

Agenda Item No: **Report No:**

Report Title: **Housing Green Paper: Homes for the Future - More affordable, more sustainable.**

Report To: **Cabinet** **Date:** **17 October 2007**

Lead Councillors: **Cllr P Gardiner and Cllr S Saunders**

Ward(s) Affected: **All**

Report By: **Director of Planning and Environmental Services**
Director of Finance & Community Services

Contact Officer(s):

- **Sue Moffatt – Assistant Director (Policy & Projects)**
- **Rebecca Simms – Policy & Development Office, Housing Strategy**
- **Roger Moore – Housing Strategy**

Purpose of Report:

To recommend responses to the Housing Green Paper consultation.

Officers Recommendation(s):

- 1 To endorse the responses that have been submitted to Government to meet the deadline of 15 October 2007, as set out in Part 2 of this report.**
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Reasons for Recommendations

The Council's response to Government proposals in the Green Paper had to be submitted to Government by 15 October 2007.

1 Information

Introduction

- 1.1 The Housing Green Paper issued in July 2007 wraps up a number of recently announced housing and planning policy initiatives into a single document. As such, it does not contain much that is totally new, or has not been trailed before. But it does set out proposals of great interest to District councils. There are also a number of "spin-off" announcements and consultations that have to be examined to obtain a broader picture of Government intentions. The discussion below aims to highlight the key content of the Green Paper, and to draw out and comment on issues of particular interest
- 1.2 Commenting on everything would be a laborious and probably fruitless task. Therefore these comments focus on issues of particular relevance to LDC which are considered important to flag up at this time.
- 1.3 The Green Paper also includes some general comments on the Government's expectations of the local authority's strategic housing role. The key points are:

- Council leaders need to ensure that housing need is prioritised sufficiently in strategic documents, including the Sustainable Community Strategy
- Authorities must play a stronger role in addressing local housing needs and use their full range of housing and planning powers
- Authorities have to be pro-active in bringing forward land for new schemes and must not simply rely on speculative windfall developments
- Local Area Agreements should be used to raise the profile of housing and improve delivery
- Cross-boundary working is encouraged
- Community involvement is essential and the Green Paper proposes a local “toolkit” which will be the subject of further consultation.
- The new Homes Agency (taking on English Partnerships, the Housing Corporation’s investment function and the CLG delivery role) will be the key partner for local authorities.

1.4 The Executive Summary from the Green paper is copied in the Appendix.

1.5 Responses to the Government have to be submitted by 15 October. A response, as set out in Part 2 of this report below, has been agreed with the two lead councillors and submitted to meet the required deadline. If Cabinet wishes to amend any aspect of the response, a follow up letter will be sent.

2 Responses submitted to Government

2.1 The comments submitted are shown below. Any explanatory notes to Members, that were not part of the submission, are shown *in italics*.

Section II, Chapter 1: Rural Housing

2.2 The major issue in meeting need in rural communities is providing affordable housing for local people. Allocating sites, therefore, whilst addressing the overall shortfall, will not address the ‘local demand’. This can only be effectively achieved through the provision of affordable housing on exception sites. The Green Paper is silent on this issue.

Section II, Chapter 2: Housing and Planning Delivery Grant

2.3 It is important that this grant reflects not crude numbers delivered but the delivery of the appropriate proportion of the housing that a local authority is required to deliver through regional planning guidance. It can be that the reason for housing numbers being relatively small relates to the environmental constraints and difficulties of providing for a greater number in a particular area, as is the case for Lewes District. However the challenges of delivering housing in constrained and problematic locations may be much greater than delivering larger numbers of housing on relatively simple sites elsewhere. In other words the rewards should be for delivering what an authority is required to do, not for delivering numbers proportionate to other and very different authorities.

2.4 A reflection of the harder task of delivering housing on brownfield sites should be reflected in HPDG. Otherwise there could be a temptation on authorities to deliver the easy sites first, which could well be greenfield less sustainable sites, and which would therefore be flying in the face of the government’s sustainability objectives.

Section II, Chapter 2: Single regional regeneration strategy

2.5 *In the longer term, the Green Paper states that the Regional Spatial Strategy (RSS) will cease to be the responsibility of the Regional Assembly. Instead, the Regional*

Development Agency will produce a single strategy that combines the RSS and the Regional Economic Strategy. The combined regional strategy will also be subject to endorsement by local council leaders. The mechanisms for this will be the subject of further consultation.

- 2.6 A clear single strategy will be much easier for decision makers to comprehend than the current RSS and RES twin track system. However very careful designing of the new system will be necessary to ensure that it appropriately replaces the RSS as part of the statutory development plan. This may involve careful differentiation of parts which are statutory guidance from parts which are more aspirational.

Section II, Chapter 2: Planning delivery

- 2.7 Proposals to reduce delays through the planning process are to be welcomed although many members feel that their authority and responsibility will be usurped as their decisions can be over ruled under PPS3.
- 2.8 The Green Paper states that where the Local Authority has not identified enough land, planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead on appeal. In these situations the Local Authority is then subject to a Unilateral Undertaking whereby their influence in the mix and tenure of affordable housing is removed. This does not fit with Governments desire to build both more affordable rented and family sized units as these are often not favoured by developers.

Section II, Chapter 4: Empty properties

- 2.9 Proposals to bring empty properties back into use are sound but whilst mention is made of EDMOs, these require extra resources which to date have not been readily available.

Section II, Chapter 5: Infrastructure

- 2.10 We welcome the proposal that LPAs have lead responsibility for coordinating and driving forward infrastructure delivery, working in partnership with infrastructure providers and key local partners. However it is imperative that other bodies understand the role and are motivated to collaborate in it as a vehicle for the delivery of infrastructure.
- 2.11 The expression of the NIMBMY response to housing proposals is not only a natural human reluctance to accommodate change in their home areas, but has been fuelled by the failure in the past to deliver necessary infrastructure to support growth. Communities now expect housing growth only to exacerbate the pressure on local infrastructure and services, to the detriment to existing communities. There could be recognition in communities of the need to accept growth, providing its impact on existing communities is safeguarded by ensuring the delivery of infrastructure. The delivery upfront of infrastructure would then start to change public reticence to a more reasonable 'OWNI' response [i.e. Only With Necessary Infrastructure] as a provisional acceptance of growth.

Section II, Chapter 5: Flood Risk Areas

- 2.12 The delivery of housing in sustainable locations on brown field land in many of our towns and cities is becoming confused by the unclear requirements of PPS25 – development and flood risk, in particular the issues relating to the Sequential Test of sites.

- 2.13 The problem is that unless the position is clearer there is a risk that in order to maintain a five to ten year housing supply authorities will be forced to release less sustainable sites on the outskirts of towns because it is the only land that is nowhere near a river or the sea. The effects will not only be felt on the delivery of housing, but will also be felt on the regeneration of many town and city centres where housing may be the enabling development to kick start regeneration and the provision of necessary flood defences.
- 2.14 Unless there is clarification about the delivery of flood resilient homes on floodplains in the heart of sustainable urban areas, many parts of those areas may face a future of long term deterioration and decline because no one will invest in the defences or the property in those areas. There is a real danger that as climate change factors increase future risks to many of our towns, failure to plan actively for protection and resilience to climate change could result in the loss of a huge opportunity to gain good sustainable homes in floodplains at a relatively low risk of adverse impact.

Section III, Chapter 5: Planning gain supplement

- 2.15 *The Green Paper contains a lot of comment on the need for co-ordinated planning of infrastructure for new housing schemes. It also includes commentary on the Planning Gain Supplement. A Bill is planned to progress the introduction of the supplement, but this will be deferred if someone comes up with a better idea. The Paper lists several alternatives (including the standard rate model used by Milton Keynes) and states that there will be further consultation with key stakeholders. There will be a further announcement on this in the pre-budget report. There is commitment to a Community Infrastructure Fund of £300 million. However, whilst the amount channeled through the Fund has been increased, its scope has been considerably increased as proposals for New Growth Points and Ecotowns are now able to access the fund.*
- 2.16 We have concerns that the system for administering any PGS system must be as simple and transparent as possible. It is important that communities can recognise that the uplift of value in their area to deliver development will be seen to alleviate the pressures that such development will place on their communities. This is one reason for arguing for the retention of the funding within local areas from which it was gathered, although with a supplement for regional infrastructure being paid.
- 2.17 Another reason for maintaining the funding locally is to try and keep the necessary administration and audit systems as direct and short as possible. This is to avoid the risk of a large proportion of the value generated being absorbed within a system to administer, through being sent up and down various chains of command across the country.
- 2.18 The system needs to be one that will be as effective in areas like ours, where a high proportion of the development necessarily comes through small sites, as compared with other areas which may have a few major land releases.
- 2.19 The PGS also could be used to ensure that the objectives of prioritising brown field development are not sacrificed because the PGS itself becomes a burden too far on top of a whole host of expenditure necessary to bring forward problematic brown field sites. In fact a nil or lower rate would be an incentive to encourage one way of ensuring the delivery of infrastructure through the PGS system where expensive needs are generated as a result of the development of significant areas of brown field land. If not it through PGS, it maybe necessary to find some other way of providing a compensatory financial inducement to develop brownfield land, for example through the taxation system. It is important to recognise that as time goes by the easy brownfields will have been creamed off, leaving a rump of hard to tackle sites.

2.20 The current S106 arrangements have put developers in the invidious position of being required to pay different levels of support to different authorities to different things, depending on an authority's assessment of what is appropriate 'infrastructure'. One way of avoiding this would be for there to be a national rate level of PGS which the local authorities would then collect and spend as they chose on the priorities they identified with their local communities (i.e. new road, new library or a new art centre).

Section III, Chapter 6: Design Quality Assurance Scheme

2.21 The proposed Design Quality Assurance Scheme might reduce delays in dealing with planning applications. It will be important that any such scheme is relatively easy and simple to administer. However a scheme which avoids the delays to housing occasioned by the need to unpick the faults in poorly thought - out planning applications could be helpful in speeding up the delivery of major sites.

Section III, Chapter 7: Carbon emissions

2.22 *Around 25% of UK carbon emissions derive from running homes. The Green Paper seeks to reduce this contribution by 25% by 2010, and 44% by 2013. The Green Paper also aims to reduce residential water use by approximately 20%.*

2.23 District Councils will no doubt welcome reaffirmation of the Government's aspiration that all new homes will be zero carbon by 2016 (complemented by a zero stamp duty rating for zero carbon homes completed by 2016). However, we would press for freedom for local authorities to seek higher interim standards, or earlier dates for full compliance in their Local Development Frameworks. Also, it is important that the Government gives local authorities the power to enforce standards.

2.24 However, the strengthening of the regulations to meet zero-carbon homes is likely to increase cost of provision and without extra resources [more grant] this will affect affordability, especially in relation to shared ownership.

2.25 A further important point also needs to be made. The transport choices available to residents are also critical to overall carbon performance. Initial work on a carbon trajectory for the South East by SEERA shows that 45% of the region's carbon output is attributable to non-commuting transport. Based on current patterns and assuming current growth in non-commuting transport use continues, carbon output across the region will rise 1-2% by 2026 even if zero carbon homes standards are met. The critical message here is that energy-based measures will fail to have the desired carbon reduction effect if new housing development is not carefully located alongside accessible facilities, services and employment opportunities, including provision of attractive alternatives to car use and other measures to stimulate behavioral change.

Section IV: Affordable housing

2.26 The Green Paper continues the view that increasing housing supply will improve affordability and there is confusion between affordability issues and the supply of affordable housing. The view that building many more houses will increase affordability was of course rejected by the SE Plan Panel. The Government needs to appreciate that new stock will always be a small proportion of the total and that prices are primarily driven by the price of existing stock. It is also clear from various parts of the Paper that the Government fails to appreciate the difference between genuine need and demand for housing and the fact that a significant proportion of the latter is fuelled by a desire to use the housing market for investment purposes.

Section IV, Chapter 9: Shared equity schemes

2.27 There seems to be an over- emphasis on shared equity schemes. These have to be affordable and it is irresponsible to push people down this route if it is unsustainable. Interest rates are relatively low at present but an increase in levels could have disastrous results. We really do need more affordable homes for rent and this can only be achieved through higher levels of grant or some other form of subsidy.

Section IV, Chapter 9: Increased levels of social housing

2.28 There can be no doubt that we need more affordable social housing, especially for rent. It is, however, unlikely that local authorities will play a major part in the role of provider. Most local authorities have not actively built new homes over the last twenty years or so and they are simply not geared up to do so. We already have experts in this field.

2.29 The proposals to allow greater flexibility in the use of capital receipts is to be welcomed but it is rather like shutting the stable door after the horse has bolted. RTB sales have slumped in recent years and the damage has already been done The social housing stock in Lewes District was 6000 homes some twenty years ago as now stands at 4700 [including RSL stock]. As a partial consequence our housing register numbers have doubled over the last five years.

2.30 Whilst help for first time buyers is to be applauded this should not be at the expense of the social rented sector. We are concerned about the balance between shared ownership and rent homes. The Green Paper proposes 70,000 new homes per year, 45,000 for rent and 25,000 for shared ownership. In our view this should be at least 50,000 for rent with a smaller number of shared ownership homes.

Section V, Chapter 11: Staffing and skills resources

2.31 The Green Paper presents a challenging agenda for the future and recognises the problems of delivery. Local authorities and the private sector will need to do far more in the future to support proposals. We have already seen the private sector creaming off experienced local authority staff to fill the gap. Therefore it will important that local authorities are resourced to compete in the marketplace for people with the appropriate skills.

2.32 The appropriate skills required will be broader than ever and there needs to be a national programme to deliver people with appropriate skills such as urban design, regeneration of brown field land, viability assessments and the delivery of low carbon development.

Existing housing

2.33 Attention must be given to existing housing. Many properties are in a poor state of repair [owners being asset rich and cash poor] but these properties need to last for many more years. Some form of grant aid is, therefore, essential.

2.34 Not everyone will be able, nor will they want to, live in social housing. It is essential, therefore, that we pay attention to the condition of existing housing. This means ensuring that the private sector homes, owned as well as rented, are brought up to a decent standard and which is maintained.

2.35 Whilst there are targets in relation to social housing, the biggest proportion of housing is privately owned and much of that housing stock is deteriorating. Financial resources and incentives need to be available to, address this issue. The Green Paper

recognises that existing housing will form two thirds of the housing stock in 2050, which means that most existing homes will still be occupied in 45 years time.

3 Financial Appraisal

Not appropriate to this report on the green paper.

4 Environmental Implications

I have completed the Environmental Implications Questionnaire and there are no significant effects as a result of these recommendations.

5 Risk Assessment

Not appropriate to the Green Paper

6 Background Papers

Housing Green Paper: Homes for the Future - More affordable, more sustainable.

7 Appendices

Copy of Green Paper Executive Summary

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3 October 2007