific needs and vulnerable applicants will be provided with appropriate assistance. Any support plans submitted must be agreed with the relevant partner. Assistance may also include auto bidding, bidding by telephone, or staff assisted bidding.

A proxy may place bids on the applicant's behalf with the applicant's agreement where a proxy is required or requested.

6.10 Sheltered housing

An applicant for sheltered housing must normally be aged 55 or over or have a need for sheltered accommodation due to a disability or some other vulnerability. An assessment of the applicants need for sheltered housing will be undertaken. It is a condition of all tenancies in sheltered housing schemes that tenants agree to accept the services offered. Separate charges are made for these services in addition to the rent. Further details are available from each sheltered scheme.

6.11 Supported accommodation

There is a range of supported accommodation available in each local authority area. However apart from older persons accommodation supported accommodation is not available through Select Move.

An applicant wishing to access supported accommodation should contact their Local Authority housing options service for more information.

6.12 Care and support needs

If an applicant has high care or support needs and an assessment indicates that they may have specific requirements Partners may make a referral to Social Services requesting a needs assessment if there is not already one in place. Select Move will work with Social Services to allocate accommodation in accordance with an applicant's care and support plan, but there may be cases where there will be no prospect of Select Move partners being able to offer accommodation.

7. Closing applications, Reviews and Complaints

7.1 Closing or cancelling applications

An application will be closed from the housing register in the following circumstances:

At the request of the applicant.

If the applicant becomes ineligible or no longer qualifies under this policy.

When the applicant has been housed through the scheme.

When a tenant of social housing completes a mutual exchange.

If the applicant fails to respond to a request for further information within 28 working days.

Where an applicant has refused three reasonable offers within the past 12 months their application may be closed and will not be allowed to re-apply to the register for a 6 month period. In this case the applicant will be required to re-register and will lose their time on the register.

Where an applicant fails to respond to a review of their application.

Where there are reasonable reasons for the applicant failing to make contact or repeatedly refusing accommodation, or where there is new and relevant information, an applicant can request to be reinstated on the register. Upon reinstatement their original banding and effective date will be awarded. Requests to be reinstated on the register must be made within 3 months of removal.

An applicant whose application has been closed can apply to re-join the register in which case they will receive a new effective date in accordance with this policy.

7.2 Annual review of applications

Every application on the register will be reviewed at least annually on the anniversary of its entry on the register.

7.3 Requesting a Review

An applicant has the right to request a review of any decision made on their application if they are not satisfied with any decision made, for example the banding awarded or effective date applied.

The applicant or someone authorised to act on their behalf must notify in writing the Select Move partner dealing with their application within 28 days of the date on which the applicant is notified of the decision. The notification must set out the grounds for the review. The relevant local authority will deal with any decisions about homelessness duty or housing options.

The review will be carried out by a member of staff of the partner organisation dealing with the applicant who is senior to the person who made the original decision. The review will exclude any staff that may have had any influence or involvement in the original decision. The applicant will be given the opportunity to submit any further information that they may want the reviewing officer to consider. The applicant will also be informed of the right to make oral representations as well as written representations.

The review is a reconsideration of the case and is not limited to the facts at the date of the original decision and will be made on the relevant information available at the time of the review. In addition to any information provided by the applicant, the reviewing officer may ask for further information that is reasonably required to make a decision. The merits of each case will be considered on an individual basis.

Select Move partners' will aim to complete all reviews within 28 days of receiving all relevant unless a longer period has been agreed with the applicant. If the reviewing officer decides that there is deficiency or irregularity in the original decision, or the manner in which it was made, but still decides to make a decision which is against the interests of the applicant on one or more issues, the reviewing officer shall notify the applicant (a) that the reviewer is so minded and the reasons why; and (b) that the applicant, or someone acting on his behalf, may make representations to the reviewer orally or in writing or both. The applicant will be informed of the outcome in writing. If the original decision is upheld, the applicant will be informed of the reasons for this decision. Where a decision has been made in line with Select Move's policies and procedures, applicants may not have the right to invoke a partner's complaints policy to challenge the decision again.

Local Government Ombudsman (LGO)

The LGO is an independent organisation which considers complaints about how a local authority has dealt with an application or request for a service for example how the authority discharges its homelessness duty under the allocation scheme.

The LGO website is www.lgo.org.uk

The LGO address is

PO Box 4471, Coventry, CV4 0EH

The Housing Ombudsman (HO)

The HO is an independent organisation which considers complaints about how a housing association dealt with an application or request for a service for example mutual exchanges or transfers.

The HO website is www.housing-ombudsman.org.uk

The HO address is

81 Aldwych, London, WC2B 4HN

The HO website provides advice about which service applicants should contact according to the type of complaint they have.

Appendix A

Shortlisting Criteria

When short listing those applicants who have expressed an interest in a property advertised on the Select Move scheme the following criteria will be followed:

Table 1

1. Bedroom Need	<p>The overriding criteria which will be used to shortlist applicants who have expressed an interest in a property whose minimum bedroom need matches the number of bedrooms in the property.</p> <p>An applicant whose minimum need is higher than the number of bedrooms in a property will not be able to bid on the property as they would be over-occupying.</p> <p>Applicants who are assessed as being able to manage in smaller properties will have their bedroom need over ridden</p>
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	<p>providing this does not go over the space standard.</p> <p>Applicants/households that have a desire to live in a larger home will be allowed to bid on a larger property providing they can demonstrate that they are financially able to sustain the larger home. These applicants/households will be shortlisted below applicants that have the actual bedroom need requirement.</p> <p>For applicants with a lower than minimum bedroom need please see the foot of this table</p>
2. Banding	<p>Properties will be advertised in housing need bands in accordance with the quotas in the allocations policy.</p> <p>An applicant who bids will be given priority if they are awarded the band that the property is advertised in (subject to matching bedroom criteria). An applicant not in the band the property is advertised in will be considered in descending order starting with the highest band the property was not advertised in with A being the highest and E being the lowest. For example for a property advertised in band B, Applicant with B band would be prioritised followed by A, C, D and E bands.</p>
3. Connection to Local Authority	<p>Priority of an applicant within each band will be given first to applicants who have a local connection to the local authority where the advertised property is located. This applies to all bands and sub-categories.</p> <p>An applicant without a connection to the local authority in which the property is advertised, but has a connection to at least one of the other Select Move local authorities with then be short listed.</p> <p>It is possible for an applicant to have a local connection to more than one local authority.</p>

4. Effective Banding Date	<p>Within each band and after taking into account local connection, an applicant will be short listed in order of the earliest effective banding date.</p> <p>In certain circumstances the effective banding date may precede the application date.</p>
<p>Each property shortlist will follow the above procedure for each applicant with a matching bedroom need. The process will then be repeated for each applicant who will be under-occupying with the closest bedroom requirement. Applicants who have the assessed need for a larger property will always be considered before those that have been financially approved for a larger property.</p> <p>Although under-occupying applicants will be short listed under no circumstances is there any obligation on a partner to offer a property to an applicant who will under-occupy as this is not effective use of housing stock. An applicant who would be under occupying a property would only be offered the property if they can demonstrate it is economically viable.</p> <p>An applicant deemed to be under-occupying will be required to sign a disclaimer acknowledging that housing benefit (or equivalent state benefit) may not cover the full housing cost of their property. All applicants will need to demonstrate their ability to sustain a tenancy.</p>	

In determining the minimum bedroom need the following criteria will be taken into account:

Table 2

Single people and couples	<p>One bedroom accommodation need unless any of the following apply:</p> <ul style="list-style-type: none"> • The need for an additional bedroom for a carer as provided by the Welfare Reform Act 2012 and regulations made thereunder. • Proof of pregnancy is provided by MatB1
Families	<ul style="list-style-type: none"> • One bedroom for the applicant including his or her partner. • One bedroom for each member of the household over the age of 16. A couple will be allocated one bedroom. • One bedroom for up to 2 children of the same sex up to the age of 16. • One bedroom for up to 2 children of different sexes up to the age of 10

Open Market Property and 'Immediately Available Home' adverts will only be used once the property has been through one full advertising cycle. Where the same type of property in the same area has been advertised within the last month and not be let then these properties may be advertised instantly in the Immediately Available Homes

section of the website.. These properties will then be allocated outside of the Select Move shortlisting criteria, allowing for any eligible applicant to be successful regardless of their position on the shortlist.

Appendix B

Data Protection

The Select Move Scheme and its partners will make every effort to keep information provided by applicants safe and confidential. They will comply with all policies on data protection. The Data Protection Act 1998 provides an applicant with the right to request a copy of their records held on the Select Move allocations system. An applicant wishing to see and receive a copy of their records should make a written request to the partner responsible for registering their application.

All information received relating to an application will be treated as confidential. The Data Protection Act 1998 prevents the disclosure of any such information to any other person without the applicants consent.

Information may be shared about the individual and their history irrespective of whether their consent has been obtained in exceptional circumstances, which will include:-

- in accordance with the provisions of the Crime and Disorder Act 1998 (section 115)
- For the purposes of the prevention or detection of a crime
- Where there is a serious threat to the applicant or a third party including staff or contractors of a partner or any other organisation.
- Where information is relevant to the management or support duties of the proposed landlord or support organisation to ensure the health and safety of the applicant, a member of his or her household, or a member of staff

Any application that has a cancelled, closed or suspended status for 6 years will be archived off the system, likewise any attachment to a live application will also be archived after 6 years..

Appendix C

Allocations – Maintaining Standards of Probity

Section 122 of the Housing and Regeneration Act 2008 restricts the making of a gift, and the payment of a dividend and bonus, by a non-profit registered provider to-

- a. A member or former member of the registered provider
- b. A member of the family of a member or former member
- c. A company which has as a director a person within paragraph (a) or (b).

To ensure compliance with the Act and in accordance with best practice in the granting of tenancies all applicants are asked to disclose any relationship that exists between them and members or employees of the partners to the Select Move scheme.

Each partner housing association shall have in place a policy to ensure that the allocation of properties to board members and employees (or their immediate families) is dealt with in a fair and transparent manner and in accordance with the Select Move policy.

Each local authority partner shall assess in the normal way any application for housing from local authority member or employees (or their immediate families) but registration, eligibility, the assessment of housing need and any offer of accommodation shall be approved by a senior manager within the local authority.

Family member

A family member is not defined in the Act and the Select Move partnership considers that someone's husband, wife, partner, parents, grandparents, children, grandchildren, brothers; sisters would be included and that similar relations by marriage or other partnership would also count as a family member. This should not be confused with the definition of close family members as detailed in the local connection provisions for qualification to join the register.

Appendix D

Domestic Abuse

The applicant will be awarded Band A priority due to domestic abuse where it can be assessed that they are in imminent danger if they remain at their address. The assessment will be undertaken through the Multi Agency Risk Assessment Conference (MARAC) process or relevant Select Move partner in conjunction with appropriate support agencies.

Band A will not be awarded where:

- The perpetrator is included on the application form
- The applicant is requesting a move to an area which is near to where the alleged perpetrator is living or where the alleged perpetrator has close family networks.

Band A priority awarded will be time limited and reviewed by the partner organisation that awarded the priority on a regular basis. Priority will be removed where:

- The need for an immediate or urgent move is no longer there;
- Suitable vacancies arise and the applicant does not bid;
- A suitable offer has been made and refused.

Where the applicant is a tenant of a partner organisation and the partner organisation has suitable properties in the areas requested by the applicant then Band A priority will not be awarded. In these cases the partner organisation will arrange a 'direct match' of the applicant to the property.

Appendix E

Right to Move – Statutory guidance on social housing allocations for local housing authorities in England

An existing social housing tenant (living outside the Select Move area) will not be disqualified on the grounds of no local connection if they: have reasonable preference under s166(3)(e) because of a need to move to the districts of Chorley, Preston or South Ribble to avoid hardship, **and** need to move because the tenant works in the districts of Chorley, Preston or South Ribble **or** need to move to take up an offer of work in the districts of Chorley, Preston or South Ribble.

If the criteria above are met then the applicant will be awarded **local band B** to the relevant district for:

“An applicant who needs to move to a particular locality and otherwise would suffer significant hardship to themselves or a member of their household and where a financial assessment into that hardship has been undertaken”.

Whether or not the applicant meets the above criteria isn't solely determined by the need to move for work, but that it would cause them hardship if they were able to do so.

Definition of Work

- Work should be a permanent contract or one with a minimum term of 12 months.

- Work should be of 16 or more hours a week (unless it can be demonstrated that the earnings are substantial).
- Work should not be voluntary.
- Work can include apprenticeships.
- The relevant district should be the main place of work.
- In the case of self-employed tenants, work should be regular as opposed to intermittent

Distance, time and travel costs

When determining hardship, the time taken to travel to work and the cost of the travel should be taken into account. The Select Move partnership considers the following criteria could suggest hardship:

Travel time to get to work is in excess of an hour each way (personal or public depending on circumstances). Travel costs are more than £15 per day or 25% of net income from the employment. There is no transport available at all.

Other factors

These factors are all considered on a case by case basis as to whether hardship would be faced by the applicant if they could not move:

- Would failure to move mean the applicant would lose an opportunity to gain a better job/promotion, an apprenticeship, increase hours/pay or move from unemployment to employment.
- If the nature of work likely to be available closer to the applicant's home.
- Personal factors including care responsibilities and medical conditions affected by the tenant not being able to move closer to work.
- Any other situation where hardship would be demonstrable if the tenant could not move.

Discretion

Every application will be dealt with on a case by case basis allowing all circumstances and variables to be considered.

Proof of Work

A combination of the following can be used as to prove that work or a job offer is genuine:

- Contract of employment (particularly if stating main place of work).

- Wage slips showing hours worked (particularly if zero hours contract) but they are unlikely to evidence the location of work.
- A letter offering employment (it is likely that the employer will be contacted to confirm acceptance).
- A letter from an employer to prove the work and location.

Right to Move Quota

1% of a Partner Landlords lets will be prioritised for Right to Move applicants based on the total of the previous year's lettings by the landlord in each district. The number of Right to Move lets will be rounded up to the nearest whole figure, and prioritised for Band B with the advert stating that 'applicants from outside the Select Move area who need to move for work and have been awarded Band B for Hardship will be prioritised'. The quota level will be reviewed annually based on demand.

Appendix F

SELECT MOVE

OPEN PROPERTY REGISTER POLICY

1. Select Move is the choice based lettings system for Preston, South Ribble and Chorley. Members of the Select Move Partnership let 75% of their properties for rent through the Select Move scheme.

Aims of Policy

2. The aims of this policy are to:
 - a) ensure that partners can let properties for which there is no demand from 'non qualifying' Select Move applicants;
 - b) provide non qualifying applicants with clarity as to how properties are allocated under the Open Property Register (OPR).
3. Applicants on the OPR will be free to bid on all properties advertised on Select Move and which are designated by partners as open to OPR applicants but will only be considered if the property attracts no bids from suitable qualifying applicants and is deemed to be suitable for OPR applicants by the advertising partner.
4. The advertising partner will be responsible for agreeing with the relevant local authority those properties that shall be advertised to OPR bids and those which shall

not, e.g. properties subject to a s106 agreement specifying a local connection. Unless otherwise agreed with the local authority, the partner shall be free to allocate the property using whatever criteria they deem appropriate subject to:

- a) fulfilling their own charitable objectives;
 - b) complying with relevant legislation;
 - c) including details of the property in an annual report to the Select Move Partnership and the relevant local authority detailing all properties let to OPR applicants.
5. The Partnership will also monitor the letting via the OPR through the production of quarterly monitoring reports.

Equality

6. The partners are committed to equality of opportunity and anti-discrimination and to promoting social inclusion and will endeavour to ensure that everyone has an equal opportunity to access the OPR.
7. Persons who apply to the Select Move register and who do not meet the qualifying criteria for Select Move under sections 2' 3 and 4 of the Select Move policy shall be registered on the Open Property Register (OPR) for "low demand" properties except that an applicant will not be considered if the applicant or anyone included on their application has :
 - a) engaged in anti-social behaviour such that action has been or could have been taken against them, e.g. injunction, ASBO, demotion order, possession order;
 - b) been convicted of a serious offence that has not been spent and is likely to pose a threat or risk to any partner of the scheme, tenants, local community or staff;
 - c) housing related debt of £1,000.01 or more such as rent arrears or sundry debts, including debts to a private landlord. However once the debt has been reduced to £1,000.00 the applicant can re-apply;
 - d) housing related debt of £1,000.00 or less and have not made and/or maintained a repayment plan for a minimum of six months;
 - e) failed the habitual residence test and has insufficient funds otherwise to maintain a tenancy;
 - f) care and support needs that, having been assessed by a partner organisation, cannot be met through the provision of sheltered or general needs accommodation;
 - g) previously been evicted by a Select Move partner and are still considered a risk to the landlord.
7. References for an OPR applicant will normally only be taken up at the point of an offer of accommodation. Acceptance onto the OPR does not mean, and shall not be

taken to imply, that an applicant on the OPR shall be entitled to receive an offer of accommodation.

False Or Withheld Information

8. It is a criminal offence for any applicant to knowingly or recklessly give false information or to withhold information relevant to their application. An offence may be committed if an applicant knowingly or recklessly gives false information or withholds such information which has reasonably been requested on the housing application form or otherwise by the partner organisation. An offence is also committed if the applicant allows a third party to provide false information on his or her behalf, or at his or her instigation. In these circumstances the partner organisation may seek to repossess the property from the applicant.

Review of Policy

9. This policy shall be reviewed at least annually.

Appendix G

Legal Framework

In addition to ensuring the allocation policy meets the duties imposed under the Housing Act 1996, there are several statutes and codes of practice that the policy has to remain compatible with. These include

The Human Rights Act 1998

Data Protection Act 1998

Freedom of Information Act 2000

The Equality Act 2010

Children Act 1989

Crime & Disorder Act 1998

Homelessness Act 2002

Equality and Human Rights Commission (Code of Practice on Racial Equality in Housing – September 2006)

Appendix JS27

Inside Housing Article (March 2016)





The heart of a town lies in it's people



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Applicants barred by local connection rules

NEWS 11/03/16 8:00 AM BY SOPHIE BARNES

More than half of councils to respond to an *Inside Housing* survey have imposed new local connection rules to slash their waiting lists.



An exclusive *Inside Housing* survey reveals 159 English councils have struck 237,793 people off their waiting lists and barred a further 42,994 new applicants since the Localism Act came into effect in June 2012. Ninety councils, or 57% of

respondents, have introduced a requirement that applicants have a connection to the local area.

Melanie Rees, head of policy at the Chartered Institute of Housing, said the requirements “generally aren’t good practice” as they can be “discriminatory depending on how long they’re applied”. Twenty-six councils require a person to have lived in the area for three years or more.

The research suggests a surge in the number of people removed or barred from waiting lists. In a similar survey of 126

removed or barred from waiting lists. In a similar survey of 120 councils two years ago, 113,000 people had been removed or barred.

There have been 775 occasions since 2012 where a decision to remove an applicant from the waiting list or refuse access has been reversed after it was contested.

Current statutory guidance says councils should require a person to live in the borough for at least two years before they are considered for social housing.

However, the government plans to increase this to four years as part of a deal struck with the European Union prior to the referendum in June.

A spokesperson for the Local Government Association said the Housing and Planning Bill will cut investment in council housing and pressure local authorities to “further reconsider” their policies.

Glen Hearnden, portfolio holder for housing at Harrow Council, which has introduced stricter criteria, said the demand for housing “far exceeds supply”.

Other restrictions include means-testing income and barring people with rent arrears. Some people will have voluntarily come off the register, or moved out of the area. However, 39 councils, or 25%, have made no changes to their allocations policy since the Localism Act passed into law.

A Local Government Ombudsman report published in January said there had been a 13% increase in complaints about housing allocations.

A Department for Communities and Local Government spokesperson said *Inside Housing's* research was “unnecessary scaremongering”.



Technology and big data has the opportunity to fundamentally change the way we manage homes.



Appendix JS28

National Housing Federation Home Truths report 2018/19





Home Truths

The housing crisis in the North West

Created in November 2019

Solving the housing crisis

Housing associations are united by a single purpose – to ensure everyone in the country can live in a quality home that they can afford.

We meet shifting housing needs by building more homes, by providing extra support when it's needed and by innovating to tackle the challenges people face.

We generate income which doesn't go to shareholders so we can reinvest all our profits in homes and communities. That's what we have always done; it's what we will always do.

If you share our sense of purpose, we want to work with you. If you want to end the housing crisis, you need to work with us.

	North West	England
Income required for 80% mortgage in 2017/18	£43,548	£68,700
Average (mean) house prices in 2017/18	£190,522	£300,560
Percent of Housing Benefit claimants in employment in 2018/19	13.7%	20.7%
Ratio of house prices to incomes in 2017/18	7	10
Mean monthly private sector rents in 2017/18	£603	£829

North West	Long term empty homes in 2018 ¹	Average (mean) house prices in 2017/18 ²	Percent of Housing Benefit claimants in employment in 2018/19 ³	Income required for 80% mortgage in 2017/18 ⁴	Ratio of house prices to incomes in 2017/18 ⁵	Mean annual earnings in 2017/18 ⁶	Mean monthly private sector rents in 2017/18 ⁷	Second homes in 2018 ⁸	Total housing association affordable homes in 2018/19 ⁹	Unemployment rate in 2018/19 ¹⁰
England	216,186	£300,560	20.7%	£68,700	10	£29,338	£829	251,654	2,721,384	4.1%
North West	39,769	£190,522	13.7%	£43,548	7	£26,577	£603	27,257	516,470	3.9%
Blackburn with Darwen UA	1,203	£135,418	9.2%	£30,953	6	£22,344	£494	169	11,703	5%
Blackpool UA	1,459	£121,544	15.4%	£27,782	6	£22,209	£520	572	2,391	5.7%
Cheshire East UA	1,685	£281,152	15.7%	£64,263	9	£29,921	£779	1,488	21,378	3.1%
Cheshire West and Chester UA	1,630	£236,223	14.5%	£53,994	9	£27,955	£646	904	19,647	3.7%
Halton UA	430	£161,931	6.1%	£37,013	6	£26,042	£548	89	14,725	4.3%
Warrington UA	723	£214,784	13.7%	£49,094	7	£28,902	£626	502	15,059	3.6%
Cumbria	4,751	£190,273	12.4%	£43,491	7	£26,551	£531	8,224	31,484	2.4%
Allerdale	820	£182,631	9.8%	£41,744	7	£28,163	£507	1,297	8,929	3.1%
Barrow-in-Furness	837	£137,486	11.1%	£31,425	5	£27,602	£515	257	851	4.5%
Carlisle	789	£155,690	12.8%	£35,586	7	£23,785	£472	603	7,995	2.6%
Copeland	847	£144,711	9.8%	£33,077	5	£29,661	£511	865	6,105	4.1%
Eden	471	£223,701	14%	£51,132	10	£22,854	£560	1,357	2,710	1.9%
South Lakeland	987	£270,412	18.5%	£61,808	10	£27,295	£656	3,845	4,894	1.8%
Greater Manchester (Met County)	10,840	£191,538	15.8%	£43,780	7	£26,224	£667	10,617	203,446	4.4%
Bolton	1,362	£153,286	15.1%	£35,037	6	£24,560	£582	613	25,906	4.4%
Bury	972	£184,228	15.4%	£42,109	7	£27,071	£624	281	4,949	4.5%
Manchester	1,132	£194,823	18.5%	£44,531	8	£24,653	£801	6,013	52,457	4.7%
Oldham	1,154	£148,045	18.4%	£33,839	6	£23,702	£551	248	18,937	5.1%
Rochdale	852	£149,543	13.7%	£34,181	6	£24,554	£499	287	21,085	5.4%
Salford	1,163	£181,488	16.2%	£41,483	7	£25,137	£720	1,274	30,345	4.5%
Stockport	1,108	£245,821	15.3%	£56,188	8	£29,786	£731	600	7,350	3.3%
Tameside	981	£154,893	13.7%	£35,404	7	£24,003	£541	136	22,424	4.6%
Trafford	774	£327,665	15.1%	£74,895	10	£34,263	£885	760	16,075	3.8%
Wigan	1,342	£147,818	11.4%	£33,787	6	£25,308	£503	405	3,918	3.9%
Lancashire	7,519	£174,332	12.9%	£39,847	7	£26,655	£547	2,910	58,637	4.4%
Burnley	976	£104,173	8.9%	£23,811	4	£24,435	£453	186	6,004	6.3%
Chorley	499	£194,086	15.3%	£44,363	7	£28,085	£582	133	7,068	2.8%
Fylde	547	£224,088	15.7%	£51,220	7	£31,148	£587	539	2,886	2.3%
Hyndburn	674	£113,745	10%	£25,999	5	£24,679	£471	70	4,942	4.5%
Lancaster	1,050	£173,935	11.9%	£39,757	7	£26,068	£561	657	3,036	4.5%
Pendle	862	£132,591	14.5%	£30,306	5	£25,958	£463	172	4,680	3.9%

North West	Long term empty homes in 2018 ¹	Average (mean) house prices in 2017/18 ²	Percent of Housing Benefit claimants in employment in 2018/19 ³	Income required for 80% mortgage in 2017/18 ⁴	Ratio of house prices to incomes in 2017/18 ⁵	Mean annual earnings in 2017/18 ⁶	Mean monthly private sector rents in 2017/18 ⁷	Second homes in 2018 ⁸	Total housing association affordable homes in 2018/19 ⁹	Unemployment rate in 2018/19 ¹⁰
Preston	1,150	£163,822	15.7%	£37,445	7	£24,710	£537	399	11,859	4.5%
Ribble Valley	198	£246,231	12.1%	£56,281	8	£31,928	£683	225	2,343	2.4%
Rossendale	474	£150,868	8.4%	£34,484	6	£26,801	£522	155	4,706	4%
South Ribble	413	£180,346	16.2%	£41,222	7	£26,442	£581	80	5,414	3.2%
West Lancashire	537	£218,092	7.6%	£49,850	8	£26,837	£573	94	1,660	4.4%
Wyre	139	£178,521	15.6%	£40,805	7	£24,565	£576	200	4,039	2.8%
Merseyside (Met County)	9,529	£167,261	11.5%	£38,231	6	£26,255	£524	1,782	138,000	3.4%
Knowsley	865	£142,764	7.2%	£32,632	6	£25,501	£572	39	18,451	3.9%
Liverpool	3,703	£151,739	13%	£34,683	6	£26,468	£506	169	59,473	3.9%
Sefton	1,918	£190,883	9.9%	£43,630	8	£25,230	£554	373	19,146	3%
St Helens	946	£145,281	9.3%	£33,207	5	£26,910	£531	597	17,636	3.2%
Wirral	2,097	£188,059	13.5%	£42,985	7	£26,868	£533	604	23,294	2.8%

1. MHCLG - Table 615 Vacant Dwellings by LA district. Date range: Oct 2004-Oct 2018. Next update Apr 2020.

2. ONS - HPSSA Dataset 12a. Date range: 95/96-17/18. Next update: Sept 2019. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

3. Calculated from DWP - Stat-Xplore. Date range: 08/09-18/19. Next update: Aug 2020. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2018=2018/19).

4. National Housing Federation analysis. Date range 95/96-17/18. Next update: Sept 19. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

5. National Housing Federation analysis. Date range 01/02-17/18. Next update: Oct 19. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

6. ONS - ASHE Table 8. Date range: 01/02-17/18. Next update: Oct 2019. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

7. Valuation Office Agency - Private Rental Market. Date range: 10/11-17/18. Next update: Nov 2019. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

8. MHCLG - Council Taxbase: LA level data. Date range: September 2010 - September 2018. Next update Nov 2019.

9. Homes England - Statistical Data Return 2018. Date range: 11/12-17/18. Next update Oct 19. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2017=2017/18).

10. ONS - NOMIS model-based estimates. Date range: 04/05-18/19. Next update: Jul 2020. PLEASE NOTE: DATES ARE FINANCIAL YEAR (2018=2018/19).

Appendix JS29

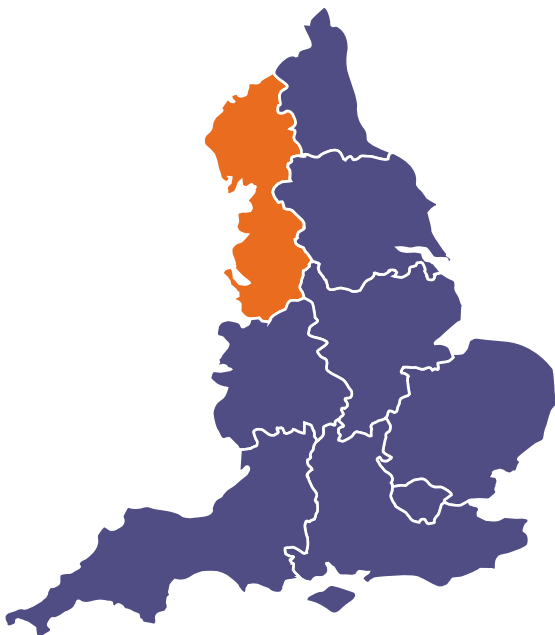
National Housing Federation Home Truths report 2011/12



Home Truths 2011

Fixing our broken housing market

North West



The housing market is failing

The North West is taking a disproportionate hit from public spending cuts. It is suffering the highest percentage loss of public sector jobs of any area, and looks set to lose government funding of £68m as a result of the New Homes Bonus policy, the worst outcome for any region.

These are disadvantages the North West can ill afford. They will have serious consequences for the regional economy and housing market. Social housing is already under enormous strain. Housing waiting lists grew by almost 7% last year, the fastest increase in the country. More than 250,000 households are now waiting for an affordable home in the region.

And, despite the recession, buying a home remains beyond the financial reach of too many families, with continuing high prices, high deposit requirements and restricted mortgage supply.

Housing associations are doing their best to make a difference. In 2010/11 they provided 4,120 new affordable homes, including 442 low cost home ownership properties, and they now house one in every seven North West households.

But the region needs more government support. We are seeing the damaging effects of housing market failure. There are still some areas of low demand housing, acting as a brake on regional economic development. To fix the broken market, ministers should implement a range of measures that ensure housing continues to be built at scale, remains affordable and is effectively regulated across all sectors.

We need more affordable homes

The housing and economic challenge

- Despite the recession, house prices in the North West are still 16% higher than in 2005 and 126% higher than ten years ago. A 25% deposit on the average home costs £40,000, twice the average regional salary.^{1,2,3}
- The average house price in the North West in 2010 was £159,805, more than eight times the average regional income.^{1,2}
- Only 9,250 new homes were built in the North West in 2010/11, providing homes for just 43% of the 21,520 new households estimated to form in the region each year.⁴
- Housing waiting lists in the North West have been the fastest growing in England over the past five years. One in 12 households is now on a waiting list.⁴
- Over 3,880 households were accepted as homeless by local authorities in the region in 2010/11.⁴
- At 8.6%, the unemployment rate in the North West is higher than the national average and the region's jobs are the hardest hit by cuts in the public sector.⁵

Housing associations are meeting these challenges

- In 2010/11, housing associations in the North West built or refurbished 4,120 affordable homes, an increase of 28% on the previous year, despite tough economic conditions.⁶
- In the five years to 2008, housing associations invested over £25m in employment and enterprise schemes in the region, helping to create over 3,500 jobs.⁷

HOME TRUTHS 2011

Fixing our broken housing market

	Average (mean) house prices 2010 ¹	Average lower value house prices 2010 ¹	Average (median) incomes 2010 ²	Gross annual income needed for a mortgage (75% at 3.5x) ³	Ratio of house prices to incomes ^{1,2}
ENGLAND	£240,033	£125,000	£21,398	£51,436	11.2
NORTH WEST	£159,805	£91,000	£19,828	£34,244	8.1
Blackburn with Darwen UA	£114,755	£69,000	£18,039	£24,590	6.4
Blackpool UA	£113,232	£80,000	£15,995	£24,264	7.1
Cheshire East UA	£231,940	£123,000	£20,992	£49,701	11.0
Cheshire West and Chester UA	£198,398	£120,000	£20,670	£42,514	9.6
Halton UA	£139,596	£81,000	£18,600	£29,914	7.5
Warrington UA	£184,482	£106,950	£22,282	£39,532	8.3
Chester	£217,448	N/A	£21,029	£46,596	10.3
Congleton	£207,035	N/A	£21,835	£44,365	9.5
Crewe and Nantwich	£180,181	N/A	£19,474	£38,610	9.3
Ellesmere Port and Neston	£164,520	N/A	£20,498	£35,254	8.0
Macclesfield	£294,418	N/A	£22,303	£63,090	13.2
Vale Royal	£191,255	N/A	£20,446	£40,983	9.4
Cumbria	£171,004	£95,000	£19,058	£36,644	9.0
Allerdale	£166,152	£92,000	£19,479	£35,604	8.5
Barrow-in-Furness	£114,025	£71,000	£19,843	£24,434	5.7
Carlisle	£140,433	£87,491	£18,663	£30,093	7.5
Copeland	£133,590	£78,000	£25,761	£28,626	5.2
Eden	£211,913	£135,000	£15,075	£45,410	14.1
South Lakeland	£240,467	£145,000	£18,840	£51,529	12.8
Greater Manchester	£152,971	£88,775	£19,932	£32,779	7.7
Bolton	£131,462	£75,500	£18,465	£28,170	7.1
Bury	£146,763	£92,500	£21,752	£31,449	6.7
Manchester	£146,543	£91,000	£18,195	£31,402	8.1
Oldham	£128,539	£80,000	£19,391	£27,544	6.6
Rochdale	£124,096	£76,375	£20,524	£26,592	6.0
Salford	£132,310	£80,000	£19,063	£28,352	6.9
Stockport	£190,757	£116,000	£21,663	£40,876	8.8
Tameside	£123,027	£83,000	£19,037	£26,363	6.5
Trafford	£248,180	£131,000	£23,093	£53,181	10.7
Wigan	£125,387	£80,000	£20,030	£26,869	6.3
Lancashire	£152,578	£90,000	£19,526	£32,695	7.8
Barnley	£89,441	£50,000	£18,736	£19,166	4.8
Chorley	£169,091	£108,000	£20,405	£36,234	8.3
Fylde	£200,145	£125,000	£21,772	£42,888	9.2
Hyndburn	£98,459	£62,000	£19,510	£21,098	5.0
Lancaster	£155,682	£102,038	£19,334	£33,360	8.1
Pendle	£111,342	£57,000	£18,585	£23,859	6.0
Preston	£139,665	£85,000	£18,039	£29,928	7.7
Ribble Valley	£217,443	£130,000	£22,417	£46,595	9.7
Rossendale	£129,317	£80,000	£17,493	£27,711	7.4
South Ribble	£162,479	£113,000	£20,342	£34,817	8.0
West Lancashire	£194,899	£120,000	£21,445	£41,764	9.1
Wyre	£160,803	£108,875	£17,758	£34,458	9.1
Merseyside	£145,992	£88,000	£20,036	£31,284	7.3
Knowsley	£114,851	£80,000	£19,895	£24,611	5.8
Liverpool	£130,707	£77,000	£20,571	£28,009	6.4
St. Helens	£132,055	£81,500	£19,661	£28,297	6.7
Sefton	£168,539	£110,000	£18,970	£36,115	8.9
Wirral	£162,625	£100,000	£21,060	£34,848	7.7

Average lower value house prices are based on lower quartile house prices, i.e. the value below which the 25% lowest lie
N/A Data not available

	Total LA rented homes 2010 ³	Total HA rented homes 2010 ⁴	All new HA homes completed with HCA funding 2009/10 ⁵	New lettings made by LAs 2009/10 ³	New lettings made by HAs 2009/10 ⁴	Households on waiting list 2010 ⁷	Change in affordable housing stock (HA and LA) 2005-10 ^{3,4}		Change in affordable lettings (HA and LA) 2005-10 ^{3,4}	
	1,767,872	2,242,657	47,499	154,163	184,137	1,751,982	-35,593	-1%	-33,892	-9.1%
	153,028	425,375	3,219	17,988	34,504	253,521	-19,585	-3%	-7,004	-11.8%
	1	11,315	140	0	995	5,526	-199	-2%	-540	-35.2%
	5,321	1,934	14	801	155	6,769	63	1%	-143	-13.0%
	23	18,776	49	0	1,421	6,896	106	1%	1,421	N/A
	5,645	16,006	30	520	989	12,568	-271	-1%	1,509	N/A
	40	13,678	138	0	1,119	2,751	-625	-4%	-257	-18.7%
	8,645	5,224	109	1,079	476	10,016	-132	-1%	52	3.5%
	<i>N/A</i>	<i>N/A</i>	<i>98</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	<i>N/A</i>	<i>N/A</i>	<i>56</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	<i>N/A</i>	<i>N/A</i>	<i>60</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	<i>N/A</i>	<i>N/A</i>	<i>10</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	<i>N/A</i>	<i>N/A</i>	<i>116</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	<i>N/A</i>	<i>N/A</i>	<i>11</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
	5,931	26,561	228	546	2,353	18,191	-978	-3%	-435	-13.0%
	3	8,585	97	0	798	1,775	-126	-1%	-68	-7.9%
	2,717	750	0	293	28	1,506	-133	-4%	-207	-39.2%
	24	7,402	18	0	727	6,987	-422	-5%	5	0.7%
	0	6,277	36	0	471	3,677	-492	-7%	-100	-17.5%
	0	2,331	44	0	207	930	79	4%	-11	-5.0%
	3,187	1,216	33	253	122	3,316	116	3%	-54	-12.6%
	117,187	145,172	1,031	13,980	11,927	106,652	-10,213	-4%	-2,533	-8.9%
	18,145	7,188	65	2,099	662	24,226	-622	-2%	-21	-0.8%
	8,404	4,318	29	967	312	2,450	-126	-1%	-38	-2.9%
	18,107	51,856	244	3,422	3,713	22,448	-2,509	-3%	-134	-1.8%
	13,799	6,912	142	1,394	523	6,414	-1,473	-7%	-761	-28.4%
	13,772	7,402	28	1,931	611	3,631	-1,901	-8%	-391	-13.3%
	10,519	21,124	230	964	2,029	14,492	-1,436	-4%	-775	-20.6%
	11,595	5,761	64	1,214	489	7,626	-389	-2%	209	14.0%
	0	21,709	84	0	2,061	7,839	-455	-2%	346	20.2%
	0	15,753	105	0	1,227	12,853	-207	-1%	-539	-30.5%
	22,846	3,149	40	1,989	300	4,673	-1,095	-4%	-429	-15.8%
	10,134	52,231	348	1,062	4,325	19,643	-1,079	-2%	-1,788	-24.9%
	0	5,799	34	0	561	491	-191	-3%	-61	-9.8%
	0	5,832	39	0	293	765	141	2%	-395	-57.4%
	0	2,304	38	0	167	2,971	38	2%	-24	-12.6%
	5	4,905	10	0	287	2,842	4	0%	-280	-49.4%
	3,810	2,114	5	470	407	1,872	-133	-2%	272	45.0%
	0	4,525	2	0	365	1,673	-215	-5%	-241	-39.8%
	0	10,938	15	0	900	2,458	-298	-3%	-764	-45.9%
	4	1,784	86	0	119	739	78	5%	-18	-13.1%
	0	4,568	46	0	408	1,844	-234	-5%	-145	-26.2%
	0	4,995	16	0	443	1,543	118	2%	93	26.6%
	6,315	907	22	592	82	2,438	-548	-7%	-249	-27.0%
	0	3,560	35	0	293	7	161	5%	24	8.9%
	101	134,478	781	0	10,744	64,509	-6,257	-4%	-1,133	-9.5%
	0	18,056	60	0	1,479	2,024	-1,220	-6%	155	11.7%
	101	57,960	314	0	4,864	21,238	-4,020	-6%	-325	-6.3%
	0	17,199	120	0	1,427	5,378	-465	-3%	-109	-7.1%
	0	18,729	115	0	1,260	16,645	-423	-2%	-609	-32.6%
	0	22,534	172	0	1,714	19,224	-129	-1%	-245	-12.5%

Figures shown in italics are estimates

What the Government should do

To fix the broken North West housing market, the Government should:

- Make a renewed commitment to building the homes the region needs at scale
- Identify housing as a key driver of economic activity in the North West
- Deliver a reformed planning system that supports the building of affordable homes, ensuring that private developers continue to build social housing on sites of private development across the region through the use of planning gain
- Ensure that councils in the North West undertake robust housing needs assessments on which to base future development plans
- Place a greater emphasis in the planning framework on providing suitable housing options for older people and specialist housing for others with support needs
- Identify suitable surplus public land and make it available for the building of affordable homes
- Restore £300m annual funding to support and restructure failing housing markets
- Encourage the banks to increase mortgage availability
- Regulate the private rented sector to tackle the problem of rogue landlords
- Abandon plans for an overall benefits cap for each family
- Drop proposals to cut housing benefit for social housing tenants deemed to be under-occupying their homes, and
- Maintain the right of social housing tenants to have their housing benefit paid direct to their landlord.

Sources

1. Land Registry data, 2000, 2005 and 2010
2. Annual Survey of Hours and Earnings (ASHE), 2010
3. Gross income required for 75% mortgage at 3.5x median regional income
4. Communities and Local Government (CLG) statistics, 2005, 2010 and 2011
5. Office for National Statistics, North West regional profile and labour force surveys, 2011
6. Homes and Communities Agency (HCA), 2011
7. *Northern Lights*, National Housing Federation, 2006

The facts in this booklet use the latest available official government statistics at the time of going to print. In some areas, the National Housing Federation has carried out additional analysis to draw out the social and economic implications of the figures. The commentary is our own. Some of this data is © Crown copyright.

For more information contact our research and futures team on **020 7067 1188**.

Footnotes to tables

1. Land Registry, 2010
2. Annual Survey of Hours and Earnings (ASHE), 2010
3. Communities and Local Government Housing Statistics Live Tables, 2010
4. Tenant Services Authority, Regulatory and Statistical Return, 2010
5. Homes and Communities Agency completions data, 2009/10

***Home truths 2011* shows that:**

- Housing waiting lists in the North West are growing faster than in any other region
- The North West is building less than half the homes it needs each year
- The region is suffering disproportionate damage from public spending cuts.

The National Housing Federation represents 1,200 independent, not-for-profit housing associations in England and is the voice of affordable housing. Our members provide two and a half million affordable homes for more than five million people.

National Housing Federation

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**Download all the *Home truths* booklets from:
www.housing.org.uk/hometruths**

Written by Simon Graham at Blue Sky.
Design by SPY Design and Publishing.
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(October 2011).



Appendix JS30

Chorley's Affordable Housing Five Year Supply Analysis –
April 2020



Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.21	Parcel H1b(ii), Group 1, Euxton Lane	Buckshaw Village	Euxton	Astley and Buckshaw	17/00767/REMAJ	125	0	9	116	9	9	0	0	0	0	9	9 dwellings left to be built at 1st April 2020, all of which were under construction. It is estimated that these dwellings will be completed in the first year of the five year period.	0		60 dwellings were AH. Permission Homes have confirmed none of the remaining units are affordable. if the remaining are AH. Assumed 30% of residual
HS1.21	Parcels M1 & H1a, Group 1, Euxton Lane	Buckshaw Village	Euxton	Astley and Buckshaw	17/00441/REMAJ 17/01123/REM	160	0	14	146	14	14	0	0	0	0	14	14 dwellings left to be built at 1st April 2020, all of which were under construction. It is estimated that these dwellings will be completed in the first year of the five year period.	0	0	Persimmon Homes confirmed there is no requirement for AH on sites M1 and H1a.
HS1.21	Parcels H1d and H1b(i), Group 1, Euxton Lane	Buckshaw Village	Euxton	Astley and Buckshaw	19/00137/REMAJ	128	128	0	0	128	20	36	36	36	0	128	Development of the site had not started at 1st April 2020. The developer has advised that the development was due to commence in April 2020 but this has been delayed by several months. Development is expected to take 3 and a half years.	12	12	Application description - erection of 128no. Residential dwellings (including 12 affordable dwellings)
HS1.22	Southern Commercial Quarter Central Core	Buckshaw Village	Euxton	Astley and Buckshaw	08/01100/REMAJ 10/00334/FULMAJ 10/01052/REMAJ 12/01001/REMAJ	83	31	0	52	31	0	0	31	0	0	31	One apartment block of 31 dwellings left to be built at 1st April 2020, development had not commenced. Site is currently being marketed, it is estimated that the development could commence in the second year of the five year period subject to being sold	9	9	Checking to find marketing details 30% of 31 is 9 AH

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
																	and following any amendments to the planning permission. It is therefore estimated that the dwellings will be completed in the third year of the five year period.			
HS1.1	Land 120m South West of 21 Lower Burgh Way	Chorley	Chorley	Chorley South West	16/00805/FULMAJ	88	9	20	59	29	29	0	0	0	0	29	29 dwellings left to be built at 1st April 2020, 20 of which were under construction. The developer has advised that the development is scheduled to be completed in August 2020 but this may now be delayed by a few months.	5	5	Application proposed 35 units at 17.4% (pro rata = 5.046)
HS1.7	Talbot Mill, Froom Street	Chorley	Chorley	Chorley East	07/01426/FULMAJ 11/00875/FULMAJ	149	149	0	0	149	0	0	0	0	0	0	Land remediation and contamination works started in 2015 however construction of the dwellings has not yet commenced. There is no evidence that the site will come forward in the five year period.	0	0	
HS1.8	Botany Bay/Great Knowley, Blackburn Road	Chorley	Chorley	Chorley North East	17/00714/OUTMAJ 17/00716/OUTMAJ	288	288	0	0	288	0	0	0	0	0	0	The site has outline planning permission for 288 dwellings. There is no evidence that the site will come forward in the five year period.	0	0	

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.16	Former Initial Textile Services bounded by Botany Brow and Willow Road	Chorley	Chorley	Chorley North East	11/00871/FULMAJ 12/01015/FULMAJ 13/00993/FULMAJ 14/01225/MNMA 15/00028/FUL 16/00053/FUL	43	33	0	10	33	0	0	33	0	0	33	33 dwellings left to be built at 1st April 2020, none of which were under construction. The developer has advised that the remaining dwellings should be completed within the next 3 years.	0	0	Agreed not financially viable to provide AH on this brownfield site.
HS1.18	Calder House and Rydal House, Highfield Road North	Chorley	Chorley	Chorley North West	17/00438/FULMAJ	14	4	8	2	12	8	4	0	0	0	12	12 dwellings left to be built at 1st April 2020, 8 of which were under construction. It is estimated that all of these dwellings will be completed by the second year of the five year period.	0	0	No AH listed on Application form
HS1.31	Land North of Lancaster Lane and bounded by Wigan Road and Shady Lane	Clayton-le- Woods	Clayton-le-Woods	Clayton-le-Woods West and Cuerden	12/00941/OUTMAJ 13/00803/OUTMAJ 13/00822/REMAJ 14/00541/REM 14/00867/REM 14/01003/REMAJ 15/00664/REMAJ 16/00469/REM 17/00190/REM 17/00403/REM	160	0	4	156	4	4	0	0	0	0	4	4 dwellings left to be built at 1st April 2020, all of which were under construction. It is estimated that these dwellings will be completed in the first year of the five year period.	1	1	47 AH secured. Applied 30% of 4 - could be a max of 4.
HS1.31	Land North of Lancaster Lane and bounded by Wigan Road and Shady Lane	Clayton-le- Woods	Clayton-le-Woods	Clayton-le-Woods West and Cuerden	14/00951/OUTMAJ 17/00369/REMAJ	220	133	30	57	163	36	36	36	36	19	163	163 dwellings left to be built at 1st April 2020, 30 of which were under construction. The developer has previously advised that completion rates will be 36 dwellings a year. Actual completions for the period 2019/20 was 49 dwellings. It is therefore estimated	17	17	AH contribution of £2,970,000 based on 20% of 2020. 10% on site. 10% of 163 = 17 units on site. Contribution of £67.500 per dwelling

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
																	that all of the dwellings will be completed in the five year period.			
HS1.31	Land adjoining Cuerden Residential Park, Nell Lane	Clayton-le- Woods	Clayton-le-Woods	Clayton-le-Woods West and Cuerden	19/00417/FULMAJ	115	115	0	0	115	0	22	0	0	0	22	Site works commenced in February 2020. The development has been delayed by several months but the developer has advised that construction of the first phase of the development (22 dwellings) is expected to be completed within 12-18 months of work resuming. The developer does not currently own the remaining land therefore they are unable to advise when the remaining parcels will be completed. The remaining dwellings have therefore not been included in the five year supply.	7	0	34 AH units secured and a commuted sum of £38,726 at best 30% of 22 - whilst 7 indicated I consider it is likely to be zero based on Schedule 5 part 2-4 - which says "the owner shall not occupy or cause or allow to be occupied the 50th Market unit..."

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.36	Coppull Enterprise Centre, Mill Lane	Coppull	Coppull	Coppull	16/00656/FULMAJ	75	28	11	36	39	24	15	0	0	0	39	39 dwellings left to be built at 1st April 2020, 11 of which were under construction. The developer has advised that the development was due to be completed by the end of 2020 however given the current situation completion will be delayed.	8	8	Committee report indicate - 11. The proposed affordable housing delivery as part of this application would be 8 social rented affordable dwellings to be delivered by Adactus. The affordable provision equates to 10% of the dwellings and is below the Policy threshold within the Local Plan. Assumed all 8 remain to be provided.
HS1.39	Land surrounding 89 Euxton Lane	Euxton	Euxton	Euxton North	16/00380/OUTMAJ 17/00356/REMAJ	140	6	20	114	26	26	0	0	0	0	26	26 dwellings left to be built at 1st April 2020, 20 of which were under construction. The developer has previously advised that all dwellings are expected to be completed by the end of 2020.	10	10	35 units to be provided on site - 25.3% agreed at outline stage. 4.7% offsite+ £600,000 S106 requires no more than 85% of OM to be occupied until 100% of the AH provided. 85% of OM is 89. *9 + 35 = 124. 114 currently built so 10 could be AH. Clause 7.6.
HS1.40	Land 10m South of Dunrobin Drive	Euxton	Euxton	Euxton South	18/01211/FULMAJ	51	51	0	0	51	18	25	8	0	0	51	Development of the site had not started at 1st April 2020. The developer has advised that the development is due to commence in May 2020 however this may be delayed due to the current situation. The development is expected to be completed within 2 years.	51	51	100% AH - Mulbury Homes and One Vision Housing Limited.

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.42	Playing field to the rear of Greenside	Euxton	Euxton	Euxton North	19/00361/FULMAJ	36	36	0	0	36	0	36	0	0	0	36	Development of the site had not started at 1st April 2020. The developer has advised that all these dwellings are due for completion in 2021/22.	36	36	100% AH
HS1.43A	Land adjacent to Lady Cross Drive	Whittle-le- Woods	Whittle- le- Woods	Pennine	17/00377/OUTMAJ	12	12	0	0	12	0	0	0	0	0	0	The site has outline planning permission for 12 dwellings. There is no evidence that the site will come forward in the five year period.	0	0	
HS1.43B	Land bounded by Town Lane and Lucas Lane	Whittle-le- Woods	Whittle- le- Woods	Pennine	13/01055/OUTMAJ 19/00830/REMAJ	53	53	0	0	53	0	0	30	23	0	53	Development of the site had not started at 1st April 2020. The developer has advised that the purchase of the site is due to complete by the end of June and the development is expected to take two and a half years. It is estimated that all dwellings will be completed in the five year period.	14	14	14 secured at outline stage
HS1.43C	Land west of Leatherlands Farm, Moss Lane	Whittle-le- Woods	Whittle- le- Woods	Pennine	14/00900/OUTMAJ 16/00247/FULMAJ	34	0	13	21	13	13	0	0	0	0	13	13 dwellings left to be built at 1st April 2020, all of which were under construction. It is expected that these dwellings will be completed in the first year of the five year period.	8	8	10 units secured in S106. S106 requires no more than 80% of the OM before 100 AH built. 80% of 24 is 19 units - so at least 2 must have been AH.

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites with Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.53	JF Electrical, Little Quarry, Hill Top Lane	Whittle-le- Woods	Whittle- le-Woods	Clayton-le-Woods and Whittle-le- Woods	12/01134/OUTMAJ	85	85	0	0	85	0	0	0	0	0	0	A reserved matters planning application is currently under consideration. However, there is uncertainty about the deliverability of this site due to issues relating to filling works. It has therefore not been included in the five year supply.	0	0	
Totals						2059	1161	129	769	1290	201	174	174	95	19	663		178	171	

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites without Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Number of Dwellings Allocated	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
HS1.26	Fairport, Market Place	Adlington	Adlington	Adlington and Anderton	31	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.1	Eaves Green, off Lower Burgh Way (remaining allocation)	Chorley	Chorley/ Coppull	Chorley South West/ Coppull	232	0	0	0	0	0	0	The site is allocated for 419 dwellings. 99 dwellings have been built on part of the site and another part of the site has full planning permission for 88 dwellings. This leaves 232 dwellings. A full planning application is currently under consideration for 201 dwellings on the remaining part of the site. However, there is uncertainty regarding the viability of this site therefore it has not been included in the five year supply.	0	0	
HS1.5	Cowling Farm	Chorley	Chorley	Chorley East	158	0	12	49	49	48	158	A land exchange has taken place between the Council and Homes England, with Homes England now owning the residential part of the allocation. A masterplan has also been prepared for the site. Homes England have confirmed that the site will be delivered in the five year period with development scheduled to commence by the end of 2021/early 2022.	47	0	Site disputed by Gladman – see evidence of Christian Lee.
HS1.17	Cabbage Hall Fields	Chorley	Chorley	Chorley North East	11	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.19	Land adjacent to Northgate	Chorley	Chorley	Chorley North East	21	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.29	Westwood Road	Clayton Brook/Green	Clayton-le- Woods	Clayton-le- Woods North	23	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.31	Land to the East of Wigan Road (remaining allocation)	Clayton-le- Woods	Clayton-le- Woods	Clayton-le- Woods West and Cuerden	0	0	0	0	0	0	0	The site is a mixed housing/employment allocation. 37.14ha/699 dwellings are allocated for housing. 818 dwellings have planning permission on 36.14 ha of land. The dwellings are being built at a higher density than estimated on the parcels with planning permission therefore the number of dwellings on this site has exceeded the allocated number of 699. This leaves 1 ha	0	0	

Chorley Five Year Supply April 2020 – March 2025: Allocated Sites without Planning Permission

Local Plan Ref	Address	Settlement	Parish	Ward	Number of Dwellings Allocated	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH Supply	Appellants comments
												for further housing however there is no evidence that any of this land will come forward in the five year period.			
HS1.34	Regent Street	Coppull	Coppull	Coppull	22	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.38	Mountain Road	Coppull	Coppull	Coppull	22	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.46	Land at Drinkwater Farm, Windsor Drive	Brinscall	Withnell	Wheelton and Withnell	10	0	0	0	0	0	0	No evidence that the site will come forward in the five year period.	0	0	
HS1.52	Pole Green Nurseries	Charnock Richard	Charnock Richard	Chisnall	29	0	0	0	0	0	0	No evidence that the site will come forward in the five year period. A previous planning application on the site expired in 2014.	0	0	
Totals					559	0	12	49	49	48	158		47	0	

Chorley Five Year Supply April 2020 – March 2025: Windfall Sites

Sites of 10 or more dwellings with planning permission

Site Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH supply	Appellants comments
2642	White Bear Marina, Park Road	Adlington	Adlington	Adlington and Anderton	10/00812/FULMAJ	48	19	0	29	19	0	0	0	0	0	0	This permission relates to the change of use of 48 leisure moorings to residential moorings. 29 moorings had become residential by 1st April 2020. There is uncertainty over the deliverability of the remaining moorings therefore they have not been included in the five year supply.	0	0	
3491	Fairclough House, Church Street	Adlington	Adlington	Adlington and Anderton	19/00840/P3PAJ	56	56	0	0	56	0	0	56	0	0	56	Development of the site had not started at 1st April 2020. It is estimated that the development will be completed by the required date which is 15th November 2022.	0	0	Prior Approval so no requirement for AH
3125	Land 200m North of Derian House, Euxton Lane	Chorley	Chorley	Chorley North West	15/00224/OUTMAJ	##	125	0	0	125	30	41	41	10	0	122	The site has outline planning permission for 125 dwellings. A reserved matters planning application for 122 dwellings was approved on 14th January 2020 subject to a revised s106 agreement being signed. The developer has advised that the site is scheduled to commence in July 2020 and it is a 3 year build programme.	37	37	37 shown on Affordable Housing Layout of RM 19/00904
3300	St George's House, St George's Street	Chorley	Chorley	Chorley South East	17/00276/P3PAJ 17/00270/FUL 17/00467/FUL 18/00341/FUL	13	2	0	11	2	0	2	0	0	0	2	2 dwellings left to be built at 1st April 2020 which had not started. It is estimated that these dwellings will be completed in the second year of the five year period.	0	0	Prior approval for COU from office to flats
3341	Chorley and South Ribble District Purchasing Team Government Offices, Peter Street	Chorley	Chorley	Chorley North West	17/00929/P3PAJ	14	0	14	0	14	14	0	0	0	0	14	All dwellings were under construction at 1st April 2020. It is estimated that all of these dwellings will be completed in the first year of the five year period.	0	0	Prior approval to 14 flats
3348	5-9 Queens Road	Chorley	Chorley	Chorley North West	17/00490/FULMAJ	18	18	0	0	18	0	18	0	0	0	18	The site had been cleared at 1st April 2020 but construction of the dwellings had not started. It is estimated that all of these dwellings will be completed in the second year of the five year period.	0	0	commuted sum equivalent to 6 units requested. Viability report submitted to show only POS contribution possible at £29,052.

Chorley Five Year Supply April 2020 – March 2025: Windfall Sites

Sites of 10 or more dwellings with planning permission

Site Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH supply	Appellants comments
3354	Land adjacent to 13 and 15 Halliwell Street	Chorley	Chorley	Chorley South East	17/00962/FULMAJ	10	0	10	0	10	10	0	0	0	0	10	All dwellings were under construction at 1st April 2020. It is estimated that all of these dwellings will be completed in the first year of the five year period.	0	0	10 one bed apartments - No AH in S106 and below Policy threshold.
3475	Alfreds Court, Market Street	Chorley	Chorley	Chorley South East	19/00145/FULMAJ	25	25	0	0	25	0	0	25	0	0	25	The development had not started at 1st April 2020. It is estimated that all of these dwellings will be completed by the third year of the five year period.	0	0	25 flats no Social Housing shown on form, no S106.
3485	Haslem Printers Ltd, Standish Street	Chorley	Chorley	Chorley South East	19/00090/FULMAJ	48	48	0	0	48	0	48	0	0	0	48	The development had not started at 1st April 2020. The agent has advised that the scheme will be amended and a new planning application submitted and estimates completion in 2021/22.	0	0	48 apartments - viability evidence accepted and no contributions were sought. Source committee report
3486	Brook House Hotel, 662 Preston Road	Clayton Brook/Green	Clayton-le-Woods	Clayton-le-Woods North	19/00075/FULMAJ	14	14	0	0	14	0	0	14	0	0	14	The development had not started at 1st April 2020. It is estimated that all of these dwellings will be completed by the third year of the five year period.	0	0	Below policy threshold
2933	Bank Hall, Bank Hall Drive	Other Rural	Bretherton	Lostock	09/01021/FULMAJ	35	23	12	0	35	12	0	23	0	0	35	35 dwellings left to be built at 1st April 2020, 12 of which were under construction which relate to the conversion of the hall to 12 dwellings. It is estimated that these dwellings will be completed in the first year of the five year period. The remaining 23 are new build dwellings in the grounds of the hall. It is estimated that these dwellings will be completed in the third year of the five year period following completion of the hall conversion.	0	0	Enabling development - No AH contribution
2933	127A Station Road	Other Rural	Croston	Lostock	12/00942/FUL 14/00315/FUL 15/00953/FULMAJ 15/01040/OUT 16/01032/REM 16/00292/FUL 18/00773/FUL	12	2	0	10	2	0	2	0	0	0	2	2 dwellings left to be built at 1st April 2020 which had not started. It is estimated that these dwellings will be completed in the second year of the five year period.	0	0	below threshold

Chorley Five Year Supply April 2020 – March 2025: Windfall Sites

Sites of 10 or more dwellings with planning permission

Site Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH supply	Appellants comments
3219	Gleadhill House Stud, Gleadhill House, Dawbers Lane	Other Rural	Euxton	Euxton South	16/00633/OUTMAJ 17/00806/REMMAJ 17/01172/REM 17/01173/REM 17/01174/REM 17/01175/REM 18/00166/REM 18/00448/REM 18/00825/REM 18/00854/REM 18/01186/REM	12	0	2	10	2	2	0	0	0	0	2	2 dwellings left to be built at 1st April 2020, both of which were under construction. It is estimated that these dwellings will be completed in the first year of the five year period.	0	0	below threshold
3419	Goodyear Business Park, Gorse Lane	Other Rural	Mawdesley	Eccleston and Mawdesley	17/01097/REMMAJ	56	36	17	3	53	30	23	0	0	0	53	53 dwellings left to be built at 1st April 2020, 17 of which were under construction. Assuming a completion rate of 30 dwellings a year the development would be completed in the second year of the five year period.	21	21	21 units in the S106 dated 20 November 2014
2955	Chimney and Building, Withnell Fold Mill, Withnell Fold	Other Rural	Withnell	Wheulton and Withnell	12/00084/FULMAJ	37	37	0	0	37	0	0	0	0	0	0	The development had not started at 1st April 2020. The planning permission included conversion of part of the mill to an office which has been completed therefore the permission remains extant. There is uncertainty about whether the residential part of the development will come forward therefore it has not been included in the five year supply.	0	0	
3074	Withnell Hall, Formerly Lake View Nursing Home, Chorley Road	Other Rural	Withnell	Brindle and Hoghton	14/00098/FUL 16/00697/FULMAJ 19/00173/FUL	14	1	8	5	9	9	0	0	0	0	9	9 dwellings left to be built at 1st April 2020, 8 of which were under construction. It is estimated that all of these dwellings will be completed in the first year of the five year period.	0	0	No AH requirement due to VBC being claimed

Chorley Five Year Supply April 2020 – March 2025: Windfall Sites

Sites of 10 or more dwellings with planning permission

Site Ref	Address	Settlement	Parish	Ward	Application Number	Dwellings Permitted	Dwellings Not Started	Dwellings U/C	Dwellings Completed	Dwellings Left to be Built	Deliverable Dwellings April 2020-March 2021	Deliverable Dwellings April 2021-March 2022	Deliverable Dwellings April 2022-March 2023	Deliverable Dwellings April 2023-March 2024	Deliverable Dwellings April 2024-March 2025	Total Deliverable Dwellings April 2020 - March 2025	Comments	LPA AH Supply	Appellants AH supply	Appellants comments
3114	Star Paper Mill, Moulden Brow, Feniscowles	Other Rural	Withnell	Brindle and Hoghton	15/00475/OUTMAJ	25	25	0	0	25	0	0	0	0	0	0	The site falls mainly within the borough of Blackburn with Darwen with a small part located in Chorley borough. It has outline planning permission for up to 500 dwellings, 25 of which were proposed in Chorley. A reserved matters planning application is currently under consideration which includes 22 dwellings in Chorley. There is no evidence that these dwellings will be built in the five year period.	0	0	
3483	Lucas Green, Lucas Lane	Whittle-le- Woods	Whittle-le-Woods	Pennine	18/00367/OUTMAJ	10	10	0	0	9	0	0	0	0	0	0	One dwelling is to be demolished therefore the net number of dwellings is 9. There is no evidence that the site will come forward in the five year period.	0	0	
Totals						572	441	63	68	503	107	134	159	10	0	410		58	58	
Grand Total																		283	243	

Appendix JS31

Use of receipts from Right to Buy Sales - Consultation





Ministry of Housing,
Communities &
Local Government

Use of receipts from Right to Buy sales

Consultation



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Scope of the consultation

Topic of this consultation:	This consultation seeks views on options for reforming the rules governing the use of Right to Buy receipts from the sale of council housing, and whether we should reform the commitment that every additional home sold (as a result of the increase in discounts in 2012) is replaced on a one-for-one basis nationally.
Scope of this consultation:	This consultation seeks views on the options and invites consultees to comment as well as respond to specific questions.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	The purpose of the consultation is to seek views on options to reform the rules governing the use of Right to Buy receipts. Any policy changes brought forward as a result of the consultation would be subject to appropriate assessment.

Basic Information

To:	This consultation is open to everyone. It is primarily aimed at stock-holding English local housing authorities.
Body/bodies responsible for the consultation:	Ministry of Housing, Communities and Local Government
Duration:	This consultation will last for 8 weeks and will close on 9 October 2018.
Enquiries:	For any enquiries about the consultation please contact RTBconsultation@communities.gsi.gov.uk .
How to respond:	<p>Consultation responses should be submitted by online survey:</p> <p>https://www.surveymonkey.co.uk/r/RTBconsultation</p> <p>We strongly encourage responses via the online survey, particularly from organisations with access to online facilities such as local authorities, representative bodies and businesses.</p> <p>Should you be unable to respond online we ask that you complete the pro forma at the end of this document. Additional information or evidence can be provided in addition to your completed pro forma.</p> <p>In these instances you can email your pro forma to:</p> <p>RTBconsultation@communities.gsi.gov.uk</p>

Or send to:
Right to Buy Consultation Response
Right to Buy and Local Authority Housing Division
Ministry of Housing, Communities and Local Government
3rd floor,
Fry Building
2 Marsham Street
LONDON
SW1P 4DF

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:

- 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

Introduction

- 1 The Social Housing Green Paper, “A new deal for social housing”, published today sets out the Government’s vision for social housing following wide ranging and extensive engagement with social housing residents and landlords. Social housing remains central to our supply ambitions, providing a stable base that supports people when they need it. But our social housing offer must also be one that supports social mobility. The Green Paper includes a chapter on supply and supporting home ownership which sets out options to support local authorities to build more homes. These include changing the rules around how local authorities can use the money raised from Right to Buy sales in order to make it easier for them to build more homes. This consultation paper provides the opportunity to comment on these ideas, which are set out in more detail below. It also sets out options for reforming the commitment that every additional home sold (as a result of the increase in discounts introduced in 2012) is replaced on a one-for-one basis nationally.

Background

- 2 Under current Right to Buy legislation, council tenants – and housing association tenants who transferred with their homes from council landlords – have the right to buy their home at a discount, with the amount of discount dependent upon the length of time as a social tenant. Right to Buy discounts are currently a maximum of £108,000 in London and £80,900 outside of London.
- 3 In April 2012 the Right to Buy was reinvigorated by the Government and the maximum Right to Buy discounts were increased. A commitment was also introduced for the first time that for every additional sale (above the original baseline forecast under the Self-Financing Settlement), a new affordable home would be provided nationally through acquisition or new supply. Local authorities could also enter into an agreement with the Government to retain these additional sales receipts to fund the provision of the replacement stock.
- 4 Under the terms of the current agreements, made under Section 11(6) of the Local Government Act 2003, local authorities are required to spend retained Right to Buy receipts within three years, and for the receipts to fund no more than 30% of the cost of a replacement unit. Where a local authority is unable to spend receipts within three years they have to be returned to the Ministry of Housing, Communities and Local Government, together with interest of 4% above base rate, to be spent on affordable housing through Homes England or the Greater London Authority.
- 5 Statistics released in March 2018 showed for the first time that while the overall number of homes available for social rent has increased, local authorities have not been building enough Right to Buy replacements to match the pace of sales and the commitment that every additional home sold would be replaced on a one-for-one basis nationally is no longer being met. It is clear that local authorities need to increase their rate of delivery of new homes if they are to match the growth in sales.

- 6 The Government recognises that more needs to be done to help councils deliver replacement homes and have already taken action. Local authorities in high affordability pressure areas are able to [bid for additional Housing Revenue Account borrowing](#) which can be used alongside their unspent Right to Buy receipts to build new homes, and we have set a longer-term rent deal to provide investment stability.
- 7 The Government is aware from engagement with the sector that the current restrictions around the use of Right to Buy one-for-one receipts are a barrier to delivery. To help councils build more homes, the Government believes there is a case for greater flexibility on the use of receipts from Right to Buy sales. In a written Ministerial statement issued on 29 March 2018, the Government said it would consult further with the sector on how local authorities can use their Right to Buy receipts, and how to ensure that we continue to support local authorities to build more council homes.
- 8 The purpose of this consultation paper is to seek views on options for reforming the rules governing the use of Right to Buy receipts from the sale of council housing, and options for reforming the commitment that every additional home sold (as a result of the increase in discounts in 2012), is replaced on a one-for-one basis nationally.
- 9 The paper poses a number of specific questions. When responding it would be useful if you could identify which questions you are answering. The questions are set out in the attached pro forma.

Options for reforming the rules around the use of Right to Buy receipts

1. Timeframe for spending Right to Buy receipts

- 10 Local authorities are currently required to spend their one-for-one Right to Buy receipts within three years. If the receipts are not spent within three years the authority has to return them to the Ministry of Housing, Communities and Local Government together with interest of 4% above base rate. Returned receipts are used through Homes England or the Greater London Authority for the provision of affordable housing. The Government is aware that local authorities are frustrated when they have to return receipts plus interest despite having developments in the pipeline that they could be used on if they were able to keep them for longer.
- 11 The Government is not, however, minded to extend the three year deadline for all receipts as the ambition is still for local authorities to deliver replacements quickly and local authorities have now had six years since the rules were introduced in 2012 to build up their experience and capacity to develop and deliver new housing.
- 12 The Government is considering allowing local authorities to hold receipts they currently retain for five years instead of three, to give them longer to spend the receipts that they already have. This would also be helpful for those local authorities that are successful

in bidding for additional borrowing through the Housing Revenue Account [additional borrowing programme](#). It would also allow time for the other flexibilities proposed in this paper to be introduced, which will help make it easier for both existing and future receipts to be used.

- 13 If this flexibility was introduced, it would be made clear which receipts would fall under the five-year rule and which would fall under the three-year rule based on the quarter the receipts were received.

Question 1:

We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three-year deadline for future receipts.

2. Cap on expenditure per replacement unit

- 14 Right to Buy receipts can currently fund no more than 30% of the cost of a replacement home (whether through acquisition or new build) and local authorities have to find additional funding for the remaining 70%.
- 15 The Government believes that this should be feasible for authorities in typically higher-demand areas where the rental stream is sufficient to finance the remaining (up to) 70% through borrowing. However, if an authority is in a high-demand area but up against its borrowing cap and therefore unable to borrow, or in a low-demand area where they are able to borrow but rents are too low to finance the required level of borrowing, this can provide a significant stumbling block. It can also be problematic for authorities wanting to build homes for social rather than affordable rent, as these require a greater subsidy than 30%.
- 16 The Government is therefore considering allowing greater flexibility in the following circumstances:
- a) Increase the cap to 50% of build costs for homes for social rent in areas where authorities meet the eligibility criteria of the Affordable Homes Programme and can demonstrate a clear need for social rent over affordable rent; and
 - b) Allow local authorities to “top-up” insufficient Right to Buy receipts with funding from the Affordable Homes Programme up to 30% of build cost for affordable rent, or 50% of build costs for social rent where authorities can demonstrate a need for social rent, with bids for top-up to be submitted to the Affordable Homes Programme.

Question 2:

We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out above, and whether there are any additional circumstances where flexibility should be considered.

3. Use of receipts for acquisition

17 Local authorities can use Right to Buy receipts for the acquisition of existing properties as well as for new build, and acquisitions currently account for around 40% of replacements. Last-minute high-value acquisitions, where local authorities use receipts rather than have to return them to the Department together with interest, have been highlighted as one of the problems affecting replacement. This has an impact on the level of new supply being achieved through Right to Buy receipts. However, in some areas acquisition may be cheaper than new build and offer better value for money or may better reflect local needs. Acquisition can also be effective in bringing empty properties back into use. The Government does not therefore propose to implement a blanket ban on acquisition but is considering restricting acquisitions in order to help drive up new supply.

18 We have considered restricting the use of receipts for acquisition by:

- a) introducing a price cap per dwelling based on average build costs at Homes England and Greater London Authority operating area level;

Table 1 – Average total scheme costs (build cost) by operating area provided by Homes England and the Greater London Authority.¹

Homes England/GLA Operating Areas	Average Total Scheme Costs (2018/19 prices)
Midlands	132,000
North East, Yorkshire and the Humber	113,000
North West	122,000
South East	167,000
South West	152,000
Inner London	268,000
Outer London	265,000

For example, in the North East or Yorkshire and the Humber areas, it may sometimes be cheaper to acquire a property for less than £113,000 rather than build a new unit. In this case, the local authority would be allowed to acquire the property rather than build a new unit.

However, in London, in most instances, it is likely to be cheaper to build a new property than to acquire one. Purchases of properties over £265,000 in Outer London and £268,000 in Inner London would not be allowed.

¹ This is based on programme data from the Affordable Homes Programme between 2015-18. These have been updated to 2018/19 prices using the Consumer Price Index (CPI) forecasts produced by the Office of Budget Responsibility from Spring Statement 2018

or

b) allowing acquisition in certain areas only, for example, where average build costs are more than acquisition costs.

Our preference is for option a) as option b) would effectively introduce a blanket ban in some areas, which would prevent acquisition of empty properties in those areas.

Question 3:

We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.

4. Tenure of replacement home

- 19 Housing built or acquired by local authorities using Right to Buy receipts has to be provided at affordable or social rent. There can be viability issues in providing homes under these tenures for some developments and the Government is considering allowing local authorities flexibility to use receipts for shared ownership housing as well as for affordable and social rent. This could help with viability in some areas and is in line with the definition of affordable housing used under the Affordable Homes Programme.
- 20 Whilst this flexibility could lead to a reduction in the number of replacements being offered at affordable or social rent in some areas, this would be a matter for local authorities to determine in accordance with local needs. We are aware from our engagement with local authorities that this flexibility is not, in any case, likely to be taken up in all areas.

Question 4:

We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.

5. Changing the way the cost of land is treated

- 21 Local authorities have to account for their spending and income in a way that satisfies government regulations. Local authorities include most day-to-day spending and income within an account called the General Fund. The General Fund includes spending and income from a range of services including refuse collection, leisure facilities and community development work. Those authorities with a council-owned housing stock have a duty to maintain an additional account called the Housing Revenue Account. The Housing Revenue Account specifically accounts for spending and income relating to the management and maintenance of the council-owned housing stock.

- 22 The majority of local housing authorities (166) have a Housing Revenue Account. In other areas, all council homes have been transferred to Housing Associations. The Housing Revenue Account is governed by strict rules, set out in primary and secondary legislation which control rents and the type of tenancies that can be offered, and give tenants the Right to Buy. The Housing Revenue Account is separated from the local authority's General Fund by a "ring fence" to prevent council tax payers subsidising council housing, and vice versa.
- 23 Where local authorities want to use land in their General Fund to build housing on, they are required to compensate the General Fund from their Housing Revenue Account for the value of the land and the value of the land is not counted as a cost in calculating the authority's one-for-one expenditure. The Government is considering relaxing this restriction to allow local authorities to gift land from the General Fund to their Housing Revenue Account at zero cost, without increasing the Housing Revenue Account Capital Finance Requirement or increasing borrowing limits by the amount necessary to transfer land into the Housing Revenue Account. This will make it easier for local authorities to use land from within their General Fund for housing delivery.
- 24 We are considering limiting this to land which has been held in the General Fund for a number of years and are considering whether this should only apply to land which has not previously been developed or whether to also include land with derelict buildings.

Question 5A:

We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.

Question 5B:

We would also welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.

6. Transferring receipts to a Housing Company or Arm's-Length Management Organisation (ALMO)

- 25 Local authorities are increasingly setting up housing companies as a means of developing expertise and capacity in delivering new housing. Local authorities are not currently allowed to transfer Right to Buy receipts to a housing company or to an Arm's-Length Management Organisation as the homes built through these organisations do not come under the Housing Revenue Account and are, therefore, not subject to the same protections which residents in council homes enjoy. This means that rents are not set according to government policy and residents are not guaranteed a right to buy their homes.
- 26 The Government believes that, in general, social and affordable housing should be built and managed within a local authority's Housing Revenue Account so that residents' rights are protected and they have access to the Right to Buy. Maintaining this

provision also guarantees the integrity of the ring-fence, protecting both council tenants and Council Tax payers from their money being used for purposes that will not benefit them. However, Government recognises that there are occasions where delivering affordable housing through housing companies might be appropriate, such as where the Housing Revenue Account cannot sustain new building, and is seeking views on the use of Right to Buy receipts through these organisations.

- 27 The Government believes it is important that council social housing residents have the opportunity to realise their aspirations and become homeowners. Where housing companies are delivering and retaining affordable homes we expect them to offer an opportunity for tenants to become homeowners where feasible.

Question 6:

We would welcome your views on whether there are any circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use Right to Buy receipts.

7. Temporary suspension of interest payments

- 28 If a local authority does not spend their Right to Buy receipts within three years the receipts have to be returned to the Ministry of Housing, Communities and Local Government, together with interest of 4% above base rate, to be spent on affordable housing through Homes England or the Greater London Authority. The intention is to encourage local authorities to return receipts sooner where they do not have immediate delivery plans.
- 29 We know that local authorities would prefer to spend the receipts themselves rather than return them to be spent by Homes England/Greater London Authority as returned receipts are not targeted at the local authority area they were returned from. However, there will be instances where a local authority is unable to spend their receipts within the timeframe and the Government is considering providing a short window of time during which local authorities could return receipts without interest.
- 30 If introduced, we consider that this flexibility would apply for one quarter only and that local authorities would be given advance notice of the timing to allow decisions to be taken on whether to return receipts. The period of time the flexibility would operate would tie in with the current Right to Buy pooling requirement timetable.

Question 7:

We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.

8. Other Comments

31 We would welcome your views on other flexibilities which could be introduced to make it easier for local authorities to deliver new housing with their Right to Buy receipts.

Question 8:

Do you have any other comments to make on the use of Right to Buy receipts and ways to make it easier for local authorities to deliver replacement housing?

Reforming the replacement commitment

32 With the reinvigoration of Right to Buy in 2012, the Government committed to ensuring that, for every additional council home sold as a result of the increased discounts, a replacement home would be provided nationally through acquisition or new build.

33 Under the target as it currently stands, sales by each local authority are measured against a baseline of sales predicted pre-reinvigoration in 2012. For any sales above that baseline, councils can choose to keep a proportion of the money to invest in new housing for affordable and social rent, subject to the conditions set out earlier in the paper. If a local authority cannot meet these conditions, they must return the money to the Ministry of Housing, Communities and Local Government to be spent through Homes England or the Greater London Authority on affordable housing. The target measures these additional sales against the number of housing starts made by local authorities, Homes England or the Greater London Authority using the receipts from the additional sales.

34 The national target has now been missed for the last two quarters. This trend is set to continue. However, the measurement of the number of homes sold or acquired and the replacements built which count towards the commitment does not currently include:

- Homes sold by councils within the baseline forecast for Right to Buy sales from 2012
- Homes sold under the preserved Right to Buy
- Council homes sold other than through the Right to Buy
- Homes built by local authorities with grant and other funding
- Affordable homes built by housing associations

35 The current target focuses on the effects of one policy and does not take into account Government's other efforts to increase the net supply of social and affordable housing. The Government has a strong record of supporting the building of new social housing, which includes the £9 billion Affordable Homes Programme. As such, since 2012, the number of homes provided for social and affordable rent is 159,000, compared to local authority Right to Buy sales of 66,000. Taking into account the total net change in social and affordable rented housing stock, including the Preserved Right to Buy, other sales and losses due to demolitions, there has been a net increase of 49,000 social

and affordable rented homes since 2012. Therefore, the Government is consulting on whether it would be preferable to measure the overall effects of Government policy on social housing stock, instead of narrowly measuring it against the Right to Buy target.

- 36 One option would be for the Government to drop the current target and to focus on a broader measurement that takes into account all the social and affordable housing that has been sold or lost against the total number of additional social and affordable housing so that it is clear whether there has been an increase rather than loss overall. This would mean that all properties sold under the Right to Buy would be included rather than just those above the baseline forecast in 2012, as well as new social housing bought or built by local authorities and housing associations, regardless of how this has been funded.

Question 9:

Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Annex A: Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name, address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gsi.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a Government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest, e.g. a consultation.

3. With whom we will be sharing your personal data

Personal data will not be shared outside of MHCLG. Any data that is shared beyond MHCLG will be anonymised.

4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

5. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

6. The Data you provide directly will be stored by SurveyMonkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in terms of data protection will not be compromised by this.

7. Your personal data will not be used for any automated decision making.

8. Your personal data will be stored in a secure government IT system. Data provided to Survey Monkey will be moved from there to our internal systems by March 2019.

Annex B: Consultation response proforma

If you are responding by email or in writing, please reply using this questionnaire proforma, which should be read alongside the consultation document. If you are completing the form online you are able to expand the comments box should you need more space.

Your Details (Required fields are indicated with an asterix(*))

Family Name (Surname)*	
First Name*	
Title	
Address	
City/Town*	
Postal Code*	
Telephone Number	
Email Address*	

Are the views expressed on this consultation your own personal views or an official response from an organisation you represent?* (please tick as appropriate)

Personal View

Organisational Response

Name of Organisation (if applicable)

If you are responding on behalf of an organisation, please tick the box which best describes your organisation.

Local Authority (including National Parks, Broads Authority, the Greater London Authority and London Boroughs)

Neighbourhood Planning Body/Parish or Town Council

Private Sector organisation (including housebuilders, housing associations, businesses, consultants)

Trade Association /Interest Group/Voluntary or Charitable organisation

Other (Please specify)

Options for reforming the rules around the use of Right to Buy receipts

Timeframe for spending Right to Buy receipts

Question 1:

We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three year deadline for future receipts.

Please enter your comments here

Cap on expenditure per replacement unit

Question 2:

We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out in the consultation paper, and whether there are any additional circumstances where flexibility should be considered.

Please enter your comments here

Use of receipts for acquisition

Question 3:

We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.

Please enter your comments here

Tenure of replacement home

Question 4:

We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.

Please enter your comments here

Changing the way the cost of land is treated

Question 5A:

We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.

Please enter your comments here

Question 5B:

We would also welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.

Please enter your comments here

Transferring receipts to a Housing Company or Arm's-Length Management Organisation (ALMO)

Question 6:

We would welcome your views on whether there are any circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use Right to Buy receipts.

Please enter your comments here

Temporary suspension of interest payments

Question 7:

We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.

Please enter your comments here

Other comments

Question 8:

Do you have any other comments to make on the use of Right to Buy receipts and ways to make it easier for local authorities to deliver replacement housing?

Please enter your comments here

Reforming the replacement commitment

Question 9:

Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.

Please enter your comments here