

 <p><b>Northwards Housing</b> North Manchester's Council Homes</p>		<b>Report to:</b> Northwards Housing Board 11 <sup>th</sup> September 2007		<b>Item No:</b> <h1>9b</h1>	
<b>Title:</b>		Housing Green Paper: Potential Implications			
<b>Date:</b>		28 <sup>th</sup> August 2007			
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<b>Confidential:</b>		No			
<b>For:</b> (Please tick action required)		<b>NOTING</b> √	<b>DISCUSSION</b> √	<b>APPROVAL</b>	
<b>PURPOSE OF REPORT</b>					
The purpose of this report is to outline for Board Members' information the content of the Housing Green Paper & to set out the potential implications of the proposals contained therein for Northwards Housing.					
<b>RECOMMENDATION</b>					
The Board is requested to note the proposals in the Housing Green Paper & the potential implications for Northwards.					
It is recommended that Northwards comments on the Green Paper via the Manchester Strategic Housing Partnership & the National Federation of ALMOs. Both bodies will be inviting & co-ordinating responses on behalf of their members.					
It is further proposed that the Chief Executive is delegated the task of submitting comments on behalf of Northwards taking account of any issues or comments raised by Board Members in this meeting.					
<b>IMPLICATIONS</b>					
<b>Equality &amp; Diversity:</b>		At this stage these are Government proposals on which it is consulting. It is therefore not possible at this stage to estimate potential impact on Northwards.			
<b>Financial:</b>					
<b>Staffing:</b>					
<b>Decency Target:</b>					
<b>Governance:</b>					
<b>Risk Assessment:</b>					

**Equality & Diversity Implications (Please tick where relevant):**

BME	<input type="checkbox"/>	Lesbian/Gay/Bisexual/Transgender	<input type="checkbox"/>
Gender	<input type="checkbox"/>	Single Parents	<input type="checkbox"/>
Age	<input type="checkbox"/>	Domestic Violence	<input type="checkbox"/>

Disability

Alcohol/Drug Mis-users

**Consultation/Consideration:**

	Yes, No or N/A:	Name:	Date:
<b>Sub-Committee:</b>			
<b>Area Panel:</b>			
<b>Task Groups:</b>			
<b>Ward Councillors:</b>			

**1.0 Purpose of Report**

1.1 The purpose of this report is to outline for Board Members' information the content of the Housing Green Paper & to set out the potential implications of the proposals contained therein for Northwards Housing.

**2.0 Background**

2.1 The new Prime Minister & his Ministerial Team have identified housing as a key priority for the new administration. Gordon Brown has acknowledged affordability issues for people seeking to access new housing, particularly for first time buyers.

2.2 The Government's response to housing affordability issues was set out in its Housing Green Paper which was published on 23rd July. The scope of the paper is wide ranging. The Green Paper is a discussion document upon which comment is invited by 15th October.

2.3 Attached to this report is a summary of the Housing Green Paper prepared by the Chartered Institute of Housing (CIH), but a copy of the full document is available on request or can be downloaded from the Communities & Local Government website.

2.4 The Green Paper needs to be read in the context of other recently published papers:

- \* The Hills Review looking at the future of social housing
- \* The Cave Review looking at the regulation of the social housing sector
- \* The Planning White Paper
- \* The Communities England Consultation Paper
- \* The Sub-National Review of Economic Development & Regeneration

Further Government statements are expected in the Autumn arising from work carried forward following John Hill's review of social housing.

**3.0 Housing Green Paper: *Homes for the Future: more affordable, more sustainable***

3.1 Each of the 12 chapters in the Paper covers a key policy priority & details how Government plans to achieve it. Considering each chapter in turn, the CIH Briefing document summarises the key proposals & the Institute's broad response to the proposals.

3.2 This report seeks to bring out potential implications for Northwards Housing.

#### **4.0 Chapter 1: Delivering homes where they are needed**

4.1 The Government recognises the need to increase the delivery of new housing to meet rising demand & to address affordability issues. The CIH paper summarises the Government's key proposals to deliver this objective.

4.2 In terms of implications for Northwards, part of our area lies within the Housing Market Renewal Pathfinder & their activities may well be reviewed in North Manchester in the light of the Green Paper. We are developing a Community Land Trust or Community Interest company as part of the Northern Housing Challenge scheme for Freshfields in Charlestown. Our experience in that project may lead Northwards to respond to the challenge in the Green Paper of piloting CLTs.

#### **5.0 Chapter 2: Delivery without needless delay- continuing planning reform**

5.1 The Green Paper suggests revisions to the Planning system to speed up the approval & delivery of new housing developments & to integrate separate regional strategies (spatial, economic & housing) into an integrated Regional Strategy with economic growth at its centre. A carrot & stick approach is to be applied to planning authorities.

5.2 Whilst these proposals are to be welcomed, they should not jeopardise the design & quality of new housing built in the city. Nor should housing issues be lost within the integrated Regional Strategy. The new regional arrangements are further developed in the Sub-National Review of Economic Development & Regeneration.

#### **6.0 Chapter 3: Public sector land use**

6.1 The Government has announced its intention to increase the yield of new housing on publicly owned land to 200,000 homes & has identified a key role for English Partnerships (EP) in bringing forward such land & for ensuring minimum standards are met. Local Housing Companies are proposed as joint ventures between LAs & EP.

6.2 Manchester is specifically mentioned as one of the locations for a new Local Housing Company. Up to 14 such companies are expected to be created this year. Northwards will expect to work closely with the city's Local Housing Company & to identify potential development sites for housing in North Manchester as part of our Asset Management Strategy. The percentage of affordable housing to be created has yet to be established in the context of the forthcoming Affordable Housing Strategy for Manchester & Salford.

#### **7.0 Chapter 4: Recycling homes and land**

7.1 A continuing theme in the Green Paper is the Government's intention to prioritise brownfield land (previously developed) to deliver 60% of new housing. Greater prominence, following the Hills Review, is given to making best use of existing stock, particularly tackling long term vacant properties.

7.2 Both of these priorities are very relevant in North Manchester & Northwards would expect to work closely with North Manchester Regeneration & Private Sector Housing Teams in delivering these objectives.

#### **8.0 Chapter 5: Infrastructure**

8.1 The Government has stated its intention to develop a more co-ordinated approach to growth in new house building, particularly the provision of infrastructure. A £300m. Community Infrastructure Fund will be available for existing Growth Areas, new Growth Points & eco-towns to fund transport infrastructure. Government also signalled its intention to fund infrastructure investment through a Planning Gain Supplement.

8.2 Existing Growth Areas have been hitherto in the South East, East Anglia & South Midlands. New Growth Points will be applicable to the North & Manchester has been mooted as one of these new areas.

### **9.0 Chapter 6: Well designed homes and places**

9.1 Government stresses the need to improve the design of new homes & communities & that new housing should offer an appropriate mix of housing, particularly homes for the growing number of older people.

9.2 Good quality homes & decent neighbourhoods must be a priority for North Manchester & Northwards must work with the Council & other partners, particularly in the regeneration of existing neighbourhoods.

### **10.0 Chapter 7: Greener Homes**

10.1 Following on a series of recent consultations. Government is consolidating commitments & targets in tackling housing's contribution to global warming. Government is considering a scheme of mandatory rating of all new homes against the Code for Sustainable Homes & improving water efficiency.

10.2 There will be a minimal impact on Northwards because the thrust is in making new homes greener. The challenge for Northwards is to improve the energy efficiency & sustainability of existing homes in North Manchester.

### **11.0 Chapter 8: More Social Housing**

11.1 The Government intends to increase the numbers of new Social Housing through efficiency savings & by making better use of housing associations' unused financial capacity for increased borrowing. This is likely to produce a reform to the system for accessing grant funding from the Housing Corporation, including 2 Star ALMOs being able to bid for grant & local authorities being able to play a more direct role in building new homes. This could necessitate changes to the Housing Revenue Account system.

11.2 Northwards has already been accredited by the Housing Corporation to manage new homes built by housing associations or developers using grant. Whether this ALMO has a role in building new Social Housing will probably depend upon the arrangements for a new Local Housing Company in the city. Northwards would expect to work closely with the new company once established.

### **12.0 Chapter 9: Helping first time buyers**

12.1 Government has committed itself to increasing the range of low-cost home ownership products as well as increasing the supply of low-cost homes. Government has invited competitive proposals from the sector for new shared equity products.

12.2 Such products could assist more low income households to access home ownership in North Manchester, as part of the Council's objective to increase the overall proportion of owner-occupied housing in North Manchester. CIH argues that there should be more flexible products for people to "flex up & down" the housing ladder in order to sustain home ownership.

### **13.0 Chapter 10: Improving the way the mortgage market works**

13.1 Government is proposing ways of making mortgages more affordable & stable over the longer term, helping to allow borrowers to make more informed choices & supporting their housing costs. In doing so, Government is mindful of the impact of interest changes on low-income home owners & the relative cost of borrowing in Europe.

13.2 Northwards, working with the Council, frequently picks up the consequences of people being made homeless because of repossession of their homes. Therefore any measures to reduce mortgage repossessions is to be welcomed.

#### **14.0 Chapter 11: Skills and Construction**

14.1 The Government acknowledges the skills gap in delivering its ambitious housing agenda. The Green Paper sets out \ framework to improve vocational training, standards & qualification.

14.2 Northwards has started work with contractor partners & local colleges to attract & skill up local residents to deliver its Decent Homes programme. These partnerships must be a priority in tackling worklessness.

#### **15.0 Chapter 12: Implementation: a shared endeavour**

15.1 The Green Paper calls upon all parties to work together to deliver the Government's housing agenda through reforming the planning system, engaging local people, introducing new housing delivery models & revising local co-ordination mechanisms, particularly through Local Area Agreements & Multi-Area Agreements.

15.2 Northwards should expect to play a full & active part in supporting improved housing delivery, not just new homes, in North Manchester.

#### **16.0 Consultation Responses**

16.1 The purpose of Green Papers is to set out Government thinking on issues, their potential approach to them & to invite comment from interested parties. Comments have to be submitted to Communities & Local Government by 15th October.

#### **17.0 Recommendation**

17.1 The Board is requested to note the proposals in the Housing Green Paper & the potential implications for Northwards.

17.2 It is recommended that Northwards comments on the Green Paper via the Manchester Strategic Housing Partnership & the National Federation of ALMOs. Both bodies will be inviting & co-ordinating responses on behalf of their members.

17.3 It is further proposed that the Chief Executive is given the task of submitting comments on behalf of Northwards taking account of any issues or comments raised by Board Members in this meeting.

**Homes for the future:  
more affordable, more sustainable**



**A CIH briefing on the housing green paper**



## Introduction

The Housing Green Paper, *Homes for the future: more affordable, more sustainable* sets out current government policy on delivery of new housing to increase the supply. Each chapter covers a key policy priority and details how government plans to achieve it. Some of the planned approaches had been announced before the publication of the green paper but others are new. Government has indicated its intention to consult on some of the new approaches.

Further statements are expected in the autumn arising from work carried forward following John Hill's review of social housing.

This briefing sets out the context for each chapter of the green paper, outlines the key messages and states the broad response that CIH is likely to make in relation to new and existing policy proposals.

CIH will be submitting a response to government on this Green Paper and welcomes your views and comments which will be used to inform our response. Please send any comments to [merron.simpson@cih.org](mailto:merron.simpson@cih.org) or [abigail.davies@cih.org](mailto:abigail.davies@cih.org).

## Chapter 1 Delivering homes where they are needed

### Context

Government recognises the need for even higher levels of new housing, including affordable housing, to meet the rising demand from an ageing, growing population. The number of new households is projected to increase by 233,000 per year and government is setting a new target to build an additional 2 million new homes by 2016 and 3 million by 2020 to address affordability issues. This will require an increase in the number of additional new homes to 240,000 a year by 2016 which will include building in northern and rural areas. It seeks to support more low-carbon developments.

### Key Messages

The government is taking action in a number of areas to achieve this ambition and many of its current and new approaches are covered in later chapters. Some of the main ways in which government is seeking to increase housing supply includes:

- establishing a new round of Growth Points with the aim of delivering an additional 50,000 homes – in addition to the 100,000 new homes already planned in 29 existing Growth Points. Areas in the north of England will be eligible to apply for the first time.
- balancing the new housing developments with ongoing housing market renewal – the pathfinders will be scaled back to focus on areas with deep seated problems
- inviting bids for at least 5 new eco-towns, in addition to those already planned in Northstowe (Cambridgeshire) and Cranbrook (Devon), each delivering 5,000-20,000 homes. These will include carbon neutral development, and integrated services and transport. A prospectus detailing these proposals has been published alongside this Green Paper

- releasing public sector land to build new homes
- access to £300 million through the Community Infrastructure Fund available for growth areas, new Growth points and eco-towns
- piloting Community Land Trusts in rural and urban areas
- a feasibility study to look at the case for a new time limited programme to help overcome local barriers to rural affordable housing provision;
- Regional Assemblies will advise on appropriate levels of rural housing investment for 2008-11 with a view to setting a target over the CSR period.

## **Broad CIH position**

The extension of the Growth Point programme is welcome, particularly the recognition of growth and demand across the country. The housing market renewal programme requires adequate ongoing investment to be successful in many areas, and CIH is concerned about investment being diverted away from these areas. CIH welcomes the intention to release public sector land for housing, where the geographical location is appropriate for housing development, the support for CLTs and the focus on infrastructure to integrate housing with other community facilities. We also welcome the emphasis on environmental sustainability as part of the government's growth plans.

## **Chapter 2 Delivery without needless delay – continuing planning reform**

### **Context**

There will be a programme of revisions to Regional Spatial Strategies (RSS) to incorporate the additional homes, Growth Points and eco-towns. Local authorities which allocate sufficient sites for development and deliver high levels of housing will be rewarded financially, and those that are not meeting their housing targets will come under scrutiny from the Planning Inspectorate. Changes to regional strategies in future will set out to integrate economic development, housing and infrastructure more effectively.

### **Key Messages**

Current revisions to RSS will be signed off by the end of 2007, and new revisions – which will incorporate new targets making up the 240,000 new homes pa by 2016 and the new Growth Points and eco towns – will be delivered by 2011.

The recent Sub-national Economic Development and Regeneration Review requires a single regional strategy, incorporating the Regional Economic Strategy (RES) and RSS, to bring planning for economic development, housing and infrastructure together. Regional Development Agencies (RDAs) will be responsible for its development. LAs will have a key role feeding into and endorsing the strategy. An economic growth objective for each region will be set, and level of housing will need to match level of projected household growth.

PPS3 set out requirements for LAs to identify land supply for 15 years to deliver the required level of housing, with 5 years' worth that is developable now and to consider reviewing sites for housing/ commercial use. From 2008 the new Housing and Planning Delivery Grant (HPDG) will reward authorities that meet their agreed development

timetables for new housing. Where local authorities have not identified enough land, planning inspectors will be more likely to overturn their decisions at appeal and give housing applications the go ahead.

Planning Performance Agreements, as set out in Planning White paper, will be taken forward.

### **Broad CIH position**

Integrating economic development, infrastructure and housing is important, but RDAs have a poor knowledge of housing issues and will need to work closely with LAs and the new homes agency to build up housing expertise and skills to manage this effectively. We support the use of HPDG to reward outcomes rather than processes, but would also like to see reward for quality rather than just supply.

The penalties for LAs that do not bring forward enough land are appropriate but need to be sensitively applied, for example where authorities really do not have enough land to allocate. Planning Performance Agreements will be a valuable tool to improve communication between key actors on large sites.

## **Chapter 3 Public sector land use**

### **Context**

Government proposes new increased targets for delivery of housing on public sector surplus land and launches Local Housing Companies as a new approach to the use of vacant land owned by local authorities

### **Key messages**

Additional sites of surplus public sector land held by government departments have been identified and the Register of Surplus Public Sector Land will be extended to cover all central government departments. The target for homes to be built on surplus public sector land has been raised from 130,000 to 200,000 by 2016, including potentially 60,000 on surplus brownfield land held by LAs.

English Partnerships has a major role in bringing forward the sites and ensuring minimum standards for developments are achieved:

- a minimum of 50% of affordable homes
- design and environmental performance standards
- all homes to meet level 3 of the Code for Sustainable Homes (it is not clear whether this applies to all homes or just affordable)
- clear start and completion dates to prevent landbanking
- limits on numbers of buy to let sales

English Partnerships (EP) will have a new Surplus Public Sector Land Unit to work with government, and the Surplus Public Sector Land Taskforce will be reconvened to drive forward progress. Local Housing Companies are proposed – joint ventures between LAs and EP to encourage LA land to be brought forward and assist with planning consent. EP will bring financial and technical assistance and enable LAs to become partners in the development of new mixed communities. 14 are expected to be created this year.

### **Broad CIH position**

The focus on identifying and bringing forward surplus public sector land is welcome. However, CIH believes more could be done to capture the land value and retain interest in the land to maintain affordability in the long term. Local Housing Companies will be useful vehicles to bring land and skills together, and deliver mixed communities with 50% affordable housing.

## **Chapter 4 Recycling homes and land**

### **Context**

Government believes a successful strategy for sustainable development involves a continued emphasis on brownfield land, and on making best use of existing empty properties.

### **Key messages**

Sustainable brownfield land should be a priority for development, with the national target remaining at 60%. LAs should set local targets reflecting both the national target and available useful sites. EP will help LAs to develop their brownfield strategies. EP and the Academy for Sustainable Communities will look at the skills gap in tackling brownfield sites and identify new training programmes.

LAs, in their strategic housing role, need to tackle long term empty properties, and incentives, including the use of Housing and Planning Delivery Grant, will be explored to reward a proactive approach. LAs are encouraged to emphasise to developers and owners that Empty Dwelling Management Orders (EDMOs) can be used to ensure that properties are occupied

### **Broad CIH position**

LAs should be proactive in addressing remediation problems for use of brownfield sites. Without that, PPS3 and enforcement measures proposed in chapter two may lead to development on greenfield sites.

CIH strongly supports an approach that includes best use of stock in strategies to increase supply, and welcome the proposal to use Housing and Planning Delivery Grant to incentivise that. Strategies to address empty properties should make full use of both enforcement and supportive approaches in working with owners.

## **Chapter 5 Infrastructure**

### **Context**

The paper details how government departments will contribute to infrastructure delivery, and proposes to move forward with Planning Gain Supplement (PSG) unless a more effective alternative is devised.

### **Key messages**

The CSR07 performance management framework will seek to develop a more coordinated cross-government approach to housing growth, ensuring that it is a priority for departments delivering infrastructure, and will publish a clear plan for delivery. Government's policy

review into supporting housing growth has recommended actions for government departments in relation to delivering infrastructure in a timely, efficient manner.

Regional bodies and local authorities, through their spatial and housing responsibilities should work across public service bodies to take a coordinated approach to housing growth and infrastructure provision, including between the local and regional levels. Local authorities, in developing the Sustainable Community Strategy and Local Area Agreement, are well placed to negotiate with and influence other partners. Local planning authorities will be required to demonstrate infrastructure planning that supports the proposals set out in their Local Development Frameworks.

A £300million Community Infrastructure Fund will be available for Growth Areas, New Growth Points and eco-towns, to fund transport infrastructure that may not be prioritised in mainstream Department for Transport schemes but are vital for enabling large housing developments to go ahead.

Proposals for PGS are that 70% of all funding raised would return to the local planning authority for infrastructure and the remainder would go back to the region to support regional infrastructure. Other obligations under s106 would be scaled back, and PGS would be levied at a modest amount to maintain incentives to develop. However, a decision to proceed with PGS in this way has not yet been reached. Four alternatives to the proposed PGS are floated in the paper, and these will be reviewed prior to the pre-budget report.

### **Broad CIH position**

CIH welcomes efforts to coordinate the contribution of government departments to support infrastructure. The challenges should not be underestimated, and the timings of delivery will need to take into account the level of private funding required as well.

Coordination between local and regional bodies for planning for housing and infrastructure is important; there are real issues around capacity and resources. CIH and partners in their Comprehensive Spending Review (CSR) submission called for additional investment in the local authority strategic housing role, and in regional bodies to support local authorities, and this is an example of how necessary that support is.

In previous submissions CIH has argued that a land tax would be a more appropriate mechanism to capture gains for local communities and to bring land forward for development.

## **Chapter 6 Well designed homes and places**

### **Context**

Government believes new homes and neighbourhoods should be well designed, meeting the needs of society.

### **Key messages**

Good housing design and appropriate mix (size, type, tenure etc) to meet the needs of the whole community can be delivered through PPS3. New practice guidance for strategic housing market assessments will support understanding of communities' needs, backed up by the National Housing and Planning Advice Unit's affordability analysis.

Older people will make up 48% of all new household growth up to 2024, and this growth will be in all regions, but particularly in the SE. Government is promoting Lifetime Homes standards – the Code for Sustainable Homes encourages these standards, and the National Housing Strategy for an Aging Population will also address these issues when it is published (expected Autumn).

CABE Space supports LAs in developing green space strategies and 10% of Growth Area funding from 2006/07 has been dedicated to provision of green space. CABE and the Academy for Sustainable Communities provide assistance to support increased quality, standards and skills. Government is working with CABE to ensure inclusive principles are embedded in design for homes and spaces.

Government will also discuss with local authorities, developers and others whether an agreed design quality assurance scheme would be valuable.

### **Broad CIH position**

The quality of new homes and communities is a vital part of sustainable development; we would like to see more measures to reward quality as well as high levels of housing delivery.

The level addressing accessibility in the Code for Sustainable Homes is not ambitious. Stronger measures are being used to incorporate eco-homes, and CIH is concerned that a weaker approach to accessibility will mean it is not addressed robustly in new developments.

## **Chapter 7 Greener Homes**

### **Context**

Government is consolidating commitments and targets set out in recent consultations and other documents. It is reiterating the role housing has to play in the fight to stem global warming.

### **Key messages**

As set out in *Building a Greener Future*, the Green Paper reaffirms the proposals to require all new homes to be built to zero carbon standards by 2016..This is to be achieved by gradually strengthening the energy / carbon performance in Part L of the Building Regulations 2006 in three steps:

<b>Date</b>	<b>2010</b>	<b>2013</b>	<b>2016</b>
Energy / carbon improvement as compared to Part L (Building Regulations 2006)	25%	44%	zero carbon
Equivalent energy / carbon standard in the Code for Sustainable Homes	<b>Code level 3</b>	<b>Code level 4</b>	<b>Code level 6</b>

A separate policy statement on zero carbon homes, as well as a ‘forward look’ detailing what the standards in 2010 and 2013 could look like, has been published alongside the Green Paper. The *Technology Strategy Board – the Innovation Platform on Low Impact Buildings* is to lead a cross-government programme to develop cost-effective technologies

to help achieve the 2016 target as well as improving the existing stock. This work is being augmented by a research programme, co-ordinated by the National Centre for Excellence in Housing.

Government will be consulting on a mandatory rating of all new homes against the *Code for Sustainable Homes*.

Following consultation on setting minimum standards for water efficiency in new buildings, a policy statement has been published with this Green Paper on how to take this forward. A review of the *Water Supply (Water Fittings) Regulations 1999* will be taking place in 2008.

The final Planning Policy Statement on Climate Change, to be published later this year, will help to set the framework for both mitigation and adapting to the inevitable impacts of a changing climate.

### **Broad CIH position**

CIH supports the government's drive to improve the environmental performance of new build but would like a greater focus on the biggest problem facing us – emissions from existing stock. We would like to see much more emphasis given to retro-fitting existing homes with energy efficiency measures but no new measures have been announced in the Green Paper.

We welcome the creation of a task group on decentralised energy systems, as these are an essential factor in achieving the 2016 target.

CIH considers that it is necessary to make the Code for Sustainable Homes mandatory for all new homes.

It is important that Energy Performance Certificates (EPCs) should cover all dwellings (not only 4+ bedroom properties for sale) as soon as possible. We would also like government to consider extending EPCs to homes not currently on the market for sale or let and welcome proposals to find better ways of equipping consumers with the right knowledge and information to improve the energy efficiency of their homes (work that is underway with Energy Saving Trust and other stakeholders).

Whilst the recent floods should not be used to hamper efforts to increase housing supply, we would urge government to address the issue by bringing in appropriate design and other measures to reduce the risk of flooding. In this context we welcome the announcement of pilot studies on integrated urban drainage on the consequences of surface water run-off.

## **Chapter 8 More Social Housing**

### **Context**

The Government wants to increase the supply of affordable homes including of affordable rented homes (social housing). It plans to directly increase resources for affordable housing by 50% over the next 3 years (to £8bn) and for affordable rented housing to £6.5bn – to ensure delivery of 45,000 new affordable homes for rent each year by 2010-11. It also intends to make some changes to the way affordable housing is financed and delivered by the different providers.

Government sees an increased role for councils in and influencing decisions and in enabling the provision of and building new affordable homes – as well as for the private sector in delivering new social rented homes.

## **Key messages**

Further increases in new social housing supply will be made through efficiency savings and by making better use of housing associations' unused financial capacity for increasing borrowing. The allocations process for grant funding will be reformed to incentivise higher borrowing by associations.

There are also opportunities for local authorities to play a more direct role in building new homes, particularly where this offers value for money.

- ALMOs and other local authority companies will be able to bid for social housing grant (SHG). An extra pre-qualification round for bidding will be held next year so that council-backed vehicles, including 2 star ALMOs, have the opportunity to bid.
- the new build properties funded through SHG will be held outside of the HRA so the full value of rents and sale proceeds are retained by the council.
- councils are only expected to undertake direct development where it offers better value for money than other options
- it is implicit that any extra borrowing alongside the SHG will remain as public borrowing.
- local authorities are also being expected to work with a range of partners to deliver more mixed communities and secure change in deprived areas.

Government is inviting further comments on the potential and practicalities of making changes so that local authorities building without grant funding could keep the income and capital returns from new homes. They are also consulting on how the Private Finance Initiative can be taken forward.

On reforming the HRA, the government appears to be willing to go ahead with the self-financing pilots which have been under consideration for the past 12 months. They will also look into a possible longer-term reform of the HRA system.

## **Broad CIH position**

We welcome plans to significantly increase the supply of new affordable and affordable rented housing.

CIH welcomes the increase in spending, although the joint submission to the CSR called for a programme of £11.5bn to deliver the same number of homes that government proposes to deliver with £8bn. CIH is concerned that the government does not cut other areas of housing investment in order to increase the allocation to new build.

CIH advises caution in pressing housing associations to increasingly use their reserves for further borrowing simply to deliver new homes. Associations should have freedom to use their reserves to meet local priorities, for example to achieve the decent homes and to invest in wider regeneration of communities.

CIH welcomes SHG now being made available for ALMO local authorities with 2\* as well as 3\* performance ratings. CIH will continue to argue for investment in ALMOs to achieve the Decent Homes Standard.

CIH also supports the continuation of the self financing pilots and will urge government to proceed with fuller reform of the HRA system.

## **Chapter 9 Helping first time buyers**

### **Context**

The Government is committed to ensuring that wherever possible young households can meet their aspirations for home ownership. As well as increasing the supply of low cost homes, increasing choice through an expanded range of low cost homeownership products which can meet a greater range of needs is central to the Government's strategy.

It is anticipated that a future green paper may contain further proposals for expanding the range of low cost home ownership products as part of meeting John Hills's recommendation for 'a more varied menu'.

### **Key messages**

Government is committed to delivering a further 25,000 homes for low cost homeownership each year for the next three years through Housing Corporation and English Partnership programmes but at the same level of investment as currently. This is to be achieved by:

- increased efficiency savings
- better use of Section 106 sites, particularly in rural areas
- increasing the supply of low cost homes delivered without grant through a new target of a minimum of 50% affordable homes on surplus public sector land sites and a programme of new local housing companies created by local authorities with EP to unlock surplus land.

A competition to develop additional shared equity products was launched in June this year and over 30 organisations – including housing associations, financial institutions and private developers – are working with the Housing Corporation to develop products that will be launched as part of the 2008 programme of Open Market HomeBuy (OHMB).

In order to make OMHB more flexible, the government has launched a new 17.5% Government Equity Loan product that purchasers can use in conjunction with a mortgage from any lender (there are only 4 participating lenders in the current OMHB scheme).

Brian Pomeroy has been appointed to follow up on the shared equity task force recommendations and advise them on ways to develop the private sector shared equity market.

### **Broad CIH position**

CIH recognises people's aspirations to own their home and appreciates these new efforts to increase the opportunities available to aspiring households.

Better information is needed in relation to the information, guidance and support that purchasers need to take them through the process of buying their home – particularly for those people who may not be in a position to obtain information informally from friends and relatives.

Longitudinal research is needed to track the experiences of first time buyers over, say 10 years.

Attention now needs to turn to supporting sustainable home ownership through, for example, encouraging lenders to offer tax-free savings for future repairs and maintenance, offering fixed rate rents and services charges on low cost home ownership and offering the potential to flex down as well as up. Government should also look into other ways of helping people to accumulate equity, including housing equity, without purchasing through the LCHO route. The design of these schemes can be geared to improving social mobility, financial capability and success in work.

## **Chapter 10 Improving the way the mortgage market works**

### **Context**

Government is proposing ways of making mortgages more affordable and more stable over the long term, as well as helping borrowers to make more informed choices, to support homeowners in meeting their housing costs.

### **Key messages**

One way of ensuring stability in home owners' mortgage payments is through fixing mortgage rates. Currently, 78% of new mortgages and over 90% of first-time buyer mortgages are fixed for 2 years or more, compared with just 28% of new mortgages five years ago. However, very few are fixed for more than a few years and the government wants to create the conditions for long-term fixed rate mortgages to offer greater certainty in mortgage repayments. David Miles' Review from 2005 sets out recommendations to improve both the demand and supply for longer-term fixed rate mortgages, a number of which have already been implemented (see para 20).

In order to help consumers to be more informed,

- the FSA will be working to drive up the quality of advice and information given to potential customers
- it will also continue its work with stakeholders (including CIH) to deliver its national strategy for financial capability
- government will continue its work into the feasibility of providing generic financial advice – which will include mortgage guidance and information as well as other financial issues.

In order to help lenders to reduce the risks of delivering long-term fixed rate products

- government is minded to introduce legislation for a new covered bonds regime by the end of 2007, following consultation on their proposals, that will adjust the risk and weightings and will give UK firms access to the £1.5 trillion European market in covered bonds
- it is also backing a private members' bill currently before Parliament that will allow the limit on how much building societies can borrow in wholesale markets to be raised

The Treasury will also undertake a review to identify any further barriers for lenders wanting to raise funds in wholesale markets.

### **Broad CIH position**

The CIH in favour of measures to increase affordability and certainty for home owners and those wishing to become home owners with a view to reducing the level of repossessions. It is, therefore, in favour of the proposed measures.

## **Chapter 11 Skills and Construction**

### **Context**

The chapter sets out how to build the appropriate skills and capacity to meet the challenges set out in the Green Paper - housing growth, higher environmental standards and better places to live. The main emphasis is on construction skills.

### **Key messages**

The paper sets out the requirement for a framework to ensure that education, vocational training, occupational standards and qualification are geared up to deliver the right skills. There is an emphasis on employer-led skills development, following the Leitch Review of skills and on the Local Employment and Skills Boards announced in the Local Government White Paper. It seeks views on whether the Academy for Sustainable Communities should be embraced by the new homes agency and points to a Joint Improvement Strategy to be agreed by local and central government to support the delivery of Local Area Agreements and the new performance framework.

### **Broad CIH position**

CIH is pleased with the emphasis on developing skills to deliver the housing growth that is required. The Chartered Institute of Building (CIOB) and CIH have been working in partnership to establish a suite of qualifications for repairs and maintenance and construction professionals. The new qualifications will address a skills gap in the industry, and contribute to a better educated and more professional workforce.

There is a need to focus not only on construction, but also on other areas to support housing growth, such as the local strategic housing function – since local buy-in and the ability to negotiate with developers, for example, will be crucial to success. Also, CIH recognises the importance of the landlord's role in supporting tenants into training and employment. Our new accredited programme - Active Learning for Residents - will help support the recommendations in a structured way.

## **Chapter 12 Implementation: a shared endeavour**

### **Context**

Government has set out its ambition to increase housing supply, but it also understands that strong commitment from both public and private sectors is required to deliver. In particular, the importance of political buy in from local leaders and their ability to engage with their communities and third sector organisations is recognised. The paper ends with a call to everyone to sign up to and take part in delivering this agenda.

### **Key Messages**

Local communities are not necessarily resistant to new house building and should be empowered and more involved in the development planning process. A more coherent

approach will be achieved by strengthening the relationship between the Sustainable Community Strategy and the Local Development Framework and statutory guidance on place shaping that is due soon will include a duty to inform, consult and involve citizens. Consultation is expected on a toolkit of resources to help local communities engage better.

The Local Government White Paper recognised that the strategic housing role “is at the heart of achieving the social, economic and environmental objectives that shape a community and create a sense of place”. As local authorities raise their game they will be expected to focus more on bringing land forward and on using LAAs more effectively for improving housing. Sub-regional working will be expected to be the norm

- Multi-Area Agreements (MAAs) are strongly encouraged
- government is exploring the potential for allowing groups of LAs to establish statutory sub-regional authorities
- regional arrangements will be streamlined and simplified – details can be found in the Treasury’s recently published Sub-National Review.

Central and local government are working together to develop and implement a joint improvement and efficiency strategy to provide support to local authorities and their partners to help them in their place-shaping role through delivering excellent Local Area Agreements and through more specific housing-related issues. The new homes agency which will bring together English Partnerships and the investment functions of the Housing Corporation (and which will not now be called Communities England) will be central to providing this support. A list of core outcomes that the new homes agency will help to deliver is set out on p114.

A range of Local Delivery Vehicles designed to support cross-boundary working (for example by allowing them to exercise planning powers over the whole area) are available to local authorities, including Urban Regeneration Companies, Special Venture Vehicles, Urban Development Corporations, City Development Companies.

Government is looking for views on a range of models that might include:

- wholly local authority owned companies to build and own new affordable housing (via LA or ALMO)
- Community Land Trusts – the Housing Corporation will fund pilots via NAHP later in year
- joint venture Local Housing Companies
- Limited Liability Partnerships
- Single estate transformation model,
- Strategic housing and regeneration partnerships (flexible public private partnership that could also deliver PFI funded housing development).

Government has already reduced the length of time planning permissions remain valid has already been reduced from 5 to 3 years (with flexibility for authorities to invoke an even shorter period in certain circumstances) and other rules have been introduced to make sure they complete the dwellings. Government is now considering whether the definition of ‘commencement of development’ in the Town and Country Planning Act 2004 needs to be strengthened.

It is recognised that more needs to be done to share data re land and planning and to explore ways in which developers account for housing development land (an accounting issue) and the reviews into housebuilding delivery (Callcutt) and of the housebuilding market (Office of Fair Trading) will report in Autumn 2007 and Summer 2008 respectively.

The government want to see new entrants into social housing market, and is keen for more housing associations to provide market housing – where it makes sense to their businesses – and to develop their role in delivering mixed communities.

Regional Planning Bodies (currently the Regional Assemblies) are expected to put housing at the heart of Regional Spatial Strategies (RSS). Proposals to streamline and simplify regional strategies by merging the RSS with the Regional Economic Strategy are currently being consulted upon.

CLG will lead a programme of 3 month bilateral reviews of departments involved in infrastructure and public land.

### **Broad CIH position**

CIH is very supportive of measures to encourage stronger partnerships to deliver higher levels of new housing, and of measures to promote sub-regional working by local authorities.

Delivery of new housing is an important one of a number of housing objectives that local authorities need to influence locally. CIH and others are asking for £40 million per annum to be made available through the Comprehensive Spending Review to local authorities to build their strategic housing teams. We would support any moves to use this money to incentivise sub-regional working.