

SOUTH EAST ENGLAND COUNCILS EXECUTIVE MEETING



Date: 24 March 2017

Subject: **Housing White Paper consultation: SEEC input**

Report of: Nick Woolfenden, SEEC Head of Policy Co-ordination

Recommendation:

Members are asked to comment **by 21 April 2017** on key issues set out in this paper, or give any other vital suggestions, to inform SEEC's proposed response. The Chairman and Deputy Chairman will approve the final response.

1. Context

- 1.1 The Government published its long-awaited Housing White Paper 'Fixing our broken housing market' on 7 February 2017, for consultation until 2 May 2017. It includes a wide range of proposals that the Government hopes will increase supply of homes. Many are subject to further details/consultation.
- 1.2 The Government's view is that the housing market in this country is broken, and for too long not enough homes have been built. It identifies three aspects that need addressing: (1) Planning for the right homes in the right places; (2) Building homes faster; and (3) Diversifying the market. A fourth area focuses on helping people in the short-term.
- 1.3 SEEC hosted a White Paper consultation event with Housing Minister Gavin Barwell MP on 6 March, chaired by SEEC Deputy Chairman Roy Perry and with an introduction from Surrey CC leader David Hodge on South East housing challenges and opportunities. The Minister emphasised there is no 'silver bullet' to solve the housing crisis and it will require developers, councils, land agents, utilities/infrastructure providers to cooperate and deliver. A capacity audience of 124 South East councillors, senior officers, LEPs, housebuilders, bankers and planning consultants raised questions and proposals with the minister for over an hour. Key issues raised have been considered for SEEC's White Paper response.

2. SEEC's pre-publication input to the White Paper

- 2.1 Prior to the White Paper's publication, SEEC set out seven key proposals to Government in '[Unlock the housing blockers](#)'. These focused on three key themes: 1) tackling industry approach, skills and public sector capacity; 2) lack of funding for affordable homes; 3) lack of infrastructure funding. Whilst there is still need for further action, it is encouraging to see several aspects of SEEC's recommendations progressed in the White Paper eg. recognition that developers need to build more swiftly/tackle unimplemented permissions; some tools for councils to help tackle slow delivery; funding for SME builders; training for construction skills; some movement re local planning fees; recognition of the need for infrastructure to support homes; possible future change re developer contributions on small sites; some actions to support building affordable homes to rent and buy.
- 2.2 In addition, SEEC members met the Housing Minister with Wider South East political colleagues in January. A [follow-up letter](#) including details of issues raised (including unimplemented permissions) and key policy proposals for the White Paper was sent to the Minister. In addition to the points in 2.1 above, it is encouraging to see Wider South East proposals also reflected in the White Paper eg. development schedules/review mechanisms and the importance of infrastructure to unlock housing growth, including utilities.

3. SEEC's response to the White Paper – suggested key issues

- 3.1 **Whilst members have welcomed aspects of the White Paper (see section 2) there are other issues that need further clarification or action to ensure it delivers on the Government's aim of improving delivery.** A key issue is that it does not go far enough to help councils ensure delivery – particularly if the Government's proposed new housing delivery test *on councils* is to be effective. Councils also want to agree a transition so that White Paper changes do not hinder current progress in delivery of homes or local plans.
- 3.2 SEEC's response will also highlight why ensuring already-approved homes are built in the South East is a critical issue for the whole UK. Our backlog of unimplemented permissions and lack of infrastructure funding hold back housing growth plans and risk damaging the

South East's successful economy, which is vital to UK plc given our net contribution to the national Exchequer. The response will also flag up constraints affecting the South East eg. approximately 1 million acres of statutory protected landscapes (eg. AONB/National Parks) and Green Belt.

3.3 Key issues proposed for SEEC's White Paper response are set out below, drawing on recent member discussions/SEEC submissions, and grouped by the three main White Paper chapter themes. The White Paper also includes a series of more-technical questions, and we will cross-reference to those where relevant in the final response. **Member comments on the proposed issues below, or any vital additional matters, are invited by 21 April to nickwoolfenden@secouncils.gov.uk.**

3.4 White Paper theme 1: Planning for the right homes in the right places

- South East councils are working hard to ensure effective housing plans are in place and delivered, and welcome the White Paper's recognition of the problem of unimplemented planning permissions, as well as challenges re affordable homes and infrastructure.
- South East delivery is hindered by a growing backlog of unimplemented permissions: at least 66,750 homes by March 2015. This means many robust council-led local housing plans and council-approved housing permissions are not being delivered. Last year the South East saw England's biggest net homes increase (34,900 in 2015-16) but even this is not addressing the backlog. And slow delivery of existing permissions can mean councils are being pushed to approve more sites, which may not be in preferred locations or where it is most appropriate to build.
- **Whilst White Paper proposals are a step in right direction, tools in the White Paper do not go far enough to help councils incentivise delivery by developers and meet the proposed 'housing delivery test'.**
- **South East councils must be closely involved in shaping the detail of how White Paper proposals for local plan making will work and a transition to ensure changes do not further delay delivery eg:**
 - **How to manage transition to White Paper proposals to standardise calculation of housing need**, particularly impacts on local plans close to completion.
 - How the new **proposed 'statement of common ground'** on growth between councils will differ from current Duty to Co-operate good practice principles.
 - Confirmation of the Minister's view that the **White Paper Green Belt policy/tests** clarify – rather than change - current policy. And clarity about how to balance AONB/National Parks protection with the need for housing.
 - Ensure standards/quality of life do not suffer as result of a **push for greater densities**.

3.5 White Paper theme 2: Building homes faster

- SEEC supports the White Paper aim of ensuring developers build approved homes faster, as this will help tackle the South East's growing backlog of unimplemented planning permissions as set out above. **Some White Paper proposals may be helpful but further action is still needed in key areas:**
- **Tackling unimplemented permissions:** The White Paper includes a welcome focus on delivering homes and some proposals which – subject to final details – may help eg. shorter permission length; better CPO powers for councils; enabling smaller builders; ability to consider applicants' delivery track-record when granting planning permission; improving skills training.
- **However SEEC argues the toolkit needs to go further to ensure permissions turn into completions.** We acknowledge the Minister's concern that if powers are too draconian it could prevent developers from making planning applications; but more is needed if Government presses forward with its proposed new 'housing delivery test' on councils, who at present lack powers to incentivise building once permission is granted. Options for change include:
 - Powers could include allowing councils **local freedom to charge council tax or other fees** (eg. charges when land value rises after planning permission) on unnecessarily delayed building; **OR**
 - As councils cannot control private sector delivery, **refocus the 'housing delivery test' for councils on housing permissions rather than completions** (reflecting what councils have more control over).
 - White Paper recognition of the need to increase **planning fees is welcome, but estimates suggest current fees may only cover around half of costs.** The

proposed 20% increase is welcome but it is unlikely to provide the capacity that councils need to take on new duties such as delivery tests. Councils should be free to set appropriate fees reflecting local circumstances.

- **Infrastructure funding:** White Paper recognition of the need for infrastructure for new homes is welcome, and could help encourage existing residents to support new building. We welcome the new £2.3bn Housing Infrastructure Fund; £25m fund for high housing need areas; and the review of how CIL/S106 contribute to infrastructure needs.
- However **these will not meet the South East's estimated £15.4bn infrastructure funding gap** over the next 15 years (LG Futures research for SEEC). **Councils need new funding powers and flexibilities, to help fund infrastructure eg.** retaining a greater share of business rates; keeping stamp duty receipts from first time sale of homes; access to infrastructure funds, similar to those available to elected Mayors; and ways of capturing the uplift in land value resulting from planning permissions.
- SEEC also calls for a **more joined-up approach from Government** to help deliver more homes eg. making it easier to gain commitment on funding infrastructure for growth from different departments and utilities providers.
- The **principle of the independent CIL review team [report](#) (published alongside White Paper) that all sites - including below 10 homes - should provide developer contributions is welcome;** Government should follow this through into practice, but with locally-led rates to reflect local circumstances.
- **Allowing the local planning system to deliver:** Regular changes to the planning system distract from delivery. The White Paper will create a period of uncertainty for developers, councils, communities, businesses, utilities/service providers, and is likely to slow delivery initially. A period of **stability in the national planning system after changes arising from the White Paper will be important** to allow local areas to get on and deliver.

3.6 White Paper theme 3: Diversifying the market

- SEEC welcomes the White Paper aim of delivering a mix of market and affordable homes to rent and buy. **Some White Paper proposals may be helpful but further action is still needed in key areas:**
- **Industry approach** – As the White Paper acknowledges, industry business models can sometimes slow down release of development to maximise profits; and increasing the number of SME builders could improve delivery as they often deliver swiftly and bring more competition into the market. **White Paper proposals on funding for SMEs could help. But councils will still need more tools, as set out above, to ensure all developers/builders get on and build once permission is granted.**
- **Funding for affordable homes:** The White Paper focus on homes to rent *and* buy is welcome, but restrictions on developer contributions from small sites and lack of Housing Revenue Account headroom makes it hard for councils to ensure there are enough affordable homes to rent and buy. Councils can help fill the housing gap but **more is needed to allow them to build at scale eg. freeing up Housing Revenue Account headroom.**
- We also ask for **Government to make clear its explicit support for councils actively building through Housing Companies/other delivery vehicles;** and act to avoid unintended consequences eg. proposals to extend Right to Buy (RtB) to these properties. Government should also review RtB to ensure '1 for 1' replacement of much needed affordable homes (eg longer stay and lower discounts); and rethink its proposals for enforced sale of high-value council properties.