

**21 March 2017**

**ITEM: 5**

## **Housing Overview and Scrutiny Committee**

### **Report on Housing White Paper - '*Fixing Our Broken Housing Market*'**

**Wards and communities affected:**

All

**Key Decision:**

Key

**Report of:** John Knight, Head of Housing

**Accountable Head of Service:** John Knight, Head of Housing

**Accountable Director:**

Roger Harris, Corporate Director of Adults, Housing and Health

#### **Executive Summary**

This report provides a brief summary of the Housing White Paper published in February 2017 by the Department for Communities and Local Government, with a focus on its implications for Thurrock.

#### **1. Recommendations :**

**Housing Overview and Scrutiny Committee are asked to comment on and note this briefing on the Housing White Paper**

#### **2. Introduction and Background**

2.1 This report provides a brief summary of the Housing White Paper published in February 2017 by the Department for Communities and Local Government, with a focus on its implications for Thurrock.

#### **Overview of issues**

2.2 The White Paper sets out an approach to national housing policy which can be seen as less focussed on home ownership than has been the case in former overall policy statements, reflecting the reduction in owner-occupation which has been occurring since before the financial crisis of 2008.

2.3 The Prime Minister's Foreword for example states that '*Whether buying or renting, the fact is that housing is increasingly unaffordable*'. The Foreword goes on to note that '*the proportion of people living in the private rented sector has doubled since 2000*', an observation which applies to Thurrock where this form of tenure has increased to 15% of all properties over last 10 years.

- 2.4 This is emphasised further by the commitment to *‘ensure that the housing market is as fair to those who don’t own their own homes as it is for those that do’*. The Prime Minister anticipates the impact of the proposed measures as follows; *The starting point is to build more homes. This will slow the rise in housing costs so that more ordinary working families can afford to buy a home and it will also bring the cost of renting down’*.
- 2.5 Similarly, the Secretary of State’s Foreword concludes that *‘We need radical reform that will get more homes built right now and for many years to come. This White Paper explains how we will do just that’*. The emphasis on additional homes and strengthening the private rented sector represents a notable shift in the aspirations of the national policy envisaged in the rest of the document

### **3. Issues, Options and Analysis of Options**

#### **Specific measures – Planning**

- 3.1 The main focus of the substantive measures proposed in the White Paper is the planning system and its ability to facilitate the delivery of the new homes England needs. A wide range of potential changes are set out - some of these already tabled in the Neighbourhood Planning Bill, while others are proposed as changes to the National Planning Policy Framework (NPPF) which is being revised for 2017.
- 3.2 The following are among the main specific changes proposed in the White Paper :
- Ensuring every local authority has an up-to-date 5-year plan for development, and standardising the methodology used to arrive at ‘objectively assessed need’, backed up by a ‘housing delivery test’ to highlight insufficient numbers of homes being delivered. Thurrock’s methodology already complies with the one preferred by the government
  - Improvements to the neighbourhood planning process to support higher density in appropriate locations, increase the emphasis on design, and ensure there is a clear positive presumption for development opportunities on small sites and other flexibilities to maximise delivery
  - Putting more onus on developers by requiring more detailed information about timing and build-out rates; shortening from 3 to 2 years the timescale for developers to implement planning permissions; simplifying the process for serving completion notices where development has stopped on agreed sites; and encouraging through new guidance the use of CPO powers.

- Diversifying the market through financial help to smaller builders (a Home Building Fund of £3 billion launched in October 2016); supporting off-site manufacturing methods and other innovative models, and promoting self-build through financial exemptions and encouraging lenders to fund these initiatives
  - Amending national policy to make clear that Green Belt land remains protected and should only be considered when all other reasonable options have been considered
- 3.3 These and other planning measures are the subject of a consultation running until May 2017 to which Thurrock will make a formal response.

### **Specific measures – Affordable Homes**

- 3.4 The government wants to revise the definition of 'affordable housing' in the NPPF, and to ensure that more affordable housing is delivered.
- 3.5 The White Paper suggests two changes to planning policy to assist households currently 'priced out' out of either buying or renting: a) changing the definition of affordable housing to include a modified version of 'starter homes' to buy (with an income cap of £80,000 outside London, a mortgage/repayment term requirement, and a percentage-per-site requirement reduced from 20% to 10%) and b) introducing a new category of 'affordable private rented housing', at least 20% below market rents, to link with Build to Rent schemes. Affordable housing will also include social rented and affordable rented housing and intermediate housing (inc. Shared Ownership).
- 3.6 These proposals are also included in the consultation exercise.
- 3.7 The final level of affordable housing for each site will remain a product of local policies and negotiations. The White Paper recognises that agreed 'commuted sums' can be used in lieu of onsite provision 'where this is robustly justified'.

### **Specific measures – Private rented sector**

- 3.8 The White Paper envisages a 'step change in house building' that will include 'more good quality private rented homes'. The government wants to see major institutional investment in the private rented sector (including local government pension funds), building on the £1 billion Build to Rent fund and including the provision of 'family-friendly tenancies' with minimum terms of 3 years rather than the current statutory minimum of 6 months. The government makes clear this is its preferred form of letting and will be speaking to the LGA and others about how to encourage such longer terms for families (some proposed amendments have been tabled to the Homelessness Reduction Bill with similar intentions)

- 3.9 There are also proposals to give renters a fairer deal – proceeding with banning orders and increased fines for ‘rogue’ landlords (HPA 2016), and consulting on early legislation to ban letting agent fees to tenants. There are also plans to consult on mandatory electrical safety checks for tenancies.

### **Specific measures – Social and Supported housing**

- 3.10 There is a limited emphasis in the document on social housing, and no reference to either the high-value voids levy (included in HPA 2016 but currently deferred to 2017-18) or the introduction of mandatory fixed-term tenancies (currently expected in the autumn) The following significant statements do appear;
- The rent reduction policy of 1% p.a. is confirmed until 2020
  - The White Paper notes that twice as many local authority homes have been built in the last 5 years than in the 13 years from 1997 to 2010, and commits the government to ‘*work with local authorities to understand all the options for increasing the supply of affordable housing*’. This includes encouragement for local housing companies (with the proviso that tenants provided with homes through such models should enjoy the Right to Buy alongside secure tenants)
  - The Homes and Communities Agency is to be re-launched as ‘Homes England’, with a brief to unlock development capacity in line with the recommendations above (e.g. on public land)
  - The social housing regulator will become a stand-alone independent body
  - Regarding supported housing there is a commitment to a sustainable future funding model, including the following ; ‘*we have deferred the application of Local Housing Allowance rates for supported housing until 2019/20, at which point we will bring in a new funding model which will ensure that supported housing continues to be funded at the same level it would otherwise have been in 2019/20..*’
  - The private sector status of Housing Associations is re-asserted along with their key role in meeting housing need, including through participation in Build to Rent schemes, etc. The extension of Right to Buy to HA tenants is also re-affirmed (extension to 3,000 as announced in the Autumn Statement)

### **Specific measures – Homelessness/rough sleeping**

- 3.11 The White Paper confirms the government’s support of Bob Blackman MP’s Homelessness Reduction Bill, seen as a means of ensuring that ‘*households get the help they need before they become homeless, to prevent a crisis happening in the first place*’. Recent funding announcements are also described, including the homelessness ‘trailblazers’ fund – Thurrock’s

individual bid for this funding was unsuccessful, but the Essex region secured £890,000 with this borough as one of ten participating authorities.

### **Challenges / opportunities for Thurrock**

- 3.12 As a borough with an estimated need for additional housing of over 600 dwellings p.a. (Local Plan 2016-21), Thurrock is well-placed to benefit from the increases in a number of pipelines that is anticipated as a result of these proposals.
- 3.13 As a borough of relatively low incomes, successful negotiations with developers will be key to ensuring that local residents are in a position to benefit from developments which increase the overall supply of housing – the proposed adjustments to the definition of ‘affordable housing’ for inclusion in planning requirements may be of assistance to these groups.
- 3.14 The White Paper seeks to address the kind of bottlenecks in the planning system which led in part to the establishment of Gloriana Ltd. in Thurrock as a Special Purpose Vehicle for the delivery of housing. The White Paper includes a statement that the government looks favourably on the development of such local housing companies in recent years.
- 3.15 The endorsement of modular and other non-traditional forms of housing delivery is also consistent with Thurrock’s priorities as a way of delivering homes more efficiently and quickly – similarly, the use of ‘commuted sums’ (allowing approved development bids to be delivered in more than one site) might be a feature of future schemes given the diverse land profile of the borough.
- 3.16 Thurrock has a growing private rented sector with the associated issues of poor standards and increasing insecurity. The proposed measures to strengthen the rights of private tenants are welcome in this context. As the White Paper itself makes clear, private sector evictions are now the single biggest cause of statutory homelessness, and any steps which might increase the security of private tenants, or provide alternative ‘sub-market’ options through Build to Rent etc., might mitigate this pressure locally.
- 3.17 The continued rent reduction policy confirms the need to generate more revenue for the HRA from other sources, in line with the proposed extension of service charges.
- 3.18 As stated above Thurrock’s Housing and Planning services will work on a formal consultation response to be submitted by the deadline date of May 2<sup>nd</sup>, can will closely monitor developments after that date including any specific changes which are made after the consultation to legislation and/or funding.
- 3.19 The housing review which is now underway will include detailed ‘supply and demand’ modelling, to establish as far as possible what the impact of the measures in the White Paper – as confirmed or out for consultation – are

likely to be in terms of the number of new homes, and in particular affordable homes, to be delivered in Thurrock over the next 5 years.

#### **4. Reasons for Recommendations**

This report is only for noting.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

N/A

#### **6. Impact on corporate policies, priorities, performance and community impact**

N/A

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Roger Harris**  
**Corporate Director Adults, Housing and Health**

This report is only for noting. Any financial implications arising from the White Paper will be reported back in future reports.

##### **7.2 Legal**

Implications verified by: **Roger Harris**  
**Corporate Director Adults, Housing and Health**

This report is only for noting. Any legal implications arising from the White Paper will be reported back in future reports.

##### **7.3 Diversity and Equality**

Implications verified by: **Roger Harris**  
**Corporate Director Adults, Housing and Health**

This report is only for noting. Any wider implications arising from the White Paper will be reported back in future reports.

**8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

**9. Appendices to the report**

- None

**Report Authors:**

John Knight, Head of Housing