



PLANNING BULLETIN

THE HOUSING GREEN PAPER

Background

In July 2007, the Secretary of State for Communities and Local Government published the Housing Green Paper entitled “*Homes for the Future: more affordable, more sustainable.*”

The Green Paper is subject to public consultation until 15/10/07.

The Paper proposes a series of interrelated measures to ensure the delivery of the identified shortfall of 3 million homes in England by 2020.

Why the Green Paper?

This Housing Green Paper, together with the White Paper on reforming the planning system of May 2007 (see our Bulletin of May 2007), is the Government’s response to Kate Barker’s reports reviewing the UK housing supply, undertaken for the Treasury of March 2004, and her independent review of land use planning in England of December 2006.

The Green Paper seeks to address the key issues identified by Barker – namely that the demand for new homes to buy and rent in England is growing faster than supply and that house prices have, and still are, growing faster than wages. As a consequence many, especially young people, are being excluded from the housing market. This in turn is adversely affecting the competitiveness of the English, and hence the UK economy.

As the new Prime Minister, Gordon Brown has taken on board Barker’s overall conclusions and this Green Paper seeks to ensure that the identified 3 million housing shortfall in England is comprehensively addressed. The English planning system has a pivotal role in delivering the identified housing shortfall.

However, the Green Paper recognises that this is not just about housing numbers; the delivery of the necessary new housing has to be affordable, sustainable and of high quality, whilst climate change now dictates that new homes have to be greener, protected from flooding wherever possible and be carbon neutral by 2016.

Commentary

The delivery of more housing, and most importantly affordable housing, has risen to the top of the political agenda. The delivery of more housing has also become fully intertwined with the Government’s agenda of mitigating climate change by reducing carbon emissions and avoiding development in floodplains.

This Green Paper sets very ambitious housing targets. However, the Green Paper presents major challenges to both the private and public sectors. These challenges can be identified as:

Local Democracy

On a macro scale all political parties accept that more houses are needed – but the thorny question is how many and, most importantly, where.

This is likely to be exemplified in many of the shire districts whose local residents and councillors are likely to resist major new housing developments on the basis that they are already overcrowded, they have insufficient local infrastructure to meet existing, let alone new household needs, and that they are not prepared to consider developing green field sites at the edge of settlements which are often protected by the Green Belt.

The Government, predicting the spectre of “nimbysim” thwarting their Green Paper’s plans, is therefore already setting in motion a greater role for the Regional Development Agencies in determining and dictating to the Districts the necessary houses needed to meet the regions’ needs - the districts will then just have to find the appropriate sites in their forthcoming Local Development Plans – regardless of local opposition.

This however does question how democratic the Regional Development Agencies will be – the issue of elected regional assemblies is not addressed.

Type of Housing

The Green Paper recognises that England needs more family housing and housing with access to green spaces; the mid to late 1990’s rush to develop high density one or two bedroomed flats in urban areas – often in floodplains - is not seen to be the solution.

The objective is to now build more family housing. This however represents a potentially unsustainable option because in effect family housing can only mean lower density development at the urban fringe. Despite the Green Paper’s rhetoric, the Green Belt could be under threat.

Viability of Housing Developments

The Green Paper’s proposals will cost, at the Government’s own admission, around £8billion just to implement the affordable housing requirement. The role of the private sector and partnership with the public sector is critical in the delivery of the Green Paper’s objectives.

The delivery of affordable housing has become a policy requirement, but now funds for the provision of social housing will increasingly have to be paid for by the developer themselves and not the former housing corporation.

The funding of the social infrastructure is also likely to fall more on the shoulders of the private developer, either through a tariff system, or through a hybrid of the planning gain supplement and scaled back section 106 agreements.

The need to have carbon free houses by 2016 will also add significantly to construction costs, some say by up to £35,000 per housing unit.

All of these costs will have to come off the price of land for which developers are able to bid for.

In either way, developers will have to carefully evaluate the viability of housing schemes and open book appraisals will increasingly become a necessary part of the planning negotiation process.

There is potential irony that in seeking to deliver more houses, the private sector house builder might not be able to afford to do so, thereby actually adding to the housing shortage.

Ability of the Planning System to Deliver the Green Paper's Objectives

This Green Paper, together with the planning White Paper, shows that the Government considers that the planning system has a key role in the delivery of new houses.

However, can the planning system deliver? Many Local Planning Authorities are under resourced and already fully stretched just to process existing and often minor household planning applications.

The additional burdens of preparing their Local Development Frameworks and Local Development Documents, in the form of core strategies and housing site allocation development plan documents, are already behind schedule.

The Green Paper will add to the problem and put additional pressures on Local Planning Authorities. So the key question, can the Green Paper's targets ever be delivered by the planning system? This will be one of the major planning issues for the foreseeable future.

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The Green Paper's Key Proposals

1. More Homes in England to meet growing demand

- 2 million homes by 2016.
- 3 million in England by 2020.
- Annual housing target of around 240,000 per year.
- New regional housing targets to be set in revised "Regional Spatial Strategies" (RSS).

2. Delivery of the Housing Numbers

The new houses are to be delivered through a combination of:

- Partial reviews of regional plans to increase regional and local targets by 2011.
- Housing and Planning Delivery Grants to direct and reward Councils who are delivering high levels of housing and to those Councils who have identified at least 5 years of sites ready for development.
- Implementation of Planning Policy Guidance 3 (Housing) by Local Planning Authorities.
- The creation of the "New Homes Agency" for housing and regeneration – the merger of the former English Partnerships and the Housing Corporation.
- Creation of the "Surplus Public Sector Land Taskforce" – led by English Partnerships – to report on the progress of the release of these public sector sites. English Partnerships to then manage and deliver the housing where 50% has to be for affordable homes.
- Local Authorities to set up "local housing companies" on the development of their surplus sites in partnership with English Partnerships and the private sector.
- New Central Government mechanisms to co-ordinate necessary funding of infrastructure, ensuring that Government departments are targeted to meet the needs arising from the housing growth.
- The introduction of either the Planning Gain Supplement – a tax to be introduced on the uplift in the value of land created by the grant of planning permission – or a hybrid of higher/lower PGS tax and/or a scaled back planning obligation or tariff system to ensure that developers also help to fund necessary local infrastructure where necessary.
- Partnership between the house building industry, Local Planning Authorities and Local Communities.

3. Housing Locations

- 1.6 million new homes throughout England already identified in Regional Spatial Strategies (RSS) and a further 200,000 are proposed in partial reviews of the RSS.
- 650,000 new homes in the four growth areas of the (1) Thames Gateway; (2) Milton Keynes/South Midlands; (3) London – Stansted – Cambridge - Peterborough; and (4) Ashford.
- 100,000 new homes in the 45 towns and cities in 29 “Growth Points”. For example, Nottingham, Bristol, Birmingham, Swindon, South Hampshire and Norwich.
- 50,000 new homes in additional growth points, including the north of England.
- 25 - 100,00 new homes in the 5 proposed “Eco-towns”.
- Over 6,000 new homes in rural villages through the housing corporation
- Potentially a further 200,000 homes from surplus public sector land – 100,00 new homes can be developed on surplus central Government land (for example 7 sites owned by the Ministry of Defence land- such as at Aldershot and 13 sites owned by the Department of Health) and another 60,000 on sites owned by Local Authorities. The remainder held by other public sector bodies - British Rail Residuary Body and British Waterways.
- At least 60% of the new housing development is to be on sustainable brownfield/ disused sites and bringing back into use empty homes.

4. More Affordable Housing

- Increasing Central Government funding by £3billion to £8billion in 2008-11 and hence the delivery of affordable housing through the Housing Corporation and English Partnerships.
- Provision of 50,000 social rented homes a year and 25,000 shared ownership homes per year for key workers.
- Developer contributions to provide more affordable housing key component of the delivery of affordable housing.
- Provision of more family affordable housing to avoid overcrowding.
- Local Authorities to be encouraged to directly build affordable houses through the creation of Local Authority Companies and reform of the Housing Revenue Account subsidy system.
- Private sector house builders to be able to bid for a Housing Corporation Social Grant.

- Provision of new types of mortgages from private shared equity mortgages to longer term fixed rate mortgages.
- Incorporation of affordable housing in commercial mixed use schemes as part of the planning process.

5. Reform the Planning System

- “Mini reviews” of the existing Regional Spatial Strategies as prepared by the Regional Assemblies so as to meet the projected shortfall of household growth in each region.
- Preparation of an integrated regional strategy that combines both the regional economic strategy (previously prepared by the Regional Development Agency (RDA)) and the Regional Spatial Strategy (as prepared by the Regional Assemblies).
- The regional strategy, and hence the level of housing growth required in the region, is to be prepared by the Regional Development Agency; the Regional Assemblies are to be abolished.
- Local Planning Authorities are to identify the broad locations of the housing in their core strategies and in parallel in site allocation development plan documents.
- Local Planning Authorities to undertake their own strategic housing land availability assessments pending outcome of the review of the RSS and regional strategy.
- Local Planning Authorities to consider whether sites currently allocated for industrial and commercial use to be re-allocated for housing or mixed use development.
- From 2008 the introduction of the Housing and Planning Delivery Grant (HPDG) which will reward Local Planning Authorities in delivering new homes and the identification of housing sites ready for development during the next 5 years and site allocations for the following 10 years as required by PPS3 (Housing).
- Intervention by the Secretary of State where it is considered that Local Planning Authorities are failing in the delivery of their Local Development Frameworks enabling the determination of planning applications and appeals for housing development.
- Streamline the planning process as proposed by the Planning White Paper and in particular the introduction of “Planning Performance Agreements” on large scale housing applications.

6. Delivery of Greener, Sustainable and Quality Homes

- By changing building regulations so that all new homes are to emit 25% less carbon by 2010 and 44% by 2016 with all new homes to be zero carbon by 2016.

- Mandatory rating of a code for sustainable homes.
- Cutting water use in homes by 20%.
- Ensuring homes are only built on floodplains with suitable protection.
- Provision of more family housing and not just flats.
- Provision of lifetime homes for all ages.
- Greener homes with more green spaces – especially in the growth areas/points/eco towns.
- More emphasis on well designed homes through the planning process and working with key consultees, such as CABE.

7. Other supporting documents subject to public consultation

- Eco-towns Prospectus – setting out a vision and specification for local authorities and developers, including an invitation to propose at least five new eco-towns;
- Building a Greener Future – our strategy and timetable for achieving zero-carbon homes by 2016;
- Building Regulations, Energy Efficiency Requirements for New Dwellings, a forward look at what the standards may be in 2010 and 2013;
- Water Efficiency in New Buildings – our joint policy statement with Defra;
- Improving the Sustainability of New Homes – making a rating against the Code for Sustainable Homes mandatory;
- Strategic Land Availability Assessment: Practice Guidance – to provide Local Planning Authorities with advice on identifying land for housing and assessing deliverability;
- Impact Assessment for the Homes for the future: more affordable, more sustainable;
- Regulatory Impact Assessment for Energy Efficiency Requirements for New Dwellings;
- Regulatory Impact Assessment for Building a Greener Future;
- Draft Guidance on Planning Performance Agreements; and
- Provisional Allocations to Local Authorities of the Second Tranche of Planning Delivery Grant for 2007-08.