

## **Points from White Paper on Fixing Our Broken Housing Market – Published February 2017 by the Department for Communities and Local Government**

### **Overall Approach:**

**Plan for the right homes in the right places:** The Government will insist that every area has an up-to-date plan. It will also increase transparency around land ownership, so it is clear where land is available for housing and where individuals or organisations are buying land suitable for housing but not building on it. It intends to consult on options for introducing a standardised approach to assessing housing requirements and will publish this consultation at the earliest opportunity this year, with the outcome reflected in changes to the National Planning Policy Framework (NPPF).

**Build homes faster:** The Government intends to make the planning system more open and accessible and tackle unnecessary delays. The paper recognises that development is about far more than just building homes. Communities need roads, rail links, schools, shops, GP surgeries, parks, playgrounds and a sustainable natural environment and without the right infrastructure, no new community will thrive. It was also commented that no existing community would welcome new housing if it placed further strain on already stretched local resources.

**Diversify the housing market:** The Government intends to open up the housing market to smaller builders and those who embrace innovative and efficient methods. Housing associations will be encouraged to build more, options to encourage local authorities to build again will be explored and institutional investment in the private rented sector will be encouraged to promote more modular and factory built homes. It will become easier for people who want to build their own homes.

**Help people now:** The Government intends to provide short term help to those having housing difficulties. Measures will range from investing in affordable housing to banning unfair letting agent fees to preventing homelessness.

**Local authorities:** All Local Authorities will be required to develop an up-to-date plan with their communities that meets their housing requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met), decide applications for development promptly and ensure the homes they have planned for are built out on time.

**Private developers:** The Government is offering a planning framework that is more supportive of higher levels of development, with quicker and more effective processing and determination of planning applications, and is exploring an improved approach to developer contributions. In line with the industrial strategy, productivity, innovation will be boosted and sustainability and skills encouraged by the wider introduction of modern methods of construction in house building. Greater diversity of homebuilders will also be encouraged by partnering with smaller and medium-sized builders and contractors in the Accelerated Construction Programme and helping small and medium-sized builders access the loan finance they need.

**Local communities:** The introduction of a simpler and clearer planning process should make it easier for local communities to get involved and shape plans for their area. The benefits of housing growth will become clearer and there will be a greater say over the design of local developments.

**Housing associations and other not-for-profit developers:** Funding worth a total of £7.1 billion through an expanded and more flexible Affordable Homes Programme has already announced.

**Utility companies and infrastructure providers:** The Government is offering a clear framework and simpler plans to help utility companies and infrastructure providers understand the demands made on them, and is exploring an improved approach to developer contributions to help pay for new infrastructure. It will ensure that infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund.

## **Chapter 1: Planning for the right homes in the right places**

Changes to the National Planning Policy Framework are planned in order to:

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

- Make clear that on top of the allowance made for windfall sites, at least 10% of the sites allocated for residential development in local plans should be sites of half a hectare or less;
- Encourage local planning authorities to work with developers to encourage the sub-division of large sites;
- Encourage greater use of Local Development Orders and area-wide design codes so that small sites may be brought forward for development more quickly.
- Make the most of the potential for new settlements alongside developing existing areas.
- Ensure that local and neighbourhood plans (at the most appropriate level) and more detailed development plan documents (such as action area plans) should set out clear design expectations following consultation with local communities. This will provide greater certainty for applicants about the sort of design which is likely to be acceptable – using visual tools such as design codes that respond to local character and provide a clear basis for making decisions on development proposals;
- Strengthen the importance of early pre-application discussions between applicants, authorities and the local community about design and the types of homes to be provided;
- Foster the efficient use of land and avoid building homes at low densities where there is a shortage of land for meeting identified housing requirements;
- Address the particular scope for higher-density housing in urban locations that are well served by public transport (such as around many railway stations);
- Ensure that the density and form of development reflect the character, accessibility and infrastructure capacity of an area, and the nature of local housing needs.

## **Chapter 2: Building homes faster**

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

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

**Land Supply Management:** The Government will amend the National Planning Policy Framework to give local authorities the opportunity to have their housing land supply agreed on an annual basis, and fixed for a one year period.

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

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

**Appeal Management:** An applicant's right to appeal to the Planning Inspectorate if they are unhappy with the decision of their local planning authority is a fundamental part of our planning system. However, unnecessary appeals can be a source of delay and waste taxpayers' money. We will consult on introducing a fee for making a planning appeal.

**Infrastructure Development and Inter-authority Cooperation:** We will target the £2.3bn Housing Infrastructure Fund at the areas of greatest housing need. We will open this capital grant programme to bids in 2017, with money available over the next four years. We expect to fund

a variety of infrastructure projects (including transport and utilities) where these will unlock the delivery of new homes, enabling economic development across the area. We would also welcome joint bids from across local authority boundaries where a strategic project could open up new homes on a wide-scale. Our decision making is likely to factor in whether authorities intend to apply the new standardised approach to assessing housing requirements. We will fund those bids that unlock the most homes in the areas of greatest housing need. It is essential that when the Government does invest in new infrastructure (such as High Speed 2), local planning authorities make the most of the opportunities for new housing it unlocks. Consequently we propose to amend national policy so that local planning authorities are expected to identify the development opportunities that such investment offers at the time funding is committed, and make it clear that when they review their plans they should seek to maximise the potential capacity unlocked by major new infrastructure.

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

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

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

**Planning Delays:** The Government intends to tackle unnecessary delays caused by planning conditions by taking forward proposals, through the Neighbourhood Planning Bill, to allow the Secretary of State to prohibit conditions that do not meet the national policy tests, and to ensure that pre-commencement conditions can only be used with the agreement of the applicant.

**Protected Species:** Natural England and Woking Borough Council have piloted a new strategic approach which streamlines the licensing system for managing great crested newts – the species which particularly affects development. The Government will roll out this approach to help other local authorities speed up the delivery of housing and other development.

**Community Infrastructure Levy (CIL) and S106:** The independent review of CIL and its relationship with Section 106 planning obligations, published alongside this White Paper, found that the current system is not as fast, simple, certain or transparent as originally intended. The Government will examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent review and make an announcement at Autumn Budget 2017. In addition to considering longer-term reform, the Government believes there is scope to make changes to s106 agreements in the short term to address practical issues in the operation of agreements raised by local planning authorities and developers. This will include consulting on standardised open book Section 106 agreements, to reduce disputes and delays, and on how data on planning obligations could be monitored and reported on to increase transparency. The Housing and Planning Act 2016 includes provision for a Section 106 dispute resolution process. The Government will consider dispute resolution further, in the context of longer term reform.

**Skill Shortages:** The Government will:

- Change the way it supports training in the construction industry so that we have the best arrangements to ensure strong industry leadership to address the skills challenge, improve retention and ensure that training courses cover the right skills to the right standards. It will start by reviewing the Construction Industry Training Board's purpose, functions and operations. The review will report in the Spring and ensure that developers benefitting from public funding use the projects to train the workforce of the future;
- Launch a new route into construction in September 2019 – as announced in the Skills Plan, this will streamline the number of courses available and improve quality and employability. It has already announced the apprenticeship levy which will come into effect from April 2017;
- Work across Government, with the Construction Leadership Council, to challenge house builders and other construction companies to deliver their part of the bargain. Crossrail alone has created over 600 apprenticeships across the project and enrolled over 17,500 people at the Tunnelling and Underground Construction Academy in Ilford. More

than 1,000 people who were previously unemployed have gained work on the project. The Government intends to explore whether this successful approach can be applied more broadly in the construction sector.

**Leadership and Transparency:** The Government will require more information to be provided about the timing and pace of delivery of new housing, building on the commitment made by the Home Builders Federation to improve transparency on build out on a site by site basis. Local authorities will be able to consider this information when planning to meet their housing need. The Government will prepare new guidance to local planning authorities following separate consultation, encouraging the use of their compulsory purchase powers to support the build out of stalled sites. In order to ensure that developers build homes quickly, the Government will introduce a new housing delivery test to ensure that local authorities and wider interests are held accountable for their role in ensuring new homes are delivered in their area. This test will highlight whether the number of homes being built is below target, provide a mechanism for establishing the reasons why, and where necessary trigger policy responses that will ensure that further land comes forward.

### **Chapter 3: Diversifying the market**

**Approach:** Productivity of the house building industry is well below the national average (1990 – productivity indices both 100; 2015 – national 141, construction industry 111). Therefore the Government proposes to support different parts of the market, including new entrants, to help boost productivity and innovation. This should help to support a more diverse and vibrant market that is more responsive to demand and gets more homes built. We want to ensure that new homes are built to a good standard, are energy efficient and so reduce fuel bills for home owners, and are accessible, sustainable and secure. We will also identify what more can be done to reduce delays and fees resulting from conveyancing to help ensure the market works better for home buyers.

**Home Building Fund:** The Government launched the £3 billion Home Building Fund on 3 October 2016, and continues the Housing Growth Partnership with Lloyds Banking Group. The Home Building Fund will provide £1 billion of short-term loan finance targeted at SMEs, custom-builders and innovators to deliver up to 25,000 homes this parliament; and a further £2 billion of long-term loan funding for infrastructure and large sites, unlocking up to 200,000 homes. Our new Accelerated Construction programme will support us in diversifying the market through partnering with small and medium-sized firms and others as development partners and contractors. We will continue to work with the British Business Bank to encourage current and potential lenders and

investors to invest in SMEs. We will publicise our Help to Buy equity loan scheme to small and medium-sized builders to encourage uptake.

**Custom Built Homes:** Alongside smaller firms, the Government wants to support the growth of custom built homes. These enable people to choose the design and layout of their home, while a developer finds the site, secures planning permission and builds the property. Custom built homes are generally built more quickly and to a higher quality than other homes, and tend to use more productive, modern methods of construction. To build on this the Government intends to:

- Promote the National Custom and Self Build Association's portal for Right to Build, so that people seeking to build their own home can easily access the local authority register in their area;
- Ensure the exemption from the Community Infrastructure Levy for self build remains in place while longer term reforms to the system of developer contributions are being explored;
- Support custom build through our Accelerated Construction programme;
- Work with lenders to ensure they have plans in place to increase their lending in line with consumer demand.

**Privately Rented Homes:** Alongside affordable homes, we need more good quality privately rented homes. This sector has doubled over the last decade but rising rents suggest that demand is still growing. The Government is separately consulting on a range of measures to support more Build to Rent developments. Our key proposals are to: • change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing; • ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.

**Housing Associations:** The Government intends to review the policies that support housing associations and in return will expect housing associations to make every effort to improve their efficiency, in order to release additional resources for house building.

**Local Authorities:** Local authorities' role in delivering new housing goes beyond using their planning powers. They also have an important role in

delivering homes themselves. We want to make sure that they have the tools they need to get homes built where the market isn't coming forward with enough. We will work with local authorities to understand all the options for increasing the supply of affordable housing.

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

**Boosting Productivity and Innovation:** The Government intends to stimulate the growth through the Accelerated Construction Programme and the Home Builders' Fund. This will create new opportunities for the use of modern methods of construction to encourage investors into the sector and give current suppliers confidence to expand into the housing market.

#### **Chapter 4: Helping people now**

The Government intends to help people now by tackling some of the impacts of the housing shortage on ordinary households and communities. They will:

- Continue to support people to buy their own home – through Help to Buy and Starter Homes;
- Help households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Make renting fairer for tenants;
- Take action to promote transparency and fairness for the growing number of leaseholders;
- Improve neighbourhoods by continuing to crack down on empty homes, and support areas most affected by second homes;
- Encourage the development of housing that meets the needs of our future population;

- Help the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future;
- Do more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

GET

8<sup>th</sup> February 2017