



Executive: 3 October 2007

Report of the Chief Housing Officer

The Housing Green Paper (July 2007)

Executive Summary

This Housing Green Paper is almost certainly the most important Housing Green Paper in relation to Housing, to have emerged for many years. It has the potential to shape the direction that the Housing Service takes, particularly in relation to future housing provision. A response to the consultation to Government is required by 15 October 2007.

Background

Initially, Members are advised to read Appendix B, which includes the main points of the Green Paper's Executive Summary. Appendix A represents an initial draft of the consultation response to Government which has been developed by the five Somerset Local Authorities and the Planning Service at the County Council. This joint endeavour is a further example of close partnership working between Housing and Planning Officers and Members in Somerset. Particular attention is drawn to the models for delivering new supply at the end of Appendix A.

These models will be investigated, for their comparative benefits, on behalf of Taunton Deane and in relation to the Taunton Deane context by the Housing Quality Network. The latter will report back to Strategy Panel at its November meeting.

Recommendation

Members are asked to recommend that the Council's Housing Portfolio Holder and Executive approve the contents of the initial draft of the Consultation response to the Housing Green Paper.

Contact Officers

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Appendix A

Response to the Housing Green Paper (initial draft)

Introduction

When faced with the task of responding coherently, it is clear that it is not appropriate to respond sequentially to the Chapters that relate to land and infrastructure. This is because the subject matter overlaps frequently and a Chapter by Chapter appraisal would almost certainly lead to repetition in commentary. Therefore, those Chapters which relate to Planning, Land, Housing and Infrastructure are considered together, with separate comments made in relation to the remaining Chapters and the specific consultation questions.

Planning, Land, Housing and Infrastructure

Preamble

The actual numbers of additional homes set out in the Green Paper are ambitious by recent standards. The target of 240,000 additional homes by 2011, means that there would have to be a 30% increase from current levels of output over the last five years. The requirement for 70,000 affordable homes each year by 2010/2011 would require a huge rise in output compared with the 39,000 affordable housing completions in England in 2005/2006. There has been significant debate in relation to the £8billion of Government Grant being made available for the funding of affordable housing, with many housing organisations of the opinion that a more appropriate figure should be in excess of £11billion. However, it would seem according to the CLGs own statistics that the £8billion is based on a calculation that over a third more affordable homes will be built between 2008/2011 without grant, compared to 2006.

Whilst the Somerset Authorities acknowledge attempts to speed up the planning process, they also welcome the attention that the Housing Minister is focussing on developers (i.e. Calcutt Report and Office of Fair Trading Report - with an announcement hopefully before Christmas) who seek to take advantage of rising property prices by delaying working on sites with planning permission. It would certainly be beneficial to monitor the situation regarding developers, when nationally it has been calculated that ten of the largest developers are responsible for 70% of all new developments.

The requirement for Local Authorities and public bodies to investigate and make land available will affect them differently. Cities, such as Plymouth for example, have large tracts of former MOD land and the 'best practice' areas in East Anglia (cited in the Green Paper) also have the land. This is not the case in Somerset. However, Somerset County Council has a number of former farms which have been investigated. The farms highlight an interesting point in relation to the fact that farm buildings etc do not come under the Government's 'brownfield' definition. Some of these could be located in beneficial situations and could contribute to the Government's 60% 'brownfield' calculation. In the absence of this and even this will only be a contributory factor, it is clear that the 60% would not be achieved in

Somerset. The Somerset Local Authorities would welcome a Government investigation vis a vis farm buildings etc. In addition certain diocesan land could be investigated, but it could be some considerable time before it would be feasible or ready for it to be brought forward. In relation to Planning Gain Supplement, it is felt that a Roof Tax would be a better option, to ensure that resources are available for infrastructure.

It is important to note that many town centre businesses are moving out to the periphery of towns or by motorways, leaving brownfield sites in towns for housing. However, the Government advocates mixed use town centres with their implications for sustainable communities. Yes, there should be more homes, but clearly not at the expense of sustainable communities. It is noted that Taunton is set out as a Growth Point in the Green Paper and on that basis will attract funding, but housing growth is a priority in many areas of Somerset. In any case, there would seem to be an element of 'stick before carrot' in that the Local Authorities are required to identify five years worth of sites, but the funding, for example Housing and Planning Delivery Grant, is not yet in place. In the same 'vein', whilst the Government accompanies the Green Paper with Strategic Land Assessment guidance, this has taken place in isolation to Housing Needs work which has been underway for some time. It is also a matter of concern that the Regional Assembly will no longer exist after 2010 and that a Regional Development Agency will take over executive responsibility for planning and transport strategies. The Regional Development Agency will have no proven track record in housing issues.

How much money will be available for the non Growth Points in Somerset? Affordable rural housing is referred to in the Green Paper, but it is not defined and yet rural industries are not sustainable without truly affordable homes. Sadly, according to research by Professor Dorling for the Joseph Rowntree Foundation (Poverty, Wealth and Place in Britain 1968-2005, published 2007) 'we are less mixed now than we have been since the 1960's'. These findings are also supported by Professor John Hills in his report for Government on Social Housing. This is clearly important because in some areas, for example South Somerset, private landlords are buying up significant numbers of new homes which will clearly not be let at affordable rents.

The Somerset Local Authorities acknowledge the need to have an holistic strategy for housing needs which is not solely reliant upon the development of new homes. The Councils and RSLs are developing a Choice Based Lettings Scheme which will facilitate a more effective use of existing stock. In addition, Private Sector Leasing and Empty Homes Strategies are in place or being revised.

However, in relation to Empty Homes, the percentage of long term empties is low. Consequently, any considerations regarding the use of Empty Dwelling Management Orders should be tempered by alternative cost effective options, for example by the cost of sponsoring new RSL homes, with nomination rights.

Chapter Six – Well designed homes and places

Chapter Seven – Greener Homes

Chapter Eleven – Skills and Construction

The Somerset Local Authorities note with interest the 'energy conscious' work of the Building Research Establishment on its 'Innovation Park' and the evolution of the 'Smart Life/Cambridgeshire Horizons' initiatives and acknowledge the benefits of delivering a good quality of life through partnership innovations in construction and the delivery of a training initiative which will train 600 local people a year in building skills. Taunton Deane and Knightstone Housing Association have already piloted build and train initiatives for young people on its Leycroft Estate, whilst it has also worked with Falcon Rural Housing on 'Canadiana' construction techniques for properties in Bishops Lydeard.

Whilst the space premium in new construction will always be an important consideration, it does not have to be at the expense of quality (for example, reject planning applications on grounds of bad design). Challenges like the £60,000 home can be useful, but the Government could also encourage further research into good quality international examples. The Government could further consider that Building Regulations should not just be a minimum standard. Correct orientation in design can be important and building family homes to a narrow but 2+ storey (with useable lofts) design can give young families the opportunity to expand without having to move home. Skills and training are a particularly important factor in any future success. Not only is there a shortage of skills in the construction sector but as recent reports explain (Sector Skills Council – Housing Arm) point to skills shortages throughout Housing specialisms.

Chapter Nine – Helping First Time Buyers

Chapter Ten – Improving the way the mortgage market works

The Somerset Authorities welcomes the Government commitment to first time buyers and the work of the Shared Equity Taskforce. Nevertheless, as indicated by last December's House of Commons Select Committee Report, earlier do-it-yourself shared ownership and Homebuy schemes have been expensive in public subsidy terms and haven't initiated much interest from either lending bodies or the public. Given the huge disparity between incomes and house prices (multipliers of 10+ in the case of single earners in Somerset) even Shared Ownership is beyond the reach of average earners. Research and innovation in various 'models' can help however, for example a low cost home ownership scheme at Chelston (Wellington) appears to 'stack up' in terms of affordability. Perhaps the Government should also carry out research and give consideration to schemes such as 'Homesave' (2005 Chartered Institute of Housing and Shelter) which allow social housing tenants to participate in a Flexible Savings Account/Housing Investment Account into which tenants can deposit modest sums for investment in affordable rented housing.

The Specific Questions

Chapter Six – Well designed homes and places

Do you consider that any additional tools and/or mechanisms are now needed to deliver the design policies in order to achieve our aspirations for an uplift in quality and to improve inclusive design?

Whilst, as acknowledged earlier, there are excellent good practice 'eco' examples, there could be a greater emphasis on 'Lifetime' homes. Future policy must ensure that the pursuit of numbers is accompanied by the pursuit of quality.

Do you agree that further work to explore and evaluate quality assurance approaches would be worthwhile?

This is a 'vein' worthy of continuing research. Given a historical reduction in space standards, good design is imperative to ensure that the estates of today do not become the slums of tomorrow.

Chapter Eight – More social homes

What are your views on our proposals to allow Councils to retain the full rental income from, and capital receipts on, disposal of additional new properties, financed from local resources and consult on detailed options?

This possibility is important, because it would demonstrate to those stock holding Authorities (such as Taunton Deane) that their 'track' record as good and prudent landlords, is being acknowledged by the introduction of 'a level playing field'. In the case of current rent income and capital receipts, tenants are unhappy that Government is taking a large slice of their rental payment in order to redistribute it to other parts of the country. The amount for 2006/2007 was £4.2million and the projected amount for 2007/2008 is £4.6million (approximately £14 per week per tenant). Taunton Deane also returned a figure of £2.7million (2006/2007) of capital receipts from Council house sales.

Were Taunton Deane able to keep this money it would be able to achieve a higher standard, which we are able to achieve by 2010 only by the implementation of £1.85 million (to meet Decent Homes standard) per annum of painful cuts in jobs and services.

What are your views on our proposals to change the 'pooling' regime for receipts from shared equity schemes, that Local Authorities develop and consult further on any details proposals?

Shared equity schemes have their place, but given the disparity between income and house prices, they may offer a dream of full ownership (where it is possible to 'staircase' to 100%) which is illusory. In addition, the disparity referred to above, indicated that the emphasis at present should be on good quality affordable social housing to rent. The proposal not to include Social Homebuy could create a two tier system, which is administratively 'messy'.

What are your views on the strengths of the models for delivering new supply set out in Chapter Twelve?

Wholly owned or majority owned company

Could be a possibility for ALMOs (Arms Length Management Organisations) under favourable circumstances (for example, lots of land). Further research into changes

to the Housing Revenue Account would be welcomed to provide a greater reward for those stock holding Authorities with a good track record.

Community Land Trusts

The Somerset Authorities will undertake a watching brief with the 'pilots'. There is a consensus that although such Trusts are laudable in principle and would have appear to work elsewhere (for example, USA) and they are hopeful for the Carhampton and Withycombe model, a clear success has yet to come out of mainland Britain.

Local Housing Companies

There is a question mark over the amount of surplus land available in the County but it is acknowledged that in those areas with significant landbanks (but perhaps not nationally) Local Housing Companies are a useful innovation and are to be welcomed. Notwithstanding, in small scale terms South Somerset has completed a small parish scheme with a broadly similar operational model.

Limited Liability Partnership

The Limited Liability Partnership is perhaps the less favourable option because Councils are likely to remain minor partners (albeit, providing Local Authority land) with RSLs and private developers taking the lead.

Single Estate Transformational Model

Whilst the Single Estate Transformational model is not in itself a panacea for solving the 'numbers game', if applied creatively to the right estates it could achieve a sustainable mixed community of housing and a suitable infrastructure (for example, health centre, recreational facilities, community centre).

Strategic Housing and Regeneration Partnerships

Taunton Deane is already involved in the ISiS joint venture project with Somerset County Council, IBM and Avon and Somerset Constabulary. It may well be worth investigating whether the development of new affordable housing could be brought within its scope in order to achieve efficiency and procurement savings.

Are there other models you know of which could effectively secure the outcomes sought?

It is a question of scale. Small projects, as previously mentioned, may have been successful in Somerset, but they might not work or there may not be the resources to make them work on a large scale.

Appendix B

'Homes for the Future' Green Paper 22 July 2007

Main points from Executive Summary

1 More homes to meet growing demand

- Our first challenge is to provide more homes. Housing supply has increased substantially in the last few years and is now at its highest level since the 1980's, but supply is still not keeping up with rising demand from our ageing, growing population.
- **Delivering 2 million homes by 2016 and 3 million homes by 2020:** Our proposals assume that housing supply will rise over time towards the 240,000 per year target in 2016, delivering approximately two million new homes by 2016 and continuing at around 240,000 homes per annum over the next four years to deliver an extra million new homes by 2020.
- **1.6 million homes are already in existing Regional Spatial Strategies (RSS) and plans now in place including around 650,000 homes in Growth Areas** with support from the 2003 Sustainable Communities Plan (for example, Thames Gateway and Milton Keynes/South Midlands);
- **150,000-200,000 additional homes in the new round of RSS and plans now under consideration**, including many smaller sites and urban area schemes, together with **further, partial RSS reviews** where they are needed;
- We are launching today an invitation for Local Authorities and developers to propose **5 new eco-town schemes**, with the entire community designed to be able to reach zero carbon standards. Each scheme could provide between 5,000 and 20,000 new homes giving a total of some **25,000-100,000 homes**. Final decisions will depend on the strength, costs and sustainability of the bids received.
- **Delivering homes where they are needed:** Young families face problems finding affordable homes in every region, in urban and in rural areas. New housing is therefore needed throughout the country delivered in a way that is sensitive to local needs. We are extending the New Growth Points programmes to northern cities and towns.
- **Rural homes:** We recognise that rural communities face particular pressures. We will set out measures to ensure more social and shared ownership homes are delivered in villages, as the Affordable Rural Housing Commission proposed. The Housing Corporation is investing £230million to deliver around 6,300 homes in small towns and villages through its 2006-2008 affordable housing programme. We will set a target for delivery of affordable housing in rural areas over the period 2008-2011. We are also supporting seven new potential pilot Community Land Trusts in rural areas, giving local communities access to land for affordable house building.

- **Planning reviews:** We will set up partial reviews of regional plans to increase regional and local targets and ensure the new eco-towns and additional Growth Points are properly handled in the planning system. Reviews of Regional Spatial Strategies will be carried out by 2011 to reflect plans for 240,000 homes a year by 2016.
- **Local planning incentives and enforcement:** A new Housing and Planning Delivery Grant will direct extra resources to those Councils who are delivering high levels of housing and to those Councils who have identified at least 5 years worth of sites ready for development. Local Councils will have to identify enough land to deliver the homes needed in their area over the next 15 years by rapidly implementing new planning policy for housing (PPS3). We are publishing new guidance showing how Councils can find the land they need. Where Councils have not identified enough land and do not grant sufficient planning permissions, planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead at the appeal stage. We will also consult on ways to strengthen the requirement on developers to commence development or lose planning permission, and what more can be done to develop a consistent approach to the disclosure of land holdings.
- **Public sector land:** We have raised our target to 200,000 new homes to be delivered on surplus public sector land by 2016, a significant increase from the previous target of 130,000 announced in the Pre-Budget Report. English Partnerships will set out new standards for housing on surplus Government land, which will increase the number of affordable homes developed, bring forward sites more quickly and ensure that design and environmental performance standards are raised to meet housing policy objectives.
- **Recycling homes and land:** We also need to make the most of existing homes and buildings and disused land. We believe brownfield land should be the priority for development. The Government will continue with the national target that over 60% of homes should be built on brownfield land and every region and Local Authority will be expected to set their own target for brownfield land use. The New Homes Agency will work with Local Authorities to support them in their place-shaping role, including on how Local Authority and other disused land can be used to lever in private investment and transform communities. Councils, as part of their strategic housing role, need to reduce the number of homes that are left empty for long periods of time. We will explore a range of measures including the new Housing and Planning Delivery Grant.

2 **Better Homes: How we create places and homes that people want to live in.**

- **Greener homes:** New housing needs to be much more sustainable for the future. We need a revolution in the way we build, design and power our homes. A quarter of the UK's current carbon emissions (around 150 million tonnes of carbon dioxide each year) arise from how we heat, light and run our homes. We want to increase protection of

the environment by cutting carbon emissions and we want all new homes to be zero carbon from 2016. We will strengthen building regulations by 25% in 2010 and by 44% in 2013 to set the standards we need to help achieve this. We will also set new minimum standards for water use in new homes, cutting average water use by almost 20%. Also, we are consulting on how best to rate new homes against our Code for Sustainable Homes to inform consumers and help drive up standards. We have set up a task group to look at research and work across the supply chain to deliver the improvements we need.

- **Well-designed and good quality homes:** Our aim is to eliminate poorly-designed new housing and make good and very good new developments the norm. We recognise that getting the design right can improve the quality of life for all members of the community, as well as improving the environment, creating safer and stronger communities and reducing our carbon footprint. We recognise the inspirational power of the very best and are encouraging innovative new designs of the highest standards, for example through competitions in eco-towns. These competitions will stimulate new architectural thinking on how to achieve a strong vision and identity in a range of new settlements and at individual building level, whilst reflecting local character and context.

3 Making housing more affordable

- **We plan a £8billion programme for affordable housing** in 2008-2011, a £3billion increase compared to the previous three years.
- **At least 70,000 more affordable homes a year by 2010-2011:** We want to ensure there are more affordable homes and more opportunities for people to get on the housing ladder. Government will help deliver at least 180,000 new affordable homes over the next three years and more than 70,000 affordable homes a year by 2010-2011 - with an ambition to increase further in the next spending review.
- **At least 45,000 new social homes a year by 2010-2011** – a 50% increase in social housing in 3 years, more than doubling new provision since 2004-2005 and **a goal of 50,000 new social rented homes a year**, in the next spending review period.
- **Over 25,000 shared ownership and shared equity homes a year** funded mainly by the Housing Corporation (or its successor, the New Homes Agency) to particularly help key workers and others who cannot afford to buy near where they work.
- **Thousands more shared ownership homes through local housing companies** and public sector land. We will use public sector land to delivery additional shared ownership homes without grant. We will set out more details on the scale of this programme as the work with local housing companies progresses.
- **Rural Affordable Housing:** The New Homes Agency will work with rural Councils so that they can meet the particular pressures faced by rural communities by supporting social housing and shared ownership homes in villages and rural areas as well as in larger towns. Later in

the year, building on advice from the Regional Assemblies we will set a target for rural affordable housing for 2008-2011.

- **Local Housing Companies:** We are setting out proposals for new local housing companies that local Councils can establish (in partnership with the New Homes Agency) in particular to deliver shared ownership homes and homes for first time buyers built on local Council land. We believe these have the potential to deliver tens of thousands of shared ownership homes over the next five years.

4 Delivery: How we make it happen

- **More skilled workers:** We need enough appropriately skilled workers to deliver our housing ambitions. This means improved training and tackling recruitment and retention difficulties in key areas and a focus on ensuring we have enough skilled professionals, construction workers and planning officers to meet our ambitions.
- Local Authorities have a critical role to play in achieving a major increase in new homes and their strategic housing role is at the heart of achieving our ambitions for housing supply. We want to see Local Authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role.