

SOUTH EAST ENGLAND COUNCILS

SOUTH EAST MP BRIEFING: HOUSING AND INFRASTRUCTURE



Housing is high on everyone's political agenda at present, particularly in the South East – where there is a backlog of unbuilt houses that means many locally agreed housing plans are not being met. Shortages of transport and other infrastructure across the South East also slow delivery and are a major cause of existing residents' resistance to proposed development.

With significant pressure on housing in the South East and the associated infrastructure needed to support new homes South East England Councils' members welcome the Government's housing white paper and its range of proposals to help address these problems. However, many members believe the white paper needs to go further and include additional measures that will allow councils and their partners to do more to help meet the objective of fixing the broken housing market.



Cllr Nicolas Heslop

These points were debated with Housing Minister Gavin Barwell MP on 6 March at a white paper consultation event hosted by SEEC. This short briefing outlines additional measures that local authorities need in place to be able to deliver more housing and infrastructure for the South East.

Our member councils have the vision and ambition to deliver the housing and economic growth that our communities need. New homes of all prices and tenures – and associated infrastructure – are vital to achieve this. However a key challenge is that once planning permissions are approved, councils have little power to ensure homes are built and by 2015 the South East had a backlog of at least 66,750 unbuilt homes. Councils also struggle to secure funding for the affordable homes and infrastructure required to support growth.



Cllr Roy Perry

We would welcome your support in encouraging Government to give local authorities greater powers and flexibilities to deliver sustainable growth. We would of course be happy to provide more detailed briefings and information if required.

Cllr Nicolas Heslop, SEEC Chairman and Leader of Tonbridge and Malling BC

Cllr Roy Perry, SEEC Deputy Chairman and Leader of Hampshire County Council

How to speed up delivery

SEEC's latest [Data Dashboard](#) shows that the South East had the UK's highest level of homebuilding with a net addition of 34,900 in 2015-16 but there is still a need for more homes to be built. Despite delivering the most homes – and continuing to approve planning permissions – many local authorities struggle to achieve the housing growth set out in their Local Plans. Measures in the housing white paper – such as including developers' build-out rates as a consideration in approving permissions and simplification of the completion notice process – are welcome, but councils will also need further tools to achieve genuine incentives for developers to deliver.

SEEC's report '[Unlock the housing blockers](#)' calls for a range of discretionary local powers that would help councils incentivise progress on stalled sites and speed up the delivery of 66,750 unbuilt homes in the South East. These include the ability to charge council tax on unbuilt homes after a period, or other fees that relate to the increased value of the land once planning permission has been granted. Our report also calls for much more robust criteria on what constitutes 'commencement' of development – so that a single trench cannot be classed as starting to build. Without measures such as these, our members believe they will not have sufficient tools to encourage developers to build and that this will undermine the delivery tests proposed in the white paper.

While we welcome white paper proposals to increase planning fees, the changes will still not allow South East councils to recover the cost of the service they provide. SEEC members want to see local freedom to set planning fees at a level that will cover the full costs of providing a faster planning service to developers.

How to deliver more affordable housing

Housing affordability is a key issue for the South East, with average prices around 12 times average earnings. SEEC Members are keen to ensure their areas have sufficient affordable housing to both rent and buy and therefore welcome the fact that the white paper has a wider focus than simply starter homes to buy. However, many of our Members believe that the market cannot deliver enough affordable homes. Councils are willing and able to help fill this gap if only they could access the right funding and powers to help them deliver.

SEEC's '[Unlock the housing blockers](#)' report proposes key changes that will free up funding for councils to build affordable housing:

In many areas a cap on borrowing against the Housing Revenue Account (HRA) prevents councils accessing the finance to build new housing. Removing the cap would free up more council-led building by allowing councils to borrow what they can afford to pay back.

Currently, developers building starter homes or sites with less than 10 homes are exempt from making a contribution to infrastructure (through Community Infrastructure Levy or Section 106). SEEC members welcomed Gavin Barwell's view that all developers should contribute towards affordable homes and infrastructure and are very keen to see this enshrined in formal Government policy.

Local authority-led Housing Companies or Joint Ventures are starting to make progress in delivering new homes for rent. That's good news, but care is needed to make sure that in extending Right to Buy the Government takes steps to ensure one for one replacement is possible – this is vital to avoid reductions in the overall stock of affordable homes over time.

SEEC worked with the LGA to highlight some of the current good practice on housing delivery in our recent [Building houses and funding associated infrastructure](#) workshop.

How to fund more infrastructure

Investment in infrastructure is critical to unlock land for new housing and economic growth and to address existing gaps in South East infrastructure. The Government's £2.3bn Housing Infrastructure Fund is welcome and we hope this will be targeted to areas of high demand such as the South East. However even assuming this, SEEC members are concerned that it will be insufficient to meet needs. SEEC's [Data dashboard](#) shows the combined South East infrastructure funding shortfall is estimated at £15.4bn over the next 15 years.

The South East is the financial powerhouse of the economy – in the ten years to 2012 it returned an £80bn net profit to Treasury – £6bn more than London. Investment in South East infrastructure provides proven financial returns that fund public spending nationwide.

Investment in adequate infrastructure is also vital to reduce local opposition to further development. Councils know where infrastructure is needed to support or unlock development but currently lack the funding to take all necessary projects forward. We recognise there is no new money but SEEC has a package of proposals to reallocate existing funds to help meet the need for investments that make housing and economic growth viable without adding to congestion and overstretched services. SEEC [set out the package in a recent letter](#) to Gavin Barwell. It includes proposals to:

- Create one or more South East infrastructure funds – similar to those available for elected Mayors
- Review changes to New Homes Bonus funding to avoid reductions for areas delivering new housing
- Allocate first-time stamp duty on new homes for councils to spend on infrastructure
- Give councils greater flexibility and accountability over local income streams, such as council tax and business rate levels
- Give councils greater confidence to borrow by providing certainty over long-term funding.

Managing the impact of London's growth

In addition to its work on the white paper, SEEC continues to work with the London Mayor, London Councils and the East of England LGA (EELGA) to ensure the South East has opportunities to influence London's housing and strategic infrastructure plans. A key aim for SEEC Members is to minimise the impact of any London housing overspill on the South East.

A [Wider South East Summit](#) in December was the first ever opportunity for South East local authority representatives to hear the Mayor's early thinking on the New London Plan and to influence it prior to drafting. Key messages raised during discussion included:

- There needs to be an honest political discussion about whether (or not) London can meet its growth and an explicit recognition by the Mayor that the South East has its own growth pressures
- There is an opportunity to jointly address infrastructure priorities across the Wider South East – in doing so it is important to acknowledge that not all priority routes are into and out of London.